



R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579
[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]
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Nehru Place, New Delhi- 110019

REF: SECT/06/2020/02

JUNE 05, 2020

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

Dear Sir,

SUB: SUBMISSION OF ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

This is with reference to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Please find enclosed the of the Annual Report comprising of Directors’ Report, Corporate Governance Report, Management’s Discussion and Analysis, Secretarial Audit Report, Risk Management Report, Business Responsibility Report, Auditors Report, Financial Statements, Notice for Annual General Meeting and other documents and information as required in the terms of the Listing Regulations and other applicable provisions, for the financial year ended December 31, 2019.

Declaration in respect of unmodified opinion on Audited Financial Statements for the Financial Year ended on December 31, 2019 under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is also enclosed for your reference.

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

Thanking you.

Yours faithfully,

For R Systems International Limited

Bhasker Dubey
(Company Secretary & Compliance Officer)





Intensifying Digital Transformation

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Forward-Looking Statement

This document contains statements about expected future events and financial and operating results of R Systems International Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is 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 2019.



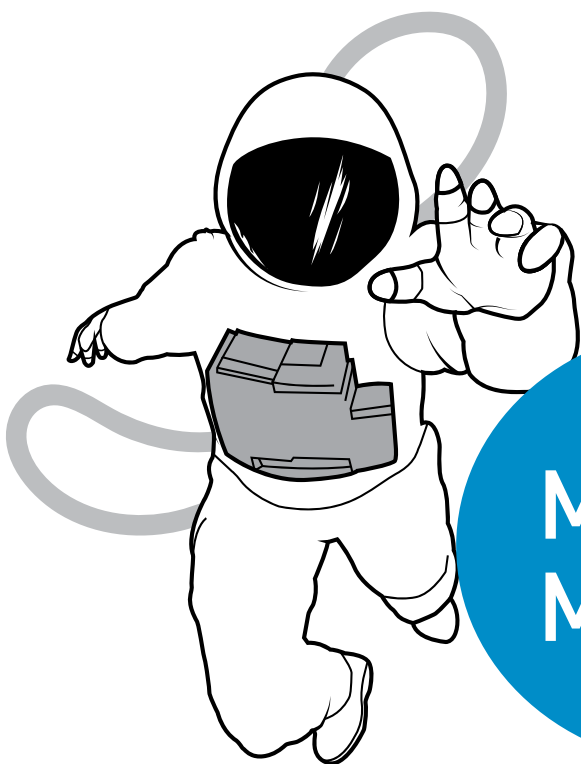
Intensifying Digital Transformation

To be a digital enterprise requires far more intense changes than merely investing in the latest digital technologies. Businesses need to evaluate new operating models, rethink their sales and marketing strategies, revamp how they attract and foster digital talent, and consider afresh how they measure the success of their business.

At R Systems, we work for a holistic digital transformation using leading technologies as an enabler to create long-term business values by improving customer experiences, operational efficiency and agility by fundamentally changing the way businesses innovate, operate, deliver products and services, and engage with all stakeholders. This is further strengthened by our product engineering legacy and our deep understanding of the industries we serve.

We have intensified this transformation process by aligning the organization culture with the new digital values to deliver a holistic digital transformation for our customers.

We dedicate this annual report around the theme of Intensifying Digital Transformation



Managing Director's Message

Dear Fellow Shareholders,

As I write, the World is grappling with an unprecedented health scare against the rapidly spreading COVID-19 (Coronavirus). All countries are taking several measures to curtail the pandemic impact on human life. I wish for their timely success. Global efforts to stop the virus are also having a significant economic consequence. Your company has implemented the required guidelines to ensure the safety and health of our associates while we continue to provide seamless services to our customers. Our commitment to safe and reliable operations will remain paramount.

R Systems Operations during 2019

Now, I am pleased to share that FY 2019 has been a fantastic and an exciting journey for us, in terms of business growth, larger deal size, margin improvement and scaling our digital capabilities to the next level. In our commitment to stay relevant to our customers in this hyper-changing business landscape, we have moved our digital journey to our next phase where we have reinforced our collaboration with leading technology

In our commitment to stay relevant to our customers in this hyper-changing business landscape, we have moved our digital journey to our next phase where we have reinforced our collaboration with leading technology companies such as, Microsoft, AWS, Automation Anywhere, Salesforce and Dell Boomi to leverage their platforms and solutions for our customers in the space of Cloud, AI/ML, and robotics.

companies such as, Microsoft, AWS, Automation Anywhere, Salesforce and Dell Boomi to leverage their platforms and solutions for our customers in the space of Cloud, AI/ML, and robotics. Further, the Innovizant, LLC acquisition in early 2019 has also helped us in strengthening our offerings and

competencies in advanced analytics, data engineering and digital connected systems. Innovizant has been fully integrated into the R Systems digital business unit. Now, digital contributes over 40% of our global revenues and works as a differentiator to accelerate our growth and helps facilitate winning large deals.



Revenue (₹ in million)



Digital Revenues (%)



EBITDA (%)



In number terms, R Systems reported record revenue of ₹ 8,094 million (US \$ 115 million) with EBITDA of 9% for the year 2019. Our revenue grew by 15% and EBITDA has improved over 26%. This double digit revenue growth and margin improvement is on the back of good traction towards our product engineering and digital practices. The employee utilization also remained healthy and helped us to improve margins.

During 2019, we added 24 key customers out of which 7 have the potential to be US \$ million plus accounts and served 26 US \$ million plus accounts. We added net 200 plus associates towards IT business, however, our strength in knowledge services business is impacted by ramp down in a health care customer.

The shareholder’s funds and cash balances remains healthy with ₹ 3,382 million (US \$ 47 million) and ₹ 1,999 million (US \$ 28 million), respectively. Your Company has expanded infrastructure by adding a 30,000 square feet state-of-the-art new SEZ facility to cater to revenue growth. We have also expanded our nearshore offices in Chicago, Illinois and Ontario, Canada to be closer to our customers

in order to understand their fast changing business needs. It includes strengthening an onsite pre-sales team around digital technologies where such niche-technocrat works closely with customers and navigate them in their digital transformation journey. We have been investing in strengthening digital capabilities, robust infrastructure and processes over last few years to support sustainable global operations for future growth.

We have also rewarded our shareholders with an interim dividend of ₹ 1.5 per equity share (150%) which was paid in January 2020.

Efforts to spread Happiness in Society

R Systems has continued its CSR efforts by spreading happiness in society. Your company has contributed in promoting education, welfare and sports, especially for girls. These are the focused efforts to support education for girls from underprivileged sections, to promote sports like badminton to deliver international players, and other welfare initiatives to spread happiness in our society. Our CSR philosophy remains, that happy people are successful people, they become better citizens to productively serve their community.

Evolving for an uncertain World

Although the external environment seems to present challenges like – the COVID 19 pandemic, global trade wars, sluggish economic times and political uncertainty, R Systems is set for a future that is different to its past. Your Company will continue to live with its transformation culture for safe and reliable operations. This transformation will endeavour to navigate our customers to remain relevant in a fast changing technology landscape. Our culture enables us to pursue our mission with a caring mind-set.

My thanks to all Stakeholders

Today, R Systems’ engagement with all stakeholders, i.e. customers, suppliers, shareholders, employees and government agencies is wider and deeper than ever. However, it has further to develop as we progress on our journey. I therefore want to use this opportunity to thank all of you for your continued support and engagement.

As I reflect on our progress last year, I would first like to thank our employees worldwide for their commitment to R Systems. I’m extremely proud of what we have accomplished together as we innovate and help customers navigate their digital transformation. I am also grateful to them for their extra mile in ensuring sustainability in our operations during this global pandemic. Let’s work together for a safe and sustainable operation.

With Warm Regards,

Satinder Singh Rekhi



From the Desk of Sartaj Rekhi

Dear Shareholders,

R Systems has concluded another exciting year in its transformation journey. During FY 2019, we have witnessed about 40% growth in our digital revenues. The overall growth in revenue was 15% on the back of a robust performance by digital and product engineering business units. As per recent NASSCOM Strategic Review, the share of digital business varies from 26 to 28% across companies. Your company is now well placed as a niche digital transformation partner navigating global businesses in their digital transformation journey.

Further, as per another IDC report, by 2023, more than half of all worldwide GDP is predicted to be driven by products and services from digitally transformed industries. This is going to provide tremendous opportunities to niche digital service providers like, R Systems.

Now a days, businesses have also changed their approach whereby digital transformation should not be treated as a project with concrete time-lines and budget. It has been perceived as a product that requires continuous development. The shift to digital business requires constant change with an agile mind-set. As new technologies and market trends evolve, the organizations have to constantly realign its processes and operations.

Over the last few years, we have significantly enhanced our digital capabilities and strengthened our portfolio of offerings across the markets of North America, Europe and South East Asia. This includes, strengthening of foundational technologies – Big Data and Analytics, Cloud Computing, Mobility and CyberSecurity and advanced technologies – Artificial Intelligence, Machine Learning, Internet of Things and Robotics. Your company has created a visible tangible differentiator by delivering

multiple projects across geographies around these newer technologies.

At present, the world is facing an unforeseen pandemic imposing significant threat on human health. R Systems has realigned its global operations to deliver seamless services to our customers while taking care of our associates' health and safety. This has been accomplished due to a commitment from all R Sysians well supported by our robust infrastructure and processes. Let's have a safe and seamless operations while partnering with our customers in achieving their business objectives.

As we head into FY 2020, we are poised for an exciting yet, a challenging future. With a strong belief in ourselves, we continue to make cautious investments that will extend our competitive advantages and help drive growth.

Best Regards,

Sartaj Rekhi

About R Systems

R Systems is a global technology, AI/ Analytics and knowledge services leader. We deliver AI-driven solutions to clients across industries, thus delivering on the promise of digital transformation. We have

continued to empower enterprises with cutting edge technologies for 25+ years, with 16 delivery centres, 2,750 + associates and 25+ offices worldwide.

Narrative

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

Mission

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

Vision

Become an end-to-end digital transformation partner for our clients.

Values

Put client success first, and focus on staying ahead of the curve with continuous R&D.

Our Global Presence



Industry-leading certifications



Service and Solutions Offerings



1. Technology

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

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



2. AI, Data & Analytics

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

- Advanced Analytics
- Business Analytics
- Data Monetization and Modernization
- AI/Machine Learning
- Business Automation
- Modern Data Management



3. Design

R Systems' mission is to break-down bigger issues, into smaller & realistic deliverables by applying the fundamentals of Design Thinking to Digital Transformation

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



4. Knowledge Services

R Systems knowledge services aid our customers in upgrading their organizational efficiency and effectiveness. It is equipped with multi-lingual prowess, global delivery platform and diversified services like

- Revenue cycle management
- Technical support
- Back Office Service
- Customer care

Key Events 2019



1

Quarter

January – March 2019

- **Innovizant Acquisition:** R Systems has acquired Innovizant, LLC to strengthen the global competencies in advanced analytics, data engineering, and digital connected systems.
- **Mobile World Congress 2019 - Barcelona:** R Systems and Computaris made visible participation at the largest global annual event in mobile technology.

2

Quarter

April – June 2019

- **Started New Office in Chicago, IL:** R Systems expanded the near shore presence with its new office in Chicago, Illinois.
- **BIG DATA TORONTO:** R Systems sponsored 2019 Big Data Toronto showcasing its data and analytics consulting services portfolio.





3

Quarter

July – September 2019

- **New SEZ Unit Setup:** R Systems Board has approved to expand its Infrastructure by setting up a new 30,000 sq. ft SEZ unit located at Greater Noida West (NCR) and it has become functional from February 4th, 2020.
- **Samsung Business Forum 2019 - Thailand:** ECnet was invited to the Samsung mobility solutions event in Thailand. ECnet team featured its mobility, supply chain management and retail solutions to the attendees.

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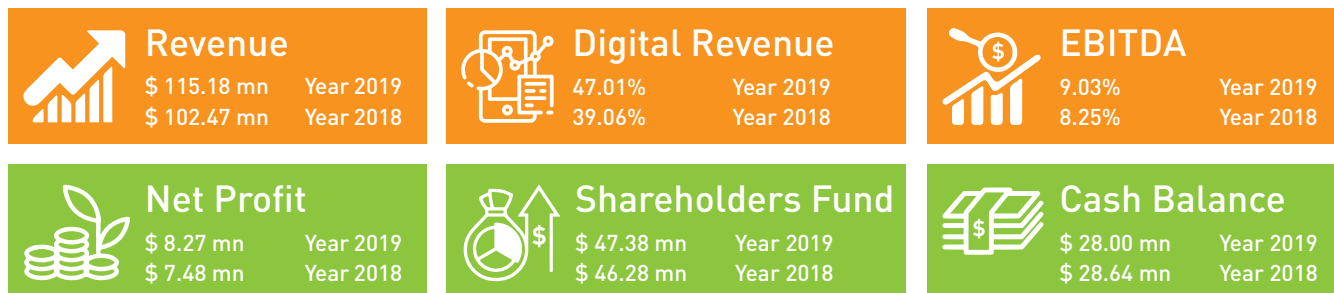
Quarter

October – December 2019

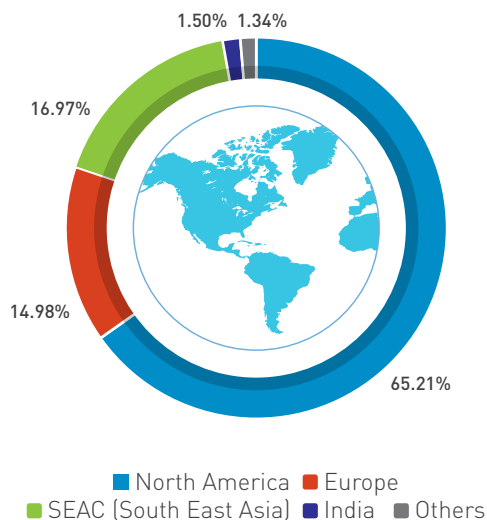
- **Boomi World 2019:** As a Dell Boomi certified partner, R Systems sponsored Boomi World 2019 and showcased how customers can modernize IT environments, transform operations, and drive innovations leveraging Boomi iPaaS platform and eventually achieve rapid digital transformation.
- **2019 HLTH Conference for Health Innovation:** R Systems was a proud sponsor of a one-of-a-kind ecosystem event for the healthcare industry. We took this opportunity to share our extensive Healthcare experience and capabilities with industry participants.
- **Dreamforce 2019 - San Francisco, CA:** R Systems was a celebrated sponsor of Dreamforce 2019, and leveraged this platform to organize experiential learning sessions on Conversation Analytics and Chatbots.



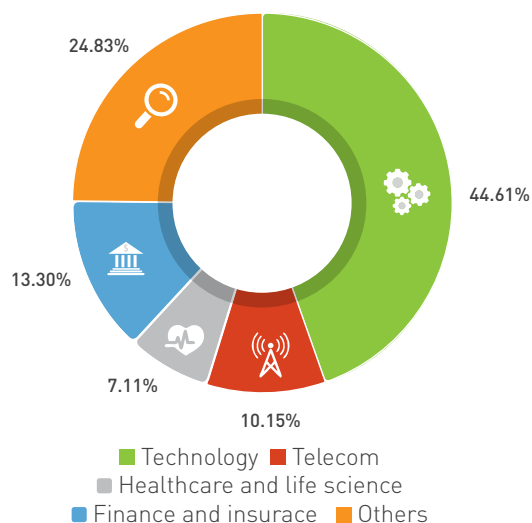
Financial Highlights



Revenues by Geographies



Revenues by Vertical



Our Clients



* Graphs not to scale

Our Intellectual Capital

Human Capital plays a pivotal role in the character of any company. We have a glorious history, with a core belief for values in our vision and tradition. R Systems has taken several initiatives throughout the year to enhance R Sysians competencies, boost their morale and motivate them with awards for their contribution in building R Systems.

Knowledge Initiative

We continuously strive to enhance employee satisfaction levels. We strongly feel providing our employees with professional development sessions and encouraging them to attend professional trainings, conferences and seminars that helps to bring the best out of them.

R Systems conducted various learning initiatives to enhance competencies of its intellectual workforce around newer digital technologies like AWS, Azure, Salesforce, Blockchain, Robotics, IoT, Dell Boomi, etc. through internal and external trainers. Further, the Company has encouraged employees to get professionally certified around these technologies. In addition to these learning initiatives, we have also instilled life skills in our employees via the following workshops-

- Emotional Intelligence
- Stress and Conflict Management sessions



- Client Interaction
- Energizer sessions to strengthen team building & team bonding

Employee Welfare

R Systems believes in the welfare of its employees. We have weekly general physician visits. Also, R Systems conduct free health check-up camps by renowned hospitals. Apart from health check-ups, vaccination camps are organized for employee well beings. This year, Women's Day was also celebrated in the office with health talk, Zumba, and self-defense sessions..

Sports and Celebrations

We have special team building events, as a part of our social gatherings. We have board games, night outs,



breakfast and cake day celebrations to instill team spirit among employees. Sporting events, such as, RSI Cricket League and Indoor games like, table tennis, chess, carom and other activities are organized for team building. Apart from sports, various festivals like Diwali, Christmas, Holi, etc. have been celebrated in our global offices.



Awards

R Systems believes in felicitating its employees to enhance morale and recognize their contribution. R Systems has announced quarterly awards like Best Buddy, Best Mentor and Best Internal Trainer along with yearly awards like Manager and Employee of the year.

Effort to spread happiness in Society

Our Social Responsibility initiatives took off when our visionary Managing Director– Mr. Satinder Singh Rekhi, started practising in the science of happiness. He believed in the fact that happy people are more successful. Thus, it would be worth while to invest in the future of the country – teach them the science of happiness, to enable them to be happier and in turn more successful.



R Systems has taken up Corporate Social Responsibility in the field of education and sports for the underprivileged children.

- In association with Pullela Gopichand Badminton Academy, R Systems has been encouraging women badminton aspirants to improve their performance levels by providing them necessary support like coaching, training, kits, etc.
- In association with Prakash Padukone Badminton Academy, R Systems has provided for badminton training and other required facilities to the budding sportsperson.
- In these academies, there are various beneficiaries who are receiving training to bring medals for our country. The beneficiaries are performing well at various national and international events.
- In association with the Army Public School, Beas (Punjab), R Systems has provided school education to the underprivileged girls.
- In addition to the above, R Systems has extended its support to the socially isolated, economically marginalized, and homeless children in association with Missionaries of Charity, Jeevan Jyoti Home, Delhi.



Corporate Information

Board of Directors

(As on June 01, 2020)

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

Chief Financial Officer

Mr. Nand Sardana

Company Secretary and Compliance Officer

Mr. Bhasker Dubey

Committees of the Board of Directors

Audit Committee

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

Stakeholders Relationship Committee

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

Nomination & Remuneration Committee

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

Compensation Committee

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

Corporate Social Responsibility Committee (CSR Committee)

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

Registered Office

GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110 019
(w.e.f. April 23, 2019)

Corporate Office

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

Statutory Auditors

M/s Deloitte Haskins & Sells LLP
Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase II, Gurugram - 122 002

Registrar & Share Transfer Agent

Link Intime India Private Limited
Noble Heights, 1st Floor, Plot NH 2,
C-1, Block LSC, Near Savitri Market,
Janakpuri, New Delhi - 110 058

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. Punjab National Bank
7. California Bank and Trust, U.S.A.
8. Natwest Bank
9. Citibank N.A.
10. DBS Bank Limited

Listed At

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

Subsidiaries of R Systems International Limited

1. R Systems (Singapore) Pte Limited, Singapore
2. R Systems, Inc., U.S.A.
3. R Systems Technologies Ltd., U.S.A.
4. ECnet Limited, Singapore
5. Computaris International Limited, U.K.
6. RSYS Technologies Ltd., Canada
7. IBIZ Consulting Services India Pvt. Ltd.

Subsidiary of R Systems (Singapore) Pte Limited

8. R Systems IBIZCS Pte. Ltd., Singapore
(Formerly known as
IBIZ Consulting Pte. Ltd., Singapore)

Subsidiary of R Systems, Inc.

9. Innovizant, LLC, USA

Subsidiaries of R Systems IBIZCS Pte. Ltd., Singapore

10. IBIZ Consulting Services Pte. Ltd., Singapore
11. IBIZ Consulting Services Sdn. Bhd., Malaysia
12. P T. IBIZCS Indonesia, Indonesia
13. IBIZ Consulting (Thailand) Co. Ltd, Thailand
14. IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
15. IBIZ Consulting Services (Shanghai) Co. Ltd., People's Republic of China
(Wholly owned subsidiary of IBIZ HK)

Subsidiaries of ECnet Limited

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

Subsidiaries of Computaris International Limited

21. Computaris Romania SRL, Romania
22. Computaris Polska Sp z o.o., Poland
23. ICS Computaris International Srl, Moldova
24. Computaris Malaysia Sdn. Bhd., Malaysia
25. Computaris Philippines Pte. Ltd. Inc., Philippines
26. Computaris Suisse Sarl, Switzerland

DIRECTORS' REPORT

Dear Shareholders,

Your directors take great pleasure in presenting the Twenty Sixth Annual Report on the business and operations of R Systems International Limited ("R Systems" or the "Company") together with the audited financial statements of accounts for the year ended December 31, 2019.

1. Financial Results

a. Standalone financial results of R Systems

(₹ in million)

| Particulars | Financial Year ended | |
|---|----------------------|-----------------|
| | 31.12.2019 | 31.12.2018 |
| Total Revenue | 3,917.69 | 3,172.13 |
| Profit before depreciation, exceptional items and tax | 717.49 | 478.45 |
| Less : Depreciation and amortisation expense | 85.91 | 73.01 |
| Profit before tax | 631.58 | 405.44 |
| Less : Current tax | 104.22 | 99.35 |
| Less : Deferred tax (credit) / expense | 12.41 | (4.05) |
| Profit after tax | 514.95 | 310.14 |
| Other comprehensive income | (8.33) | (0.50) |
| Total comprehensive income for the year | 506.62 | 309.64 |
| Statement of change in Retained Earnings | | |
| Opening Balance | 2,124.85 | 1,900.20 |
| Add: Profit for the current year | 514.95 | 310.14 |
| Less : Dividend paid | 216.51 | 85.49 |
| Closing Balance | 2,423.29 | 2,124.85 |
| EPS-Basic | 4.27 | 2.52 |

b. Consolidated financial results of R Systems and its Subsidiaries

(₹ in million)

| Particulars | Financial Year ended | |
|---|----------------------|-----------------|
| | 31.12.2019 | 31.12.2018 |
| Total Revenue | 8,093.75 | 6,998.89 |
| Profit before depreciation, exceptional items and tax | 868.21 | 762.30 |
| Less : Depreciation and amortisation expense | 148.86 | 135.48 |
| Profit before tax | 719.35 | 626.82 |
| Less : Current tax | 134.84 | 124.22 |
| Less : Deferred tax (credit) / expense | 3.27 | (7.85) |
| Profit after tax | 581.24 | 510.45 |
| Other comprehensive income | 27.29 | 93.55 |
| Total comprehensive income for the year | 608.53 | 604.00 |
| Statement of change in Retained Earnings | | |
| Opening Balance | 2,432.21 | 2,007.25 |
| Add: Profit for the current year | 581.24 | 510.45 |
| Less : Dividend paid | 216.50 | 85.49 |
| Closing Balance | 2,796.95 | 2,432.21 |
| EPS-Basic | 4.82 | 4.14 |

2. Results of Operations

Standalone Accounts

- Total revenue during the year 2019 was ₹ 3,917.69 mn. as compared to ₹ 3,172.13 mn. during the year 2018, an increase of 23.50%.
- Profit after tax was ₹ 514.95 mn. during the year 2019 as compared to ₹ 310.14 mn. during 2018, an increase of 66.04%.
- Basic earnings per share (of face value of ₹ 1/- each) was ₹ 4.27 for the year 2019 as compared to ₹ 2.52 for the year 2018, an increase of 69.44%.

Consolidated Accounts

- Total revenue during the year 2019 was ₹ 8,093.75 mn. as compared to ₹ 6,998.89 mn. during the year 2018, an increase of 15.64%.
- Profit after tax was ₹ 581.24 mn. during the year 2019 as compared to ₹ 510.45 mn. during 2018, an increase of 13.87%.
- Basic earnings per share (of face value of ₹ 1/- each) was ₹ 4.82 for the year 2019 as compared to ₹ 4.14 for the year 2018, an increase of 16.42%.

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

3. Appropriations and Reserves

Dividend

The members may also note that during the year 2019, the Board of Directors declared an interim dividend of ₹ 1.50 per equity share i.e. 150% of face value of ₹ 1/- each its meeting held on December 14, 2019. The said interim dividend has been paid to shareholders on January 06, 2020. The Board of Directors (the "Board") has not recommended any final dividend for the financial year ended December 31, 2019.

Transfer to Reserves

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

4. Business

R Systems is a global technology, AI/ Analytics services and knowledge services leader. We deliver AI-driven solutions to clients across industries, thus delivering on the promise

of digital transformation. Our technology offerings include product engineering, cloud enablement, QA testing and digital platforms and solutions. This includes solution offerings i.e. Microsoft, Infor, JDA and QlikView etc. through our IBIZ and ECnet subsidiaries in South East Asia.

AI/ Analytics services include advanced analytics, machine learning / artificial intelligence, business analytics and automation. R Systems' design services include UX engineering, visual design and mobile user experience. Our knowledge service offerings cover revenue cycle management, back office service, technical support and customer care using multi-lingual capabilities and global delivery platform.

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Telecom, Technology, Healthcare & Life Science, Finance & Insurance and Retail & e-commerce.

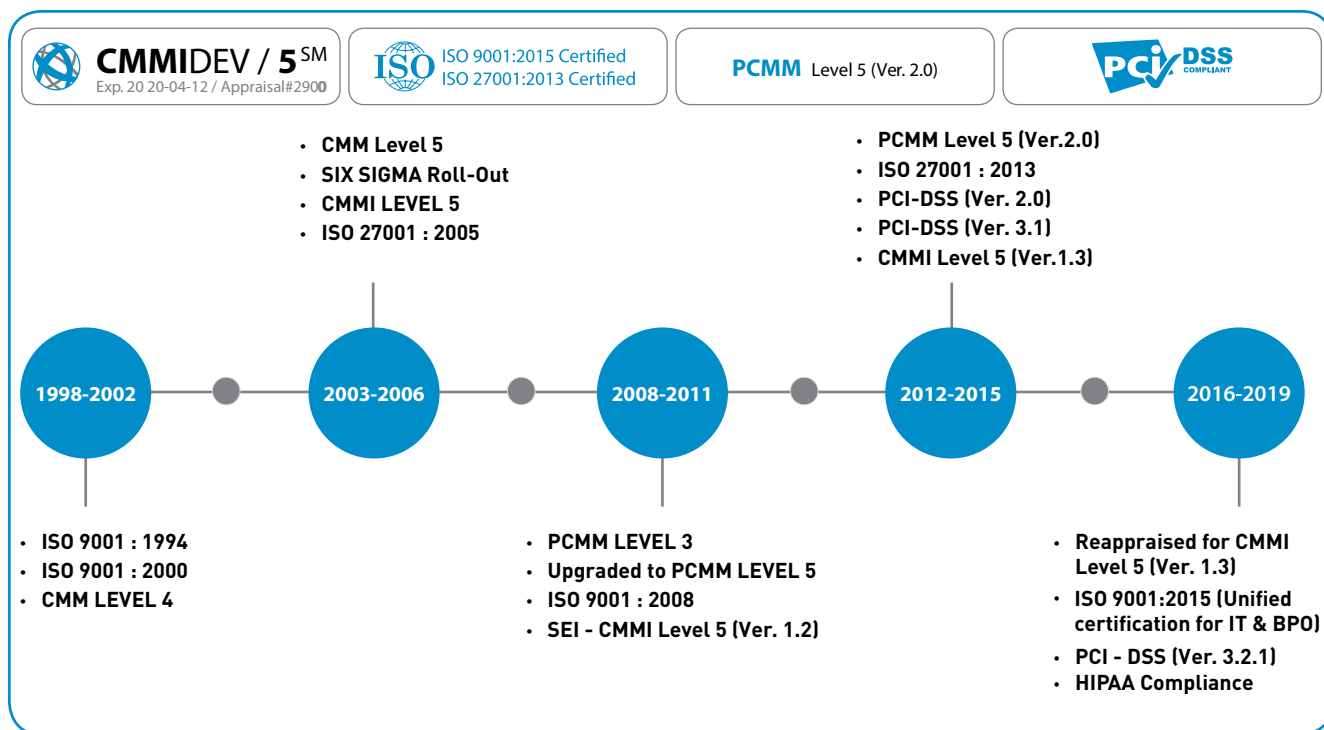
R Systems maintains sixteen development and service centres to serve customers in North America, Europe and the Far East. There were no changes in the nature of the Company's business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries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

For details of Company's subsidiaries please refer note number 14 relating to subsidiaries.

The Company has received an approval from Department of Commerce, Ministry of Commerce & Industry, Government of India on September 23, 2019 for setting up a new 'Special Economic Zone' (SEZ - Unit II) unit located at Greater Noida West (NCR) having area of 30,706 sq. ft. located at Greater Noida West (NCR). Subsequent to the year ended on December 31, 2019, the said SEZ unit has become operational from February 04, 2020.

5. Quality

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



During the year 2019, The IT & Knowledge Services Division got certified with ISO 9001:2015 standard through an integrated ISO 9001:2015 audit covering for IT & Knowledge Services division.

In Addition, for Knowledge Services division, HIPAA compliance test was done with zero non-compliance in one of the major clients in Healthcare Domain. Apart from that, R Systems IT Infrastructure along with the projects/ process/ applications in scope was recertified on PCI DSS version V3.2.1.

As of the date of this report, Noida IT center is CMMI level 5 (Ver.1.3), PCMM Level 5, ISO 9001:2015, ISO 27001:2013 certified. Noida Knowledge Services Division is PCMM Level 5, ISO 27001:2013, ISO 9001:2015 certified and also for specific client(s) it is HIPAA compliant and PCI-DSS (ver.3.2.1) certified for IT Infrastructure along with the projects/ process/ applications in scope.

To maintain and improve 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 Personnel's (KMP)

During the year, there was no change in the Board of Directors and KMPs of the Company except that Mr. Avirag Jain was reappointed as director liable to retire by rotation at the Annual General Meeting held on May 28, 2019.

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

- a. Mr. Satinder Singh Rekhi was re-appointed as Managing Director of the Company by way of ordinary resolution passed by shareholders of the Company on December 19, 2018 for the period of five years commencing from January 01, 2019. As per the provisions of Section 196 of the Companies Act, 2013, no company shall continue the employment of any person as Managing Director who has attained the age of seventy years, except with the approval by shareholders through passing special resolution or with the approval of Central Government, as may be applicable. As Mr. Rekhi will attain the age of seventy years in January 2021, consent of the shareholders is required by way special resolution to continue Mr. Rekhi as Managing Director of the Company, till the expiry of his present term i.e. December 31, 2023.

- b. 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.
- c. The Board of Directors at its meeting held on February 09, 2020, on the recommendation made by the Nomination & Remuneration Committee, has approved the re-appointment of Mr. Avirag Jain as a Whole-time Director, designated as Director & Chief Technology Officer of the Company for a period of further three years commencing from August 03, 2020, subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

The brief profile of Mr. Satinder Singh Rekhi, Lt. Gen. Baldev Singh (Retd.) and Mr. Avirag Jain forms part of the Corporate Governance Report.

No director of the Company is disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. The directors of R Systems have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter referred as "Listing Regulations").

As required under Section 149 of the Companies Act, 2013 and Listing Regulations, all the Independent Directors, have submitted necessary 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 December 31, 2019 the Company is having following stock option plans:

- R Systems International Ltd. Employees Stock Option Plan Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001): Initially formulated for the employees of Indus

Software Private Limited which got amalgamated with R Systems and the plan continued as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Mumbai. As on the date of this report, no stock options are in force under this plan.

Further, subsequent to the year ended December 31, 2019, Hon'ble National Company Law Tribunal, New Delhi, vide order dated January 28, 2020, has approved the reduction in share capital of the Company under Section 66 of the Companies Act, 2013, whereby 738,980 equity shares of the Company as held by R Systems Employees Welfare Trust shall be cancelled and extinguished.

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

The aforesaid plans are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefit Regulations") and there has been no changes to these Plans during the financial year 2019. The summary information of aforesaid Employee Stock Option Plans/ Schemes of the Company is provided under Notes to Accounts of Standalone Financial Statements of this Annual Report. Refer to Notes to accounts of the Standalone Financial Statements of this Annual Report for details on accounting policy. Disclosure as required under Employee Benefits Regulations read with SEBI circular no. CIR/CFD/POLICYCELL/2/2015 dated June 16, 2015 are available on the Company's website: <https://www.rsystems.com/investors-info/corporate-governance/>.

No employee of the Company was granted options under the aforesaid plans/ schemes, during the year, equal to or exceeding 1% of the issued capital.

8. Liquidity and Borrowings - Consolidated Financial Statement

The consolidated cash and cash equivalents as at December 31, 2019 were ₹ 1,103.11 mn. as against ₹ 841.17 mn. as on December 31, 2018. Net cash generated from operating activities was ₹ 642.90 mn. for the year ended December 31, 2019 compared to ₹ 311.22 mn. for the year ended December 31, 2018. Cash generated from investing activities was ₹ 60.60 mn. for the year ended December 31, 2019 and comprised of proceeds from long term deposit with bank ₹ 408.15 mn. (net), interest income ₹ 60.01 mn., rental income from investment property ₹ 6.72 mn. and sale of fixed assets ₹ 2.46 mn. as offset by purchase of fixed assets of ₹ 189.62 mn. and Investment in liquid mutual fund ₹ 125 mn. Amount paid for acquisition of Innovizant LLC,

wholly owned subsidiary of R Systems Inc., USA, was ₹ 79.72 mn., payment of deferred compensation to erstwhile shareholders of subsidiary i.e. IBIZ Consulting Pte. Ltd. ₹ 22.40 mn. Cash used in financing activities was ₹ 459.61 mn. for the year ended December 31, 2019 and mainly comprised of ₹ 239.85 mn. on account of buy-back of equity shares, ₹ 217.61 mn. on account of payment of dividend (including CDT).

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

R Systems has a credit facility from the Axis Bank Limited amounting to ₹ 380 mn. (including non-fund based credit limit of ₹ 180 mn. for currency derivatives). As at December 31, 2019, the total credit balance was nil under fund based line of credit. Loan payable as at December 31, 2019 comprises of loan for motor vehicles purchased amounting to ₹ 13.20 mn. and finance lease obligation of ₹ 48.88 mn. for furniture and fixture and computer hardware and software taken on lease.

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, 2019, the share capital structure of the Company was as follows:

| Particulars | Equity Shares of ₹ 1/- each |
|--|-----------------------------|
| Authorised Share Capital | 206,000,000 |
| Issued, Subscribed and Paid up Share Capital | 123,990,425 |

During the year under review, the Company had completed buyback of its 3,690,000 equity shares of ₹ 1/- each and allotted 37,500 equity shares of ₹ 1/- each pursuant to exercise of employees stock options granted under the R Systems International Limited Employees Stock Option Scheme - 2007.

Therefore, consequent to the said Buyback and allotment of equity shares of the Company, the following is share capital structure of the Company as on December 31, 2019:

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

Subsequent to the financial year ended December 31, 2019, the National Company Law Tribunal, New Delhi, vide order dated January 28, 2020, has approved reduction in share

capital of the Company under Section 66 of the Companies Act, 2013. Pursuant to the said capital reduction, the paid up share capital of the Company would become ₹ 119,598,945/- divided into 119,598,945 equity shares of ₹ 1/- each.

During the financial year ended December 31, 2019, the Company has not issued any shares with differential voting rights or any sweat equity shares. Therefore, disclosure pursuant to Section 43(a)(iii) & 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. Registered Office

During the year under review, the Company has changed its Registered Office from B-104A, Greater Kailash, Part-I, New Delhi-110048 to GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 w.e.f. April 23, 2019.

11. Scheme of Amalgamations and Arrangements

(a) At the beginning of the year, the Company has withdrawn the Scheme of Arrangement for re-organization and reduction of equity share capital of the Company under Section 230 of the Companies Act, 2013 between R Systems International Limited and its Shareholders and Creditors. The Hon'ble National Company Law Tribunal, New Delhi vide order dated January 03, 2019, has allowed the Company to withdraw the said Scheme.

(b) The Board of Directors of R Systems International Limited at its meeting held on May 02, 2019, approved the Scheme of Reduction of Share Capital pursuant to the provisions of section 66 of the Companies Act, 2013. The scheme provided for re-organization and reduction of equity share capital of R Systems. The said scheme had been approved by Shareholders of the Company on May 28, 2019. Subsequent to the financial year ended December 31, 2019, the National Company Law Tribunal, New Delhi vide order dated January 28, 2020, has approved the reduction in share capital of the Company. Pursuant to the aforesaid capital reduction the paid up share capital of the Company shall be reduced from ₹ 120,337,925/- divided into 120,337,925 fully paid up equity shares of ₹ 1/- each to ₹ 119,598,945/- divided into 119,598,945 fully paid up equity shares of ₹ 1/- each.

(c) 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 October 25 2019, has approved

the Scheme of Amalgamation under Section 230-232, 234 and other applicable provisions of the Companies Act, 2013 between RightMatch Holdings Limited ("RightMatch") and R Systems International Limited and their respective shareholders and creditors ("Scheme"). RightMatch forms part of the promoter and promoter group of R Systems. RightMatch presently holds 8,828,489 equity shares of ₹ 1/- each constituting about 7.38% of total paid up equity share capital of R Systems. Pursuant to the proposed amalgamation, individual shareholders of RightMatch who are part of the promoter and promoter group of R Systems would be issued equivalent shares in R Systems which are held by RightMatch in the proportion of their respective shareholding in RightMatch. The Company has applied to relevant authorities for their necessary directions and sanctions. All the cost, charges or expense related to the said Amalgamation, shall be borne by the Promoters of R Systems and/ or RightMatch.

12. Buyback

During the year ended December 31, 2019, the Board of Directors of the Company at its meeting held on January 15, 2019 approved the Buyback of up to 3,690,000 fully paid-up equity shares of face value of ₹ 1/- each, representing 2.98% of the total paid-up equity share capital of the Company, from all the equity shareholders of the Company as on the record date i.e. February 01, 2019, on a proportionate basis, through the "tender offer" route, at a price of ₹ 65/- (Rupees Sixty Five Only) per equity share for an aggregate amount of up to ₹ 239,850,000 (Rupees Twenty Three Crores Ninety Eight Lakhs Fifty Thousand Only). The settlement of all valid bids was completed by the Indian Clearing Corporation Limited on April 09, 2019. The extinguishment of 3,690,000 equity shares (all in dematerialized form) accepted under the said Buyback was completed on April 15, 2019.

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

The particulars as prescribed under Section 134 (1) (m) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014 for the year ended December 31, 2019 are as follows:

A. Conservation of Energy

Though your Company does not have energy intensive operation, every endeavor has been made to ensure the optimal usage of energy, avoid wastage and conserve energy.

R Systems constantly evaluates new technologies and makes appropriate investments to be energy efficient.

During the year ended December 31, 2019, R Systems adopted various energy conservation options / technologies and took measures to reduce energy consumption by using energy efficient equipment and devices, replacing existing CFL fittings with LEDs fittings to reduce power consumption, timely preventive maintenance of all major and minor equipments. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas. The Company is endeavoring to convert its Diesel generators to Gas based generators.

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

B. Technology absorption

1. Efforts made towards technology absorption

The Company has established centre of excellence in specific digital technologies like Cloud, Mobility, IOT, Analytics, RPA etc. to strengthen competencies and enhance offerings across focused verticals i.e. Technology, Telecom, Healthcare & Life Science, Banking and Insurance, & Retail and E-Commerce .

2. Benefits derived as a result of the above efforts

Our investment in digital technologies is helping us to enhance market reach and support our revenue growth.

3. Technology imported during the last 3 years

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

4. Expenditure incurred on Research and development

Driven by our core value of innovation, we believe that innovation is not just a practice but an essential component embedded within R Systems organizational DNA. We are now operating in a digital world. Digital transformation is one of our core areas where R Systems partner with businesses to make them competitive and successful in today's hyper-changing environment. Over the year ended December 31, 2019, your Company has invested in research and development around all leading digital technologies. Further, R Systems has also strengthened its proprietary solutions and frameworks optimizing the integration with digital technologies.

C. Foreign Exchange Earnings and Outgo (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:

| Particulars | ₹ in million | |
|---------------------------------|----------------------|------------|
| | Financial Year ended | |
| | 31.12.2019 | 31.12.2018 |
| (a) Earnings (Accrual Basis) | 3,837.70 | 3,104.51 |
| (b) Expenditure (Accrual Basis) | 537.80 | 456.94 |
| (c) CIF value of imports | 84.90 | 54.65 |

14. Subsidiaries

As on December 31, 2019, R Systems has twenty six subsidiaries. The name and country of incorporation of those subsidiaries are as follows:

| S. No. | Name of the Subsidiaries | Country of Incorporation |
|--------|---|----------------------------|
| 1. | R Systems, Inc. | U.S.A. |
| 2. | Innovizant LLC [§] | U.S.A. |
| 3. | R Systems Technologies Ltd. | U.S.A. |
| 4. | RSYS Technologies Limited | Canada |
| 5. | IBIZ Consultancy Services India Private Limited | India |
| 6. | ECnet Limited | Singapore |
| 7. | ECnet (M) Sdn. Bhd. [#] | Malaysia |
| 8. | ECnet (Hong Kong) Limited [#] | Hong Kong |
| 9. | ECnet Systems (Thailand) Co. Ltd. [#] | Thailand |
| 10. | ECnet Kabushiki Kaisha [#] | Japan |
| 11. | ECnet (Shanghai) Co. Ltd. [#] | People's Republic of China |
| 12. | Computaris International Limited | U.K. |
| 13. | ICS Computaris International Srl [Ⓐ] | Moldova |
| 14. | Computaris Malaysia Sdn. Bhd. [Ⓐ] | Malaysia |
| 15. | Computaris Polska sp zo.o. [Ⓐ] | Poland |

| S. No. | Name of the Subsidiaries | Country of Incorporation |
|--------|--|----------------------------|
| 16. | Computaris Romania SRL [Ⓐ] | Romania |
| 17. | Computaris Philippines Pte. Ltd. Inc. [Ⓐ] | Philippines |
| 18. | Computaris Suisse Sarl [Ⓐ] | Switzerland |
| 19. | R Systems (Singapore) Pte. Ltd | Singapore |
| 20. | IBIZ Consulting Pte. Ltd.* | Singapore |
| 21. | IBIZ Consulting Services Pte Ltd. [^] | Singapore |
| 22. | IBIZ Consulting Services Sdn. Bhd. [^] | Malaysia |
| 23. | PT. IBIZCS Indonesia, Indonesia [^] | Indonesia |
| 24. | IBIZ Consulting Services Limited [^] | Hong Kong |
| 25. | IBIZ Consulting Services (Shanghai) Co., Ltd. [%] | People's Republic of China |
| 26. | IBIZ Consulting (Thailand) Co Ltd. [^] | Thailand |

§ wholly owned subsidiary of R Systems, Inc.

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

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

* wholly owned subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.

^ wholly owned subsidiaries of IBIZ Consulting Pte. Ltd. being 100% Subsidiary of R Systems (Singapore) Pte Limited.

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

During the financial year ended December 31, 2019, R Systems Inc., USA, wholly-owned subsidiary of the Company, acquired 100% interest in Innovizant LLC w.e.f. January 01, 2019. Innovizant LLC is a USA based Company engaged in analytical, data science, data engineering and other IT services.

Further, ECnet Inc. (step down subsidiary of the Company) was dissolved w.e.f. January 28, 2019.

IBIZ Consulting (Thailand) Co. Ltd., became a subsidiary of IBIZ Consulting Pte Ltd., Singapore, a wholly owned subsidiary of the Company w.e.f. June 21, 2019.

During the year under review, the Company has acquired all the shares of IBIZ Consulting Services India Private Limited from its wholly owned subsidiary IBIZ Consulting Pte. Ltd., Singapore. Consequent to the said acquisition,

IBIZ Consulting Services India Private Limited became a direct subsidiary of the Company w.e.f. July 01, 2019.

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

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

The Board of Directors of the Company regularly reviews the affairs of these subsidiaries. Policy for determining material subsidiaries of the Company is available on the website of the Company at <https://www.rsystems.com/investors-info/corporate-governance/>. During the year 2019, the Company has 3 unlisted material subsidiaries namely, R Systems, Inc., U.S.A. R Systems (Singapore) Pte. Ltd., Singapore and Computaris International Limited, UK, all incorporated and based outside India.

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

Further, the audited annual accounts and related detailed information of our subsidiaries, wherever applicable, will be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection by the shareholders at Registered Office of R Systems i.e. GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 and Corporate Office of R Systems i.e. C-40, Sector 59, Noida [U.P.] – 201307 and Registered Offices of the subsidiary companies concerned during business hours. The same will also be hosted on R Systems' website i.e. www.rsystems.com.

15. Particulars of employees

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

16. Directors' responsibility statement

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

- 1) In the preparation of the annual accounts for the financial year ended December 31, 2019, 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 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, 2019 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.

17. Auditors and Audit Report

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/W-100018], were appointed as the Statutory Auditors of your Company in the Annual General Meeting held on May 15, 2017 for a term of five years until the conclusion of the Twenty Eighth AGM of the Company to be held in the year 2022. The Ministry of Corporate Affairs vide notification dated May 07, 2018 has obliterated the requirement of seeking Members' ratification at every AGM on appointment of statutory auditors during their tenure of five years.

M/s. Deloitte Haskins & Sells LLP has confirmed that they are not disqualified from continuing as Auditors of the Company.

Further, the auditors' report and Financial Statements being self-explanatory, do not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer. During the year 2019, the Statutory Auditor has not reported any matter under Section 143(12) of the Companies Act, 2013.

18. **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 Companies Act, 2013 and Listing Regulations. During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Audit Committee.

19. **Prevention and prohibition of sexual harassment of women at work place**

At R Systems, it is our desire to promote a healthy and congenial working environment irrespective of gender, caste, creed or social class of the employees. We value every individual and are committed to protect the dignity and respect of every individual. The Company has always endeavored for providing a better and safe environment free of sexual harassment at all its work places. Consequent to the enactment of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Management of R Systems International Limited has constituted an Internal Complaints Committee (ICC) to deal with any complaints or issues that may arise, in the nature of sexual harassment of women employees. The Company has also prepared and implemented Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the year ended December 31, 2019, there was no case reported to ICC of sexual harassment.

20. **Corporate Governance**

As required under Listing Regulations, the detailed report on corporate governance is given as **Annexure C** to this report and the certificate obtained from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's

Registration No. 117366W/ W-100018], Statutory Auditors of the Company, regarding compliance of the conditions of corporate governance as stipulated in the listing regulations is annexed as **Annexure D** to this report.

21. **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.

22. **Customer relations**

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

23. **Stakeholder's relations**

R Systems is inspired by its customers and its employees transform that inspiration and customers' needs into value for all stakeholders. We thank all R Systems employees worldwide for their hard work, commitment, dedication and discipline that enables the Company to accomplish its customer commitments and commitments to all its stakeholders. R Systems conducts regular employee satisfaction surveys and open house meetings to get employees 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.

24. **Management discussion and analysis report**

In terms of the Listing Regulations management discussion and analysis report is given as **Annexure E** to this report.

25. **Business Responsibility Report**

The Business Responsibility Report of the Company for the financial year ended December 31, 2019 as required under Regulation 34(2)(f) of the Listing Regulations forms part of this Director Report as **Annexure F**.

26. Secretarial Audit Report and compliance with Secretarial Standards

Mr. Jitender Singh, Company Secretary in Practice, was appointed by the Board of Directors of the Company to carry out the Secretarial Audit under the provision of Section 204 of the Companies Act, 2013 for the financial year ended December 31, 2019. The Secretarial Audit report for financial year ended on December 31, 2019 is enclosed as **Annexure G**.

Further, the Secretarial auditors' report being self-explanatory, does not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the financial year ended December 31, 2019.

During the year under review, the Company has complied with the applicable Secretarial Standards issued by ICSI.

27. Maintenance of Cost Records

The Company is not required to maintain Cost records under Section 148(1) of the Companies Act, 2013.

28. Vigil Mechanism / Whistle Blower Policy

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

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

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

30. Meetings of the Board

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

31. Board Evaluation

Pursuant to the provisions of the 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.

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

During the year under review, the Company has acquired all the shares of IBIZ Consulting Services India Private Limited for an aggregate amount of INR 468,500/- from its wholly owned subsidiary IBIZ Consulting Pte. Ltd., Singapore. Consequent to the said acquisition, IBIZ Consulting Services India Private Limited became a direct wholly-owned subsidiary of the Company w.e.f. July 01, 2019.

Details of loan, guarantees and investments covered under section 186 of the Companies Act, 2013 are provided in the notes to accounts of the financial statements.

33. Related Party Disclosure

All the Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis and in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. There are no materially significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the Company at large. All the related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature.

A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the terms & conditions of the transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the weblink as mentioned in the Corporate Governance Report. Details of particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 in form AOC-2 has been enclosed herewith as **Annexure H**.

34. Risk Management

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

35. 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.

36. 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: <https://www.rsystems.com/investors-info/corporate-governance/>. Annual Report on CSR activities of the Company in format prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure J** and forms part of this report.

37. Internal Control System and Internal Financial Controls

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

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

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, the statutory auditors of the Company, has audited the financial statements for the financial year ended December 31, 2019 and have issued unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

38. Significant and Material Orders Passed by the Regulators or Courts

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

39. Acknowledgments

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

On behalf of the Board
For R Systems International Limited

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

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

Place : Frankfurt, Germany Place : NOIDA
Date : February 09, 2020 Date : February 09, 2020

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 | 42.55 |
| 2. | Lt. Gen. Baldev Singh (Retd.) | Executive Director | 8.59 |
| 3. | Mr. Avirag Jain | Executive Director | 8.26 |
| 4. | Mrs. Ruchica Gupta | Non-Executive Independent Director | N.A. |
| 5. | Mr. Kapil Dhameja | Non-Executive Independent Director | N.A. |
| 6. | Mr. Aditya Wadhwa | Non-Executive Independent Director | N.A. |

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

| Sr. No. | Name of the Director/CFO/ CS/ Manager | Category | % increase in remuneration in the financial year |
|---------|---------------------------------------|--|--|
| 1. | Mr. Satinder Singh Rekhi | Executive Director | 2.10 |
| 2. | Lt. Gen. Baldev Singh (Retd.) | Executive Director | 9.28 |
| 3. | Mr. Avirag Jain | Executive Director | 3.73 |
| 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 | 0.00 |
| 8. | Mr. Bhasker Dubey | Company Secretary & Compliance Officer | 1.91 |

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

The percentage increase in the median remuneration of the employees in the financial year was 16.65%.

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, 2019 was 1,994.

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 3.31%.

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
(Managing Director)
(DIN: 00006955)

Place : Frankfurt, Germany
Date : February 09, 2020

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

Place : NOIDA
Date : February 09, 2020

Annexure 'B' to the Directors' Report

Information as per rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended December 31, 2019

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 (₹) | Previous employment & designation |
|------|----------------------------------|--|---|-------------|-------------------|--------------------|------------------------|--|
| 1 | Ashok Bhatia | Vice President - Client Operations | B.Sc., PGDMM and Certified Project Manager (SAPM) from Stanford University, USA | 53 | December 11, 2000 | 28 | 18,056,392 | ACT Inc., Vice President - Marketing |
| 2 | Damian Clinton | Sr. Sales Director ^a | MBA MSITS and BA Economics | 56 | August 21, 2017 | 26 | 12,343,359 | Director Sierraspen, Director Bleum |
| 3 | Deepak Khaderabad | VP - Technology | MBA in Information technology | 42 | July 30, 2018 | 21 | 15,236,840 | Social Interest solutions Sr. Director/Interim CIO |
| 4 | Jefferey A Johnstone | Director-Client Services ^a | BA – Applied Mathematics, MBA – Marketing Management | 57 | April 29, 2016 | 27 | 13,547,657 | TechExcel Inc, Sr. Director of Sales |
| 5 | Mandeep Singh Sodhi ^b | Chief Operating Officer - R Systems USA Operations | Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis | 52 | May 14, 1993 | 27 | 52,665,802 | Sark Synertek Senior Marketing Engineer |
| 6 | Pankaj Gupta | Director-Client Services ^a | MBA in Information technology | 39 | March 01, 2018 | 15 | 17,829,838 | Mintree Director – Hi Tech |
| 7 | Satinder Singh Rekhi | Managing Director | Bachelor of Technology from IIT, Kharagpur; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School | 69 | May 14, 1993 | 37 | 40,573,276 | Digital Information Systems Corporation Senior Management Personnel |

b Employed part of the year

| S.No | Name | Designation nature of duties | / Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (₹) | Previous employment & designation |
|------|------------------------------|--|---|----------------|-----------------------|-----------------------|------------------------------|---|
| 1 | Baljinder Singh | Director Cloud Practice ^a | B.S. in Electronics | 45 | September 23, 2019 | 23 | 3,758,293 | IBM Global Services Cloud Managed Services Sales Executive |
| 2 | Christopher Venturina | Senior Director- Knowledge Services ^a | Master of Business Administration, University of Phoenix. & Bachelor of Arts, Public Administration, San Diego State University | 48 | September 03, 2019 | 21 | 4,596,480 | Sutherland Global- Banking and Financial Services Group- Senior Director Business Development |
| 3 | Khosrow Hassibi [#] | Chief Data Scientist | PhD, ECS (Electrical & Computer Science) UCLA Executive Program, UCLA Anderson School of Management | 58 | March 01, 2017 | 27 | 14,529,929 | Altice Senior Principal, Head of Data Science |

^a Not a member of the Board of Director of the Company.

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

Resigned during the year.

Notes:

- None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2019 except Mr. Satinder Singh Rekhi, Managing Director of the Company, who holds 3,062,207 equity shares in the Company being 2.54% of the total equity shares of the Company.
- Nature of employment is contractual in all the above cases.
- The above employees were employed at USA Branch of the Company. The remuneration in USD has been converted into INR using USD / INR exchange rates.

On behalf of the Board
For R Systems International Limited

Sd/-

Satinder Singh Rekhi

(Managing Director)

(DIN: 00006955)

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior Executive Director]

[DIN: 00006966]

Place : Frankfurt, Germany

Date : February 09, 2020

Place : NOIDA

Date : February 09, 2020

Annexure 'C' to the Directors' Report

CORPORATE GOVERNANCE

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

R Systems International Limited ("R Systems" or the "Company" unless context otherwise provided) is committed to conduct its business in compliance with the applicable laws, rules and regulations and with the highest standards of business ethics. We, at R Systems, believe that good Corporate Governance is a key contributor to sustainable corporate growth and creating superior value for our stakeholders. It is primarily concerned with transparency, accountability, fairness, professionalism, social responsiveness, complete disclosure of material facts and independence of Board. R Systems endeavours its best to constantly comply with these aspects in letter and spirit, in addition to the statutory compliances as required under the Companies Act, 2013 ("the Act") and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other Statutory applicable Laws and Regulations.

2. Board of Directors

I. Board Structure

R Systems has an optimum combination of executive and

non-executive directors on its Board of Directors ("Board"). As at financial year ended December 31, 2019, the Board comprised of six directors, i.e. three executive directors out of which one is promoter director designated as Managing Director and three Non-Executive Independent Directors including one Woman Independent Director. In the opinion of the Board, the Independent Directors fulfil the conditions specified in Listing Regulations and are independent from the management of the Company.

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 Directors of the Company hold any shares in the Company. Necessary disclosures regarding directorship and committee positions in other companies and shareholding as on financial year ended December 31, 2019 have been made by the directors. Except the Managing Director and the Independent Directors, other directors are liable to retire by rotation as per Articles of Association of the Company and the provisions of the Act.

The composition of the Board and the number of outside directorship and committee positions held by each of directors as on December 31, 2019 are as follows:

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

* Excluding directorship in R Systems International Limited.

As on December 31, 2019, Mr. Kapil Dhameja is holding directorship in a Private Limited Company.

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

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

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

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

As on financial year ended December 31, 2019, out of total six directors, two directors namely, Mr. Satinder Singh Rekhi, Managing Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director are relatives of each other as latter is former's sister's husband.

II. Board Functioning & Procedures

The Board meets at least once a quarter to review the quarterly performance and financial results. Board meetings are generally held at the Corporate Office of the Company in Noida and are governed by a structured agenda. The agenda, along with the explanatory notes are sent to all the directors well in advance of the date of Board meeting to enable the Board to take informed decisions. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman of the meeting. The Chief Financial Officer is invited to the Board meetings to provide financial insights, status of internal controls in the working of the Company and for

discussing corporate strategies. All material information is circulated to the directors before the meeting or is placed at the meeting, including minimum information as required to be made available to the Board under Listing Regulations, which the Board considers and takes on record. During the period under review, the Board has accepted all the recommendations of the Committees.

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, 2019, the Board met seven times i.e. on January 15, 2019, February 08, 2019, May 02, 2019, May 28, 2019, July 30, 2019, October 25, 2019 and December 14, 2019. The necessary quorum was present at all meeting. The gap between any two consecutive Board meetings did not exceed one hundred and twenty days. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company. Following are the details of attendance at the Board Meeting and the last Annual General Meeting:

| Name of the Director | Board Meetings | | | | | | | Annual General Meeting held on May 28, 2019 |
|-------------------------------|------------------|-------------------|--------------|--------------|---------------|------------------|-------------------|---|
| | January 15, 2019 | February 08, 2019 | May 02, 2019 | May 28, 2019 | July 30, 2019 | October 25, 2019 | December 14, 2019 | |
| Mr. Satinder Singh Rekhi | P | ACC | ACC | P | ACC | ACC | P | P |
| Lt. Gen. Baldev Singh (Retd.) | P | P | P | P | A | P | P | P |
| Mr. Avirag Jain | A | P | P | A | P | P | P | A |
| Mrs. Ruchica Gupta | P | P | P | P | P | P | P | P |
| Mr. Kapil Dhameja | P | P | P | P | P | P | P | P |
| Mr. Aditya Wadhwa | P | P | P | P | P | P | P | P |

Note: P - Present in the meeting in person.

A - Absent in the meeting.

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

III. Code of Conduct

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

The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended December 31, 2019.

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

CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director of R Systems International Limited, to the best of my knowledge and belief, hereby declare that all the Board members and senior management personnel have affirmed compliance with the Company's Code of Conduct for the year ended December 31, 2019.

Sd/-

Place: Noida

Satinder Singh Rekhi

Date: February 04, 2020

(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:

➤ **Mr. Satinder Singh Rekhi (Managing Director)**

Mr. Satinder Singh Rekhi (DIN: 00006955), aged about 69 years, has more than 36 years of experience and is one of the leading figures in the Information Technology industry.

Mr. Rekhi graduated from the prestigious IIT, Kharagpur, India, with a bachelor's degree in technology. Mr. Rekhi completed Master of Business Administration from California State University, Sacramento, and has attended several senior management programs from the University of Berkeley and Harvard Business School.

Mr. Rekhi founded R Systems and has been on the Board of R Systems since its inception from May 14, 1993. As on the date of this report:-

- Mr. Rekhi holds offices of director in R Systems, its subsidiaries and its other promoter entities. Except as mentioned above, he does not hold any other office of director/ member in other company's board/ committee.
- Mr. Rekhi has no outstanding ESOPs under prevailing stock option plans of the Company.
- Mr. Rekhi holds 3,062,207 equity shares of ₹ 1/- each (being 2.56% of the total paid up share capital) of the Company in his own name and 11,818,061 equity shares of ₹ 1/- each of the Company (being 9.88% of the total paid up share capital) jointly with Mrs. Harpreet Rekhi as a trustee of "The Satinder & Harpreet Rekhi Family Trust".
- Mr. Satinder Singh Rekhi is related to Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of the Company.

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

Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), aged about 79 years, has more than 53 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.
- Mr. Singh has no outstanding ESOPs under prevailing stock option plans of the Company.
- Mr. Singh holds 101,322 equity shares of ₹ 1/- each being 0.08% of the total paid up share capital in the Company.
- Mr. Singh is related to Mr. Satinder Singh Rekhi, Managing Director of the Company.
- **Mr. Avirag Jain (Director & Chief Technology Officer)**

Mr. Avirag Jain (DIN: 00004801), aged about 54 years, has more than 27 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Laws from the Asian School of Cyber Laws, Pune, apart from several certifications on diverse technology and management subjects. Mr. 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 22 years. He Joined the Board of R Systems on August 03, 2017. As on the date of this report:-

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

V. Core skills/ expertise/ competencies of the Board

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

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

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

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

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

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

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

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

3.1 Audit Committee

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

Composition of the Audit Committee as at December 31, 2019 is as follows:

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

The Audit Committee met six times during the year on January 15, 2019, February 08, 2019, May 02, 2019, July 30, 2019, October 25, 2019 and December 14, 2019. Details of the attendance at the Audit Committee meetings held during the financial year 2019 are as follows:

| Name of the member | Meetings of Audit Committee | | | | | |
|-------------------------------|-----------------------------|-------------------|--------------|---------------|------------------|-------------------|
| | January 15, 2019 | February 08, 2019 | May 02, 2019 | July 30, 2019 | October 25, 2019 | December 14, 2019 |
| Mrs. Ruchica Gupta | P | P | P | P | P | P |
| Lt. Gen. Baldev Singh (Retd.) | P | P | P | A | P | P |
| Mr. Kapil Dhameja | P | P | P | P | P | P |
| Mr. Aditya Wadhwa | P | P | P | P | P | P |

Note: P-Present in the meeting in person.

A-Absent in the meeting.

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

Powers of the Audit Committee

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

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

Terms of reference of the Audit Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same

- c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To review the functioning of the Whistle Blower mechanism;
 18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 19. To review the utilization of loans and/ or advances from/ investment by the company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
 20. To review "Internal Controls to prevent Insider Trading" and shall review compliances with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
 21. To carry any other duties as may be required under the SEBI (Listing Obligation & Disclosures Requirement) Regulations, 2015 and Companies Act, 2013 and rules made thereunder and delegated by the Board of Directors from time to time.

3.2 Nomination & Remuneration Committee

Brief description and terms of reference

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

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and senior management personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid

down, and recommend to the board of directors their appointment and removal.

5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Recommend to the board, all remuneration, in whatever form, payable to senior management;
7. Support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors.
8. To carry any other duties as may be required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Companies Act, 2013 and delegated by the Board of Directors from time to time.

Composition of the Nomination & Remuneration Committee as at December 31, 2019 is as follows:

| Name of Member | Category of Director | Chairperson /Member |
|--------------------|------------------------------------|---------------------|
| Mrs. Ruchica Gupta | Non-Executive Independent Director | Chairperson |
| Mr. Kapil Dhameja | Non-Executive Independent Director | Member |
| Mr. Aditya Wadhwa | Non-Executive Independent Director | Member |

During the year under review, Nomination & Remuneration Committee met three times i.e. on February 08, 2019, May 02, 2019 and May 28, 2019.

Details of the attendance at the Nomination & Remuneration Committee meetings held during the financial year 2019 are as follows:

| Name of the member | Meeting of Nomination & Remuneration Committee | | |
|--------------------|--|--------------|--------------|
| | February 08, 2019 | May 02, 2019 | May 28, 2019 |
| Mrs. Ruchica Gupta | P | P | P |
| Mr. Kapil Dhameja | P | P | P |
| Mr. Aditya Wadhwa | P | P | P |

Note: P-Present in the meeting in person.

PERFORMANCE EVALUATION

In terms of the provisions of the Act, Listing Regulations and as per the recommendation of the Nomination & Remuneration Committee, Board has adopted a formal

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

NOMINATION AND REMUNERATION POLICY

A. Introduction: This policy on Nomination and Remuneration of Directors, Key Managerial Personnel (“KMP”), Senior Management Personnel (“SMP”) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time, in order inter-alia to pay equitable remuneration to Directors, KMPs and other employees of the Company. This policy shall act as guidelines on matters relating to the remuneration, appointment of the Directors, Key Managerial Personnel and Senior Management and other employees.

B. Applicability:- The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel and other employees

C. Definitions:

In this policy unless the context otherwise requires

- a) “Act” means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- b) “Company” means R Systems International Limited.
- c) “Board” means Board of Directors of R Systems International Limited.
- d) “Committee” means Nomination and Remuneration Committee of the Company as constituted by the Board from time to time.
- e) “Key Managerial Personnel” or “KMP” means Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other persons who may

be deemed to be KMP under the Companies Act, 2013.

- f) "Senior Management Personnel" means officers/ personnel of the Company, who are members of its core management team excluding Board of Directors and shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/ Whole Time Director/ Manager (including Chief Executive Officer/ Manager, in case they are not part of the Board) and shall include Company Secretary and Chief Financial Officer.

D. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE:

Nomination and Remuneration Committee shall govern the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and senior management personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. recommend to the board, all remuneration, in whatever form, payable to senior management;
7. support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors;
8. To carry any other duties as may be required under the SEBI (Listing Obligation &

Disclosures Requirement) Regulations, 2015 and Companies Act, 2013 and rules made thereunder or as may be delegated by the Board of Directors from time to time.

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

a. General Criteria

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

Further, person to be appointed/ re-appointed as director should:

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committees' member;
- have the capacity and desire to represent the best interests of the stakeholders as a whole; and
- not be disqualified under the provisions of the Companies Act, 2013 and applicable rules and regulations.

b. Specific Criteria

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

F. REMUNERATION POLICY

The remuneration policy of the Company reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of R Systems is as follows:

a. Executive Directors' Remuneration

1. At the time of appointment or re-appointment, Managing Director and the Executive Directors of the Company i.e. Whole-time Director as defined in the Companies Act, 2013 by whatever name may be called (hereinafter known as Executive Directors) shall be paid such remuneration as may be proposed by Nomination & Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
 2. The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 2013 and rules made there under or under the provision of any other laws as may be applicable.
 3. The remuneration of the Executive Directors is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus and may include:
 - Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets recommended by the Committee.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 2013, Listing Regulations and the other Rules/ Regulations as prescribed by the Securities & Exchange Board of India ("SEBI") in this regard.
 - Pension contributions, made in accordance with applicable laws and employment agreements.
 - Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 2013 and other applicable laws.
 4. In determining the remuneration (including the element as defined in clause 3) the Nomination & Remuneration Committee shall ensure/ consider the following:
 - I. Remuneration shall be evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to R Systems.
 - II. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
 - III. Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.
 - IV. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.
 5. Minimum remuneration to Executive Directors
- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provision of the Companies Act, 2013 and rules made thereunder.

b. Remuneration for Non-Executive Directors

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

c. Remuneration policy for the Key Managerial Personnel, Senior Management Personnel and other employees

The KMP (Except for Managing Director and Whole-time Director), Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and/ or as may be approved by the Committee.

In determining the remuneration to Key Managerial Personnel, Senior Management Personnel and other employees the following shall be considered:

- I. the relationship of remuneration and performance benchmark is clear;
- II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- III. the Company shall follow a compensation mix of fixed component and variable component. Fixed Component comprises salaries, perquisites and retirement benefits and a variable component comprises performance bonus and may include:
 - Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking, in accordance to various applicable laws.
 - Pension contributions, made in accordance with applicable laws and employment agreements.

- Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.

- IV. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from internationally recognized compensation service consultancies, whenever required.

The aforesaid policy is available at the website of the Company at the following weblink: <https://www.rsystems.com/investors-info/corporate-governance/>.

Brief terms of employment and details of remuneration paid to the executive directors during the year ended December 31, 2019

(Amount in ₹)

| 1. | Name of the Director | Mr. Satinder Singh Rekhi |
|-----|---|---|
| (a) | Salary, benefits and allowances (fixed) | 29,865,546 |
| (b) | Incentive (fixed)* | 10,707,750 |
| (c) | Stock options granted | Nil |
| (d) | Pension | As per the applicable policy for employees |
| (e) | Service contract | 5 years |
| (f) | Notice period | 36 months |
| (g) | Severance fees | Compensation in lieu of notice |
| (h) | Shareholding in R Systems as on December 31, 2019 | 3,062,207 equity shares of ₹ 1/- each in his own name and 11,818,061 equity shares of ₹ 1/- each jointly with Mrs. Harpreet Rekhi as a trustee of The Satinder & Harpreet Rekhi Family Trust. |

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

(Amount in ₹)

| 2. | Name of the Director | Lt. Gen. Baldev Singh (Retd.) |
|-----|---|--|
| (a) | Salary, benefits and allowances (fixed) | 4,285,922 |
| (b) | Incentive (fixed) [§] | 3,600,000 |
| (c) | Provident fund | 306,720 |
| (d) | Stock options granted | Nil |
| (e) | Pension | As per the applicable policy for employees |
| (f) | Service contract | 3 years |
| (g) | Notice period | 6 months |
| (h) | Severance fees | Compensation in lieu of notice |
| (i) | Shareholding in R Systems as on December 31, 2019 | 101,322 equity shares of ₹ 1/- each |

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

(Amount in ₹)

| 3. | Name of the Director | Mr. Avirag Jain |
|-----|---|--|
| (a) | Salary, benefits and allowances (fixed) | 4,743,383 |
| (b) | Incentive (fixed)** | 2,860,000 |
| (c) | Provident fund | 272,050 |
| (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, 2019 | 100 equity shares of ₹ 1/- each |

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

The aforementioned directors' remuneration is pursuant to recommendation of the Nomination & Remuneration Committee and approval of the Board, shareholders in compliance with the provisions of the Act and Listing Regulations.

Details of remuneration paid to the non-executive directors during the year ended December 31, 2019

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, 2019 is as follows:

(Amount in ₹)

| Sl. No. | Name of the Director | Sitting Fees Paid |
|--------------|----------------------|-------------------|
| 1. | Mrs. Ruchica Gupta | 275,000 |
| 2. | Mr. Kapil Dhameja | 275,000 |
| 3. | Mr. Aditya Wadhwa | 275,000 |
| Total | | 825,000 |

As on December 31, 2019, none of the existing Non-Executive and Independent Director of the Company holds any shares, options or any other convertible instruments in the Company.

3.3 Compensation Committee

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

Composition of the Compensation Committee:

| Name of Member | Category of Director | Chairperson /Member |
|--------------------|------------------------------------|---------------------|
| Mrs. Ruchica Gupta | Non-Executive Independent Director | Chairperson |
| Mr. Kapil Dhameja | Non-Executive Independent Director | Member |
| Mr. Aditya Wadhwa | Non-Executive Independent Director | Member |

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

3.4 Stakeholders' Relationship Committee

As on December 31, 2019, the Stakeholders' Relationship Committee of R Systems comprised of three directors, with Non-Executive Independent Director as its Chairperson. Stakeholders' Relationship Committee investigates

and provides for redressal of shareholders' and Investors' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters.

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

Composition of the Stakeholders' Relationship Committee its meetings during the financial year ended December 31, 2019 is as follows:

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

During the year under review, Stakeholders' Relationship Committee met four times i.e. on February 08, 2019, May 02, 2019, July 30, 2019 and October 25, 2019. Details of the attendance at the Stakeholders' Relationship Committee meetings held during the financial year 2019 are as follows:

| Name of the member | Meeting of Stakeholders' Relationship Committee | | | |
|-------------------------------|---|--------------|---------------|------------------|
| | February 08, 2019 | May 02, 2019 | July 30, 2019 | October 25, 2019 |
| Mr. Kapil Dhameja | P | P | P | P |
| Lt. Gen. Baldev Singh (Retd.) | P | P | A | P |
| Mrs. Ruchica Gupta | P | P | P | P |

Note: P-Present in the meeting in person.

A-Absent in the meeting.

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 conducted its meeting as and when required.

Name and designation of the Compliance Officer and Nodal Officer for IEPF Compliance

Mr. Bhasker Dubey
Company Secretary & Compliance Officer
C - 40, Sector - 59, Noida (U.P.) 201 307
Tel No.: 0120 - 430 3500
Email: investors@rsystems.com

Shareholders grievances/ complaints received and resolved during the year

| | |
|---|-----|
| (i) Number of shareholders' complaints received during the year ended December 31, 2019 | 01 |
| (ii) Number of complaints not resolved to the satisfaction of shareholders | Nil |
| (iii) Number of pending complaints | Nil |

3.5 Corporate Social Responsibility Committee (CSR Committee)

Brief description and terms of reference

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

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

The CSR Committee of the Company shall:

1. Formulate and recommend to the board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;
2. Recommend the amount of expenditure to be incurred on the activities referred to above;
3. Monitor the CSR Policy of the Company from time to time;
4. To carry any other duties as may be required under the Companies Act, 2013 and rules made thereunder and delegate by the Board of Directors from time to time.

Composition of the Corporate Social Responsibility Committee as at December 31, 2019 is as follows:

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

During the year under review, CSR Committee met three times i.e. on February 08, 2019, May 02, 2019 and October 25, 2019. Details of the attendance at the CSR Committee meetings held during the financial year 2019 are as follows:

| Name of the member | Meeting of Corporate Social Responsibility Committee | | |
|-------------------------------|--|--------------|------------------|
| | February 08, 2019 | May 02, 2019 | October 25, 2019 |
| Mr. Kapil Dhameja | P | P | P |
| Lt. Gen. Baldev Singh (Retd.) | P | P | P |
| Mrs. Ruchica Gupta | P | P | P |

Note: P - Present in the meeting in person.

4. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Act and Listing Regulations a separate meeting of the Independent Directors was held on October 25, 2019 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors reviewed the quality, content and timeliness of the flow of information between the Management, the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.

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

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

5. Subsidiary Companies

As at December 31, 2019, the Company has twenty six subsidiaries including step down subsidiaries. During the

6. General Body Meetings

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

| AGM Date and Time | Venue | Special Resolutions passed |
|--|--|---|
| 23 rd AGM May 15, 2017 09:00 A.M. | Air Force Auditorium, Subroto Park, New Delhi- 110010 | No Special Resolution was Passed |
| 24 th AGM May 25, 2018 09:00 A.M. | Air Force Auditorium, Subroto Park, New Delhi- 110010 | (1) Re-appointment and Remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director. (2) Appointment of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer w.e.f. August 03, 2017. |
| 25 th AGM May 28, 2019 09:00 A.M. | Air Force Auditorium, Subroto Park, New Delhi- 110010 | Reduction of share capital of the Company. |

financial year ended December 31, 2019, R Systems Inc., USA, wholly owned subsidiary of the Company, acquired 100% interest in Innovizant LLC, USA w.e.f. January 01, 2019.

Further, ECnet Inc., USA (step down subsidiary of the Company) was dissolved w.e.f. January 28, 2019. IBIZ Consulting (Thailand) Co. Ltd., Thailand became a subsidiary of IBIZ Consulting Pte Ltd., Singapore, a wholly owned step down subsidiary of the Company w.e.f. June 21, 2019.

During the year under review, the Company has acquired all the shares of IBIZ Consulting Services India Private Limited from its wholly owned subsidiary IBIZ Consulting Pte. Ltd., Singapore. Consequent to the said acquisition, IBIZ Consulting Services India Private Limited has become a direct wholly-owned subsidiary of the Company w.e.f. July 01, 2019.

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

During the year under review, in terms of the Listing Regulations and as per the policy for determining Material Subsidiary, R Systems has three material unlisted subsidiary namely R Systems, Inc., U.S.A., Computaris International Limited, U.K. and R Systems (Singapore) Pte. Ltd. All the material subsidiaries are incorporated and based outside India.

In terms of the provisions of Listing Regulations, your Company has a policy for determining Material Subsidiary and such policy is available on the Company's website at the link <https://www.rsystems.com/investors-info/corporate-governance/>.

- II. No Extra-ordinary General Meeting of the Company was held during the last three years. However, one meeting of Equity Shareholders of the Company was convened and held on Saturday, May 05, 2018 as per the order dated March 08, 2018 issued by the National Company Law Tribunal, New Delhi.
- III. During the year under review, the Company has not passed any resolution through Postal Ballot.
- V. No special resolution is proposed to be conducted through Postal Ballot at the forthcoming Annual General Meeting.

7. Disclosures

7.1 Related Party Transactions

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

Details on Related Party Transactions are shown in note number 31 in the standalone and in note number 32 in the consolidated financial results for the financial year ended December 31, 2019.

The Policy on the Material Subsidiary is available on the website of the Company at the following link: <https://www.rsystems.com/investors-info/corporate-governance/>.

In compliance of the provisions of Listing Regulations, the policy on dealing with Related Party Transactions has been uploaded on the website of the Company at the following link: <https://www.rsystems.com/investors-info/corporate-governance/>.

7.2 Statutory Compliance, Penalties and Strictures

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

7.3 Vigil Mechanism/ Whistle Blower Policy

Pursuant to Section 177 of the Act and rules made thereunder and the Listing Regulations, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle Blower to the Chairman of the Audit Committee. We affirm that during the financial year ended December 31, 2019, no employee has been denied

access to the Audit Committee. The details of such Whistle Blower policy (also known as Vigil Mechanism) have been available on the website of the Company at the following link: <https://www.rsystems.com/investors-info/corporate-governance/>.

7.4 Risk Management Policy

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

7.5 Training to Board Members

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

The Board has adopted a structured policy for training of Independent Directors which shall inter-alia provide: (a) business overview and an outline of corporate plan and annual target (b) operations overview (c) overview of Sales & Marketing (d) comprehensive rolling corporate plan etc. The details of the Familiarization Programmes are available on the website of the company at the following link: <https://www.rsystems.com/investors-info/corporate-governance/>.

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

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

The Company has complied with all the mandatory requirements of Listing Regulations. As required under Regulation 17(8) of the Listing Regulations, a certificate signed by Managing Director and CFO of the Company has been placed before the Board and the same forms part of this Annual Report.

Further, pursuant to Regulation 34 (3) read with Part E of Schedule V of the Listing Regulations a certificate obtained from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/W-100018], Statutory Auditors of the Company, certifying compliance with the conditions of Corporate Governance has been annexed with the Directors' Report.

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

Disclosures with respect to demat suspense account/ unclaimed suspense account is not applicable on the Company as there are no shares which are lying in demat suspense account/ unclaimed suspense account. During the year under review, pursuant to Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 500 equity shares to the Demat account of the Investor Education and Protection Fund Authority. As on the date of this report a total of 9,621 equity shares of the Company are lying in the Investor Education and Protection Fund Account.

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

The Board

In compliance with regulation 17 of the Listing Regulations, the Company has an optimum combination of executive and non-executive directors on its Board of Directors. However, there is no permanent chairperson of the Board.

Shareholders Rights

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

Modified Opinion in Audit Report

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

Reporting of Internal Auditor

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

7.7. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("PoSH"), your Company has a robust mechanism in place to redress complaints reported under it. The Company has complied with provisions relating

to the constitution of Internal Complaints Committee ("ICC") under PoSH. The Committee is composed of internal members and an external member who has extensive experience in the field. During the year ended December 31, 2019, there was no case reported to ICC of sexual harassment.

7.8. No Disqualification Certificate from Company Secretary in practice

A certificate from Mr. Jitender Singh, Company Secretary in Whole-time Practice has been taken as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of Company by SEBI /Ministry of Corporate Affairs or any such statutory authority . The certificate is enclosed as Annexure-I to this report.

7.9. Details of total fees paid to Statutory Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/ W-100018], have been appointed as the Statutory Auditors of the Company. The particulars of payment made to the statutory auditor and all entities in its network for the Financial Year ended December 31, 2019 are as follows:

| | (Amount in ₹) |
|--|---------------|
| Total Fees paid by the Company for the audit and related services to M/s. Deloitte Haskins & Sells LLP. | 4,260,000 |
| Total Fees paid by the Subsidiaries Company for the audit and related services to M/s. Deloitte Haskins & Sells LLP and all entities in its network. | 9,079,218 |
| Other fees paid by the Company and its subsidiaries to M/s. Deloitte Haskins & Sells LLP and to all entities in its network. | 1,619,633* |

* Including out of pocket expenses.

8. Means of Communication

8.1. The quarterly and year to date audited/ unaudited financial results are published in the leading newspaper of India namely in Business Standard.

8.2. The financial results and other corporate information are available on R Systems' website www.rsystems.com. The website also displays important events such as AGM(s), Buyback(s), Arrangement(s) etc. and official news releases from time to time announced by the Company.

8.3. The presentations made to the institutional investors or to the industry analysts are also available on the Company's website www.rsystems.com.

8.4. Financial results are also sent to all the shareholders whose email address is registered with their Depository Participants (DP).

9. General Shareholder Information

I) Annual General Meeting

Date and Time : June 30, 2020 at 9.00 A.M.
 Venue : Through Video Conferencing (VC)
 /Other Audio Visual Means
 (OAVM).

II) Financial year

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

III) Date of Book Closure

June 26, 2020 to June 30, 2020 (both days inclusive).

IV) Dividend Payment Date - N.A.

V) Listing on Stock Exchanges

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

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

The annual listing fee for the year 2019-20 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2020-21 will become due on March 31, 2020 and will be paid within the scheduled time as prescribed under the provision of Listing Regulations.

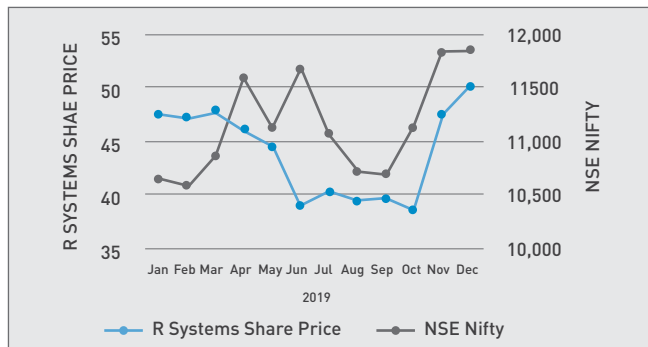
VI) Market Price Data: High, Low during each month in financial year ended December 31, 2019

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, 2019, in comparison with NSE Nifty and BSE Sensex, are as follows:

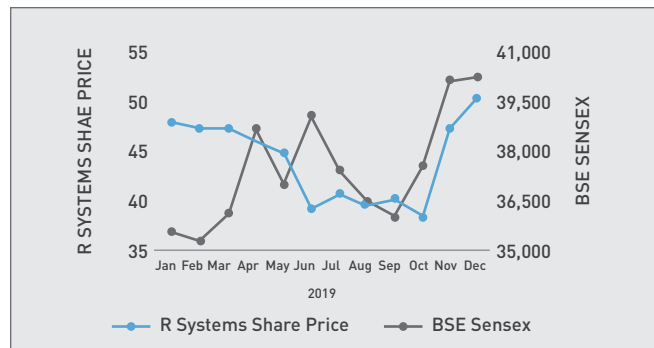
| Month | NSE | | | | BSE | | | |
|-------|-------------|----------|-----------|-----------|-------------|----------|-----------|-----------|
| | SHARE PRICE | | NIFTY | | SHARE PRICE | | SENSEX | |
| | High (₹) | Low (₹) | High | Low | High (₹) | Low (₹) | High | Low |
| 2019 | | | | | | | | |
| Jan | 54.05 | 47.60 | 10,961.85 | 10,651.80 | 53.95 | 47.75 | 36,578.96 | 35,513.71 |
| Feb | 50.65 | 47.35 | 11,069.40 | 10,604.35 | 50.55 | 47.30 | 36,975.23 | 35,352.61 |
| Mar | 52.35 | 47.95 | 11,623.90 | 10,863.50 | 52.20 | 47.30 | 38,672.91 | 36,063.81 |
| Apr | 52.05 | 46.15 | 11,787.15 | 11,575.95 | 51.15 | 46.10 | 39,275.64 | 38,564.88 |
| May | 47.10 | 44.55 | 11,945.90 | 11,148.20 | 47.00 | 44.80 | 39,831.97 | 37,090.82 |
| Jun | 45.95 | 39.25 | 12,088.55 | 11,672.15 | 46.85 | 39.25 | 40,267.62 | 38,960.79 |
| Jul | 46.90 | 40.45 | 11,946.75 | 11,085.40 | 47.05 | 40.60 | 39,908.06 | 37,397.24 |
| Aug | 42.30 | 39.70 | 11,109.65 | 10,741.35 | 42.80 | 39.65 | 37,641.27 | 36,472.93 |
| Sep | 43.00 | 39.80 | 11,600.20 | 10,704.80 | 43.65 | 40.05 | 39,097.14 | 36,093.47 |
| Oct | 48.60 | 38.80 | 11,877.45 | 11,126.40 | 48.70 | 38.55 | 40,129.05 | 37,531.98 |
| Nov | 52.50 | 47.50 | 12,151.15 | 11,840.45 | 52.00 | 47.10 | 41,130.17 | 40,116.06 |
| Dec | 71.25 | 50.25 | 12,271.80 | 11,856.80 | 71.30 | 50.25 | 41,681.54 | 40,239.88 |

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.

R Systems Share price versus NSE Nifty



R Systems Share price versus BSE Sensex



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

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

vii. Registrar and Share Transfer Agent

Link Intime India Private Limited
Noble Heights, 1st Floor,
Plot NH 2, C-1, Block LSC, Near Savitri Market,
Janakpuri, New Delhi – 110058

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.

viii. Share Transfer System

Applications for transfer of shares held office in physical form are received till March 31, 2019 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.

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.

Shareholders are requested to update their Bank details and other details as and when required with the Depository Participant through which they hold a Demat Account or by sending the same to the RTA of the Company i.e. Link Intime India Pvt. Ltd.

Further, as per the provisions of Regulation 40(1) of the Listing Regulations, as amended, read with the press release dated December 03, 2018 issued by the Securities and Exchange Board of India, effective from April 01, 2019, only transmission or transposition requests for transfer of securities shall be processed in physical form. All other transfers shall be processed in dematerialised form only.

The shareholders who continue to hold shares and other types of securities of listed companies in physical form even after this date, will not be able to lodge the shares with company / its RTA for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the listed companies / their RTAs.

IX) Transfer of unclaimed dividend to Investor Education and Protection Fund

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

| Date of declaration | Dividend for the year | Due date for transfer to IEPF |
|---------------------|---|-------------------------------|
| May 4, 2012 | 2011 | June 3, 2019* |
| May 18, 2012 | Interim Dividend 2012 | June 17, 2019* |
| May 11, 2013 | 2012 | June 10, 2020 |
| July 27, 2013 | 1 st Interim Dividend 2013 | August 26, 2020 |
| October 25, 2013 | 2 nd Interim Dividend 2013 | November 24, 2020 |
| May 10, 2014 | 2013 | June 9, 2021 |
| June 3, 2014 | 1 st Interim Dividend 2014 | July 3, 2021 |
| July 26, 2014 | 2 nd Interim Dividend 2014 | August 25, 2021 |
| October 29, 2014 | 3 rd Interim Dividend 2014 | November 28, 2021 |
| December 20, 2014 | 4 th Interim (Special) Dividend 2014 | January 19, 2022 |
| June 9, 2015 | 2014 | July 9, 2022 |
| April 23, 2015 | 1 st Interim Dividend 2015 | May 23, 2022 |
| August 5, 2015 | 2 nd Interim (Special) Dividend 2015 | September 4, 2022 |
| October 29, 2015 | 3 rd Interim Dividend 2015 | November 28, 2022 |
| May 4, 2018 | Interim Dividend 2018 | June 3, 2025 |
| December 14, 2019 | Interim Dividend 2019 | January 13, 2027 |

* Unpaid dividend for the financial year ended December 31, 2011 and Interim Dividend 2012 which was declared on May 04, 2012 and May 18, 2012, respectively has been deposited to the Investor Education and Protection fund on June 19, 2019 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, 2019

| Shareholding of nominal value of (₹) | | | Shareholders | Share Capital | Shareholders | Share Capital |
|--------------------------------------|---|---------|--------------|---------------|--------------|---------------|
| | | | Number | % | Amount in ₹ | % |
| 1 | - | 2,500 | 11,360 | 95.44 | 4,324,387 | 3.59 |
| 2,501 | - | 5,000 | 266 | 2.23 | 1,004,479 | 0.83 |
| 5,001 | - | 10,000 | 131 | 1.10 | 968,848 | 0.81 |
| 10,001 | - | 20,000 | 67 | 0.56 | 973,080 | 0.81 |
| 20,001 | - | 30,000 | 18 | 0.15 | 437,770 | 0.36 |
| 30,001 | - | 40,000 | 18 | 0.15 | 622,248 | 0.52 |
| 40,001 | - | 50,000 | 11 | 0.09 | 508,332 | 0.42 |
| 50,001 | - | 100,000 | 7 | 0.06 | 504,771 | 0.42 |
| Above | | 100,000 | 25 | 0.21 | 110,994,010 | 92.24 |
| TOTAL | | | 11,903 | 100.00 | 120,337,925* | 100.00 |

* Subsequent to the financial year ended December 31, 2019, the National Company Law Tribunal, New Delhi vide order dated January 28, 2020 has approved the reduction of share capital of the Company under Section 66 of the Companies Act, 2013. Pursuant to this capital reduction, the paid up share capital of the Company was reduced from ₹ 120,337,925 divided into 120,337,925 equity shares of ₹ 1/- each to ₹ 119,598,945 divided into 119,598,945 equity shares of ₹ 1/- each.

XI) Category wise Shareholding as on December 31, 2019

| Category | Category of Shareholder | No. of shares | Percentage |
|----------|---|---------------------|---------------|
| (A) | Promoters & Promoter Group | | |
| 1 | Indian | 7,777 | 0.01 |
| 2 | Foreign | 61,704,797 | 51.28 |
| | Sub Total (A) | 61,712,574 | 51.28 |
| (B) | Public Shareholding | | |
| 1 | Institutions | | |
| (a) | Mutual Funds / UTI | - | - |
| (b) | Financial Institutions / Banks | 510 | 0.00 |
| (c) | Foreign Institutional Investors/ Foreign Portfolio Investors | 0 | - |
| | Sub Total (B)(1) | 510 | 0.00 |
| 2 | Non-institutions | | |
| (a) | Individual shareholders holding nominal share capital up to ₹ 2 lakh | 9,601,683 | 7.98 |
| (b) | Individual shareholders holding nominal share capital in excess of ₹ 2 lakh | 47,190,194 | 39.21 |
| (c) | NBFCs registered with RBI | - | - |
| (d) | Any Other (Clearing Members) | 35,429 | 0.03 |
| (e) | Any Other (Bodies Corporate) | 1,048,934 | 0.87 |
| (f) | Any Other (Trust) | 738,980 | 0.61 |
| (g) | Any Other (Investor Education and Protection Fund) | 9,621 | 0.01 |
| | Sub Total (B)(2) | 58,624,841 | 48.72 |
| | Total Public Shareholding (B)(1) + (B)(2) = (B) | 58,625,351 | 48.72 |
| | Grand Total (A+B) | 120,337,925* | 100.00 |

* Subsequent to the financial year ended December 31, 2019, the National Company Law Tribunal, New Delhi vide order dated January 28, 2020 has approved the reduction of share capital of the Company under Section 66 of the Companies Act, 2013. Pursuant to this capital reduction, the paid up share capital of the Company was reduced from ₹ 120,337,925 divided into 120,337,925 equity shares of ₹ 1/- each to ₹ 119,598,945 divided into 119,598,945 equity shares of ₹ 1/- each.

XII) Dematerialisation of shares

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

About 99.19% of the issued and paid up share capital of the Company has been dematerialised up to financial year ended December 31, 2019. The International Securities Identification Number (ISIN) of the Company is INE411H01032. The equity shares of the Company are traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year.

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

R Systems has not issued any GDRs/ ADRs. There were no outstanding convertible warrants as on financial year ended December 31, 2019, except stock options granted under the prevailing employee stock option plans/ schemes, as detailed elsewhere in the Directors' Report.

XIV) Commodity Price Risk or foreign exchange risk hedging activities

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

XV) Offices of R Systems and its subsidiaries including Development/ Technical Support Centres**1. Noida Offices**

- C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201 307 - SEZ Units,
- 1) Ground Floor, 1, Incubation Centre, Tower 2, Plot No. 21, Sector Techzone IV, Greater Noida West (NCR) - 201306, (U.P.) India
- 2) 1st & 2nd Floor, Tower 1, Plot No. 21, Sector Techzone IV, Greater Noida West- 201306 (U.P.) India

2. Chennai Office

Plot# NP 1 & 2, Industrial Estate, Sidco Industrial Estate, Guindy, Chennai -600032

3. Pune Office

M02, NSG IT Park, S No. 127/1A To 1E, Plot No. 8, Anudh, Pune- 411004

4. U.S.A. Branch Office

- (1) 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.
- (2) 1551 McCarthy Blvd, Suite # 117, Milpitas CA 95035, U.S.A.

5. R Systems Inc.
5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.

6. Innovizant LLC
1431, Opus Place, Suite 630, Downers Grove, IL 60515, U.S.A.

7. R Systems Technologies Ltd.
5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.

8. RSYS Technologies Ltd.

Vancouver office

1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada

Ontario office

2425 Matheson Blvd East Unit 778, Mississauga, Ontario L4W 5K4 Canada

9. Computaris International Limited
11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom

-
10. Computaris Romania SRL
Bucharest office
5 Gheorghe Manu Str, Groundfloor, 1st Floor, 6th Floor, Sector 1, Bucharest, 010442, Romania
Galati office
23 Logofat Tautu Str., 800009, Galati, Romania
-
11. Computaris Polska sp z o.o.
Warsaw office
al. Jana Pawla II 80, 00-175 Warsaw, Poland
Bialystok office
ul. Branickiego 17, 15 -085 Bialystok, Poland
-
12. ICS Computaris International SRL
Vlaicu PircaLab Street, No 63, Et. 8, Oficiu B, MD - 2012, Sky Tower Business Center, Chisinau, Republica Moldova
-
13. Computaris Malaysia Sdn. Bhd.
Lot. No. 5F-1, 5th Floor Tower 5
Puchong Financial Corporate Center
Jalan Puteri ½, Bandar Puteri
47100 Puchong, Selangor, Malaysia
-
14. Computaris Philippines Pte. Ltd. Inc.
Level 16 Tower 6789, Ayala Avenue
1206 Makati City, Philippines.
-
15. Computaris Suisse Sarl, Switzerland
Rue du Trésor 9, c/o Me Madalina Diaconu, Etudes SPLC Avocats & Notaires, 2000 Neuchâtel, Switzerland
-
16. ECnet Limited
16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore - 159 416
-
17. ECnet (M) Sdn. Bhd.
Suite 5F-1, 5th Floor, Tower 5,
Puchong Financial Corporate Centre (PFCC)
Jalan Puteri ½, Bandar Puteri, 47100 Puchong
Selangor, Malaysia
-
18. ECnet (Hong Kong) Limited
Rm 2808 28/F Wu Chung House 213 Queen's Road East, Wan Chai, Hong Kong
-
19. 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, Thailand
-
20. ECnet Kabushiki Kaisha
Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044
-
21. ECnet (Shanghai) Co. Ltd.
Rm H, 20 Floor, Foresight Mansion, No. 768 Xie Tu Rd, Shanghai, People's Republic of China
-
22. R Systems (Singapore) Pte Limited
#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416
-

| | |
|-----|--|
| 23. | IBIZ Consulting Pte. Ltd. 2 Jalan Kilang Barat #04-01, Singapore 159346 |
| 24. | IBIZ Consulting Services Pte Ltd. 2 Jalan Kilang Barat #04-01, Singapore 159346 |
| 25. | IBIZ Consulting Services Sdn. Bhd. Suite 5F-1, 5 th Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri ½, Bandar Puteri, 47100 Puchong Selangor, Malaysia |
| 26. | PT. IBIZCS Indonesia Setiabudi Buidling 2, 2 nd Floor, Suite 203, Jl. H.R. Rasuna Said Kav. 62 Jakarta, Selatan 12920, Indonesia |
| 27. | IBIZ Consultancy Services India Private Limited Plot No NP 1 and 2 , Industrial Estate, Sidco Industrial Estate, Guindy, Chennai -600032 |
| 28. | IBIZ Consulting (Thailand) Co Ltd. 2/3 Bangna Tower-A, 2 nd Floor, Room No. 205-206, Moo14, Bangna-Trad K.M.6.5 Road, Bangkaew Sub-district, Bangplee District, Samutprakarn Province, Thailand |
| 29. | IBIZ Consulting Services Limited Units 1901-3, 19/F, Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong |
| 30. | IBIZ Consulting Services (Shanghai) Co., Ltd Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, People's Republic of China 200030 |

XVI. Address for correspondence

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

Registrar and Share Transfer Agent

Link Intime India Private Limited
Noble Heights, 1st Floor, Plot NH 2, C-1, Block LSC, Near
Savitri Market, Janakpuri, New Delhi – 110058,
Phone: 011 - 414 10592, 93, 94; Fax : 011 - 414 10591
Email: delhi@linkintime.co.in

For general correspondence:

R Systems International Limited

Corporate Office

C - 40, Sector - 59,
Noida (U.P.) - 201 307, India
Phone : 0120 - 430 3500,
Fax : 0120 - 408 2699
Email : investors@rsystems.com

On behalf of the Board

For R Systems International Limited

Sd/-

Satinder Singh Rekhi

(Managing Director)

(DIN: 00006955)

Place : Frankfurt, Germany

Date : February 09, 2020

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(President & Senior Executive Director)

(DIN: 00006966)

Place : NOIDA

Date : February 09, 2020

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

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

- A. We have reviewed financial statements and the cash flow statement for the year ended on December 31, 2019 and that to the best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee
- 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Satinder Singh Rekhi
(Managing Director)

Place : NOIDA
Date : February 04, 2020

Sd/-
Nand Sardana
(Chief Financial Officer)

Place : NOIDA
Date : February 04, 2020

Annexure I

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of R Systems International Limited (**hereinafter referred to as 'the Company'**) having CIN: L74899DL1993PLC053579 and having registered office at GF-1-A, 6, Devika Tower, Nehru Place, New Delhi- 110019, India, produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the MCA portal i.e. www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st December, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority:

| Sr. No. | Name of Director | DIN |
|---------|----------------------|----------|
| 1. | Satinder Singh Rekhi | 00006955 |
| 2. | Baldev Singh | 00006966 |
| 3. | Avirag Jain | 00004801 |
| 4. | Ruchica Gupta | 06912329 |
| 5. | Kapil Dhameja | 02889310 |
| 6. | Aditya Wadhwa | 07556408 |

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : February 09, 2020
Place : Delhi

Sd/-
(Jitender Singh)
Company Secretary in Wholtime Practice
CP No.: 12463
M. No.: A33610
UDIN: A033610A000554341

Annexure 'D' to the Directors Report

TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of R Systems International Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on December 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Managements' Responsibility

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

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended December 31, 2019.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Sd/-
Jitendra Agarwal
Partner

(Membership No. 87104)
(UDIN- 20087104AAAAABG1864)

Place : NOIDA
Date : February 09, 2020

Annexure 'E' to the Directors Report

Management's Discussion and Analysis

Overview

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules as amended from time to time. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

A. Industry Structure and Developments

Digital transformation is a life line for all successful businesses. All businesses whether born digital or legacy, are adopting digital solutions to revolutionize their customers experience to be relevant and meaningful in the present hyper-changing world. The foundations

of any digital transformation remain the innovation and technology that allow businesses to compete, differentiate, and outperform. Every business put its best efforts to enhance the customer experience (CX) which is the key aspect of any company's success. The businesses understand the value that seamless digital experience adds to overall customer satisfaction.

As per IDC Future Scope: Worldwide IT Industry 2020 Predictions - By 2024, over 50% of all IT spending will be directly for digital transformation and innovation (up from 31% in 2018), Growing at a CAGR of 17%.

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 | 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% |
| IBIZ Consultancy Services India Private Limited \$ | 2008 | India | April 30, 2015 | 100% |

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

\$ During the financial year December 31, 2019, the Company w.e.f. July 01, 2019 has acquired IBIZ Consultancy Services India Private Limited, India (IBIZ India) from its step down wholly owned subsidiary, IBIZ Consulting Pte. Ltd., Singapore. Consequent to the said acquisition, IBIZ India, which was earlier a step down subsidiary, has become a direct wholly owned subsidiary of the Company.

the aforesaid subsidiary have following subsidiaries:

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

| Name | Holding | Country of incorporation |
|--|---------|----------------------------|
| ECnet (M) Sdn. Bhd. | 100% | Malaysia |
| ECnet Systems (Thailand) Co. Ltd. | 100% | Thailand |
| ECnet (Shanghai) Co. Ltd. | 100% | People's Republic of China |
| ECnet (Hong Kong) Ltd. | 100% | Hong Kong |
| ECnet, Inc. (liquidated on January 28, 2019) | 100% | USA |
| ECnet Kabushiki Kaisha | 100% | Japan |

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

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

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

| Name | Holding | Country of incorporation |
|--|-----------------|----------------------------|
| IBIZ Consulting Services Pte Ltd. | 100% | Singapore |
| IBIZ Consulting Services Sdn. Bhd. | 100% | Malaysia |
| PT. IBIZCS Indonesia | 100% | Indonesia |
| IBIZ Consulting (Thailand) Co. Ltd. (Incorporated w.e.f. June 21, 2019) | 100% | Thailand |
| IBIZ Consulting Service Limited (IBIZ HK) | 100% | Hong Kong |
| IBIZ Consulting Service Shanghai Co. Ltd. | 100% by IBIZ HK | People's Republic of China |

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

C. Opportunities and Threats

R Systems has transformed itself from a product engineering company to a niche digital enterprise to navigate its customers in their successful digital transformation. Further, the acquisition of Innovizant LLC in early 2019 has strengthened our offerings and competencies in advanced analytics, data engineering and digital connected systems. Presently, Digital contributes over 40% of R Systems consolidated revenues and will continue to fuel R Systems growth in coming years.

As 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, cyber security, intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services.

At R Systems, these threat and uncertainties are 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

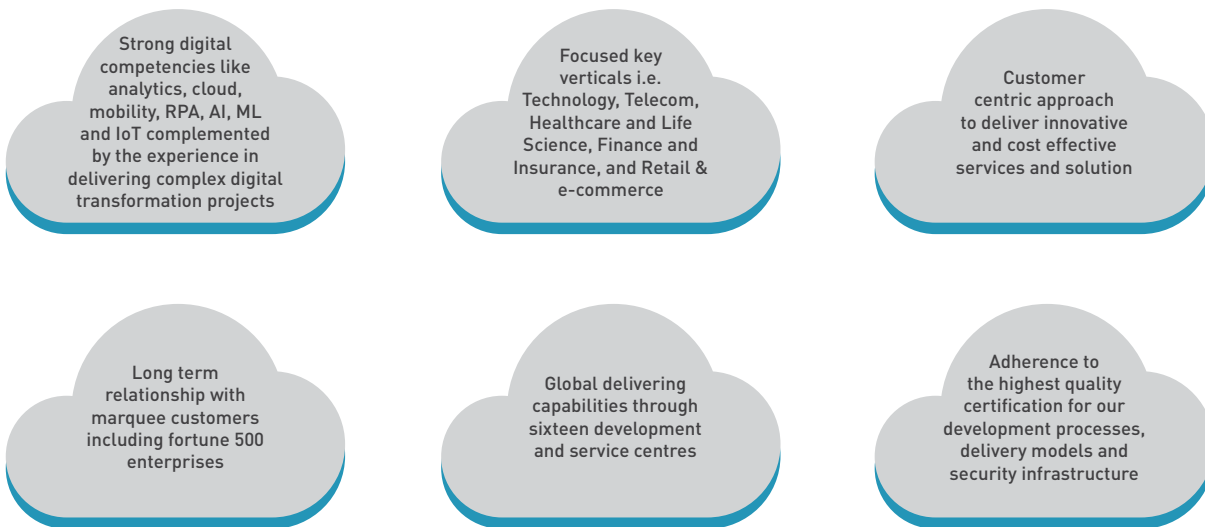
R Systems' reported consolidated revenue of ₹ 8,093.75 mn during the year 2019 as against revenue of ₹ 6,998.89 mn during the year 2018. The revenue grew by 15.64% during the year 2019.

Consolidated profit after tax during the year 2019 was ₹ 581.24 mn as against net profit for year 2018 of ₹ 510.45 mn.

The basic earnings per share (based on consolidated financial statement) during the year 2019 was ₹ 4.82 per share as against ₹ 4.14 per share in 2018 of face value of ₹ 1 each.

R Systems maintains a strong financial position with shareholder funds of ₹ 3,382.34 mn including cash and bank balance including bank deposits and debt liquid mutual funds of ₹ 1,999.20 mn as of December 31, 2019 to invest for future growth of business.

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



F. Risk and Concerns

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

G. Internal Control Systems and Their Adequacy

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

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

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

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

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

R Systems concluded year 2019 with 2,793 associates including 413 sales and support associates.

I. Discussion on financial performance with respect to operational performance.

Financial Position as at December 31, 2019

1. Property, plant and equipment (PPE) and Intangible assets

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

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Property, plant and equipment (net) | 435.98 | 306.91 | 344.72 | 248.27 |
| Intangible assets | | | | |
| - Goodwill on Consolidation | 195.94 | 89.93 | - | - |
| - Other intangible assets (net) | 66.56 | 27.64 | 1.11 | 1.69 |
| Capital work in progress | 19.63 | 16.18 | 17.94 | 15.73 |
| Total | 718.11 | 440.66 | 363.77 | 265.69 |

Details of additions during the year in Property, plant and equipment (PPE) and Intangible Assets:

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|--|--------------|--------|------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| Total addition to gross block- Property, plant and equipment | 243.75 | 104.85 | 180.93 | 59.40 |
| Total addition to gross block- Intangible assets | | | | |
| - Goodwill | 100.73 | - | - | - |
| - Other intangible assets (net) | 79.85 | 6.93 | 0.90 | 0.57 |

Refer Consolidated Financial Statement and Standalone Financial Statement for head wise details.

2. Investment Property

Investment Property represents the land and building in Pune given on rent. Investment Property value (net) as at December 31, 2019 was ₹ 21.84 mn as against ₹ 23.31 mn as at December 31, 2018.

3. Non-current investment

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|----------------------------|--------------|-------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Investment in subsidiaries | - | - | 995.83 | 995.36 |
| Other investment | 0.03 | 0.03 | 0.03 | 0.03 |
| Total | 0.03 | 0.03 | 995.86 | 995.39 |

4. Other non-current financial assets

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|---|---------------|---------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Security deposits | 33.04 | 31.07 | 23.00 | 18.53 |
| Margin money deposits | 53.95 | 52.61 | 46.55 | 45.20 |
| Bank deposits to be matured after 12 months from reporting date | 51.40 | 17.37 | - | - |
| Interest accrued on fixed deposits | 1.84 | 1.58 | 1.83 | 1.57 |
| Staff advance | 0.14 | 0.29 | 0.13 | 0.29 |
| Total | 140.37 | 102.92 | 71.51 | 65.59 |

5. Deferred tax liability / assets (net)

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

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|------------------------------|--------------|-------|------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| Deferred Tax Assets (net) | 62.53 | 67.46 | 48.86 | 56.90 |
| Deferred Tax Liability (net) | 1.32 | 0.25 | - | - |

6. Income tax assets / liability

Income tax assets represent excess of tax paid over liability. It has been classified as non-current tax assets in financial statement. Income tax liability represents excess of tax liability over advance tax. It has been classified as current tax liability in financial statement as the Company is required to settle the same within 12 month from reporting date.

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|----------------------------|--------------|-------|------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| Income tax assets (net) | 49.26 | 56.95 | 32.20 | 24.54 |
| Income tax liability (net) | 50.95 | 52.01 | 41.27 | 18.35 |

Income tax assets / liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

7. Other non-current assets

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|------------------|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Capital advances | 10.75 | 40.64 | 9.92 | 40.64 |
| Prepaid advances | 28.78 | 9.46 | 27.44 | 7.32 |
| Total | 39.53 | 50.10 | 37.36 | 47.96 |

In last year capital advance represent the advance given to vendor for procurement of capital assets for SEZ Unit 1 Expansion.

8. Current investment

The Company has invested its surplus fund in Debt liquid mutual fund to optimize the net tax yield based on the treasury management policy.

(₹ in million)

| Particulars | 2019 | 2018 |
|---------------------------------------|--------|--------|
| Investment in Debt liquid mutual fund | 342.45 | 199.50 |

9. Trade receivables

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|--|-----------------|-----------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Trade receivables (gross) | 1,356.72 | 1,417.30 | 575.98 | 639.32 |
| Less : Allowance for doubtful debts (expected credit loss allowance) | 32.75 | 51.85 | 2.41 | 18.19 |
| Trade receivables (net) | 1,323.97 | 1,365.45 | 573.57 | 621.13 |

10. Cash and Bank Balance

Cash and cash equivalents comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|--|-----------------|-----------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash and cash equivalents | | | | |
| Cash on hand | 0.95 | 1.15 | 0.51 | 0.45 |
| Balances with scheduled banks | 379.76 | 228.75 | 371.97 | 223.95 |
| Balances with other banks | 722.40 | 611.27 | 74.61 | 75.79 |
| Cash and cash equivalents (A) | 1,103.11 | 841.17 | 447.09 | 300.19 |
| Other bank balances | | | | |
| Deposit with original maturity of more than 3 months but less than 12 months | 183.18 | 515.75 | - | 172.10 |
| Balances in unclaimed dividend account [#] | 2.39 | 2.95 | 2.39 | 2.95 |
| Bank balance towards interim dividend [#] | 180.51 | - | 180.51 | - |
| Other bank balances (B) | 366.08 | 518.70 | 182.90 | 175.05 |
| Total Cash and Bank Balance (A+B) | 1,469.19 | 1,359.87 | 629.99 | 475.24 |

[#] the Company can utilise these balances for respective dividend liabilities.

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

11. Other current financial assets

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|---|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Staff advance | 7.40 | 6.87 | 2.91 | 2.81 |
| Advance to related parties | 0.54 | - | 2.56 | 1.04 |
| Unbilled revenue | 200.59* | 205.77 | 136.89* | 110.10 |
| Securities deposit | 6.32 | 1.68 | 1.92 | 0.68 |
| Bank deposits with original maturity of more than 12 months | 265.11 | 369.06 | 229.77 | 352.10 |
| Mark-to-market gain on derivative instruments | 13.29 | 22.59 | 13.29 | 22.59 |
| Interest accrued | 4.75 | 7.88 | 2.17 | 5.02 |
| Other | 3.93 | 4.47 | 0.22 | 0.51 |
| Total | 501.93 | 618.32 | 389.73 | 494.85 |

* other than from fixed bid contract.

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

12. Other current assets

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|--|---------------|---------------|---------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Balances with indirect tax authorities | 41.98 | 24.62 | 41.89 | 24.62 |
| VAT recoverable | 7.67 | 4.52 | - | - |
| Unbilled revenue from fixed bid contract | 82.74 | - | 13.29 | - |
| Prepaid expenses | 111.38 | 101.82 | 70.93 | 62.74 |
| Advance to vendors | 10.24 | 7.21 | 0.73 | 0.43 |
| Tour and travel advance | 5.30 | 11.93 | 5.30 | 11.93 |
| Total | 259.31 | 150.10 | 132.14 | 99.72 |

13. **Share capital** (₹ in million)

| Particulars | As at December 31, | |
|---|--------------------|---------------|
| | 2019 | 2018 |
| Authorised share capital | 206.00 | 206.00 |
| Issued, subscribed and paid up capital | 123.99 | 123.95 |
| Less Buy-back of shares | (3.69) | - |
| Add: Shares Issued under ESOP Scheme, 2007 | 0.04 | 0.04 |
| | 120.34 | 123.99 |
| Less: advance to R Systems employee welfare trust | (0.74) | (0.74) |
| Total | 119.60 | 123.25 |

During the year ended December 31, 2019, the Company bought back 3.69 million equity shares of Re. 1 each. These shares were extinguished on April 15, 2019.

During the year ended December 31, 2019, the Company has issued 37,500 (previous year 37,500) fully paid-up equity shares of ₹ 1 each under ESOP Scheme, 2007.

Detailed information about the movements in ESOP plan has been given in Note no. 11 of notes to the Consolidated Financial Statements.

14. **Other equity** (₹ in million)

| Particulars | Consolidated | | Standalone | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Reserve and Surplus | | | | |
| Securities premium account | 44.37 | 278.24 | 44.37 | 278.24 |
| Capital redemption reserve | 3.69 | - | 3.69 | - |
| Stock options outstanding | 1.72 | 2.92 | 1.72 | 2.92 |
| General Reserve | 155.04 | 158.73 | 155.04 | 158.73 |
| Capital Reserve | 0.03 | 0.03 | - | - |
| Retained earnings | 2,796.95 | 2,432.21 | 2,423.29 | 2,124.85 |
| Other Comprehensive Income | | | | |
| Re-measurement of defined benefit plans | (0.79) | 7.54 | (0.79) | 7.54 |
| Foreign currency translation reserve | 261.73 | 226.11 | - | - |
| Total | 3,262.74 | 3,105.78 | 2,627.32 | 2,572.28 |

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

The Board of Directors of the Company at its meeting held on December 14, 2019 has declared an interim dividend for the year 2019 at the rate ₹ 1.50/- per equity share of face value of ₹ 1 each. As at December 31, 2019, the Company transferred the interim dividend amount to a separate bank account. The aforesaid interim dividend has been paid on January 06, 2020.

15. Non-controlling interest

During the year, there is no change in the non-controlling interest in the Consolidated Financial Statement.

16. Borrowings (non-current portion)

| Particulars | Consolidated | | Standalone | |
|---|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Term loans for motor vehicles | 13.20 | 9.36 | 13.20 | 9.36 |
| Finance lease obligations | 48.88 | 10.61 | 31.99 | 10.61 |
| | 62.08 | 19.97 | 45.19 | 19.97 |
| Less : Amount shown under other current liabilities | (9.00) | (4.06) | (5.72) | (4.06) |
| Total | 53.08 | 15.91 | 39.47 | 15.91 |

Increase in finance lease obligation is mainly on account of furniture and fixture for SEZ unit 1 expansion along with computer hardware and software taken on finance lease.

17. Other non-current financial liabilities

| Particulars | Consolidated | | Standalone | |
|---|---------------|-------------|-------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Contingent consideration for business acquisition | 116.23 | - | - | - |
| Security Deposit | 3.99 | 2.96 | 3.99 | 2.96 |
| Total | 120.22 | 2.96 | 3.99 | 2.96 |

Contingent consideration represents the fair value of the amount payable over the next three years on fulfillment of certain conditions to ex-members of Innovizant LLC acquired w.e.f. January 1, 2019.

Detailed information about the Innovizant LLC acquisition has been given in Note no. 39 of notes to the Consolidated Financial Statements.

18. Provision (Long term)

Long-term provisions represent the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to ₹ 133.20 mn as at December 31, 2019 as against ₹ 109.60 mn as at December 31, 2018.

19. Other non-current liabilities

Other non-current liabilities in consolidated financial statements consist of deferred grant from government which will be recognised 12 months from the reporting date based on grant period. The deferred grant from government amounts to ₹ 0.04 mn as at December 31, 2018.

20. Trade Payables

| Particulars | Consolidated | | Standalone | |
|---------------|--------------|--------|------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| Trade Payable | 253.39 | 270.02 | 46.24 | 46.73 |

21. Other current financial liabilities

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|---|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Current maturities of term loans for motor vehicles | 5.08 | 3.86 | 5.08 | 3.86 |
| Current maturity of finance lease obligation | 3.92 | 0.20 | 0.64 | 0.20 |
| Payable to subsidiary company | - | - | 21.74 | 16.36 |
| Security deposits received | 9.08 | 9.48 | 9.08 | 9.48 |
| Liability for dividend payable | 179.40 | - | 179.40 | - |
| Investor education and protection fund (not due) - Unclaimed dividend | 2.39 | 2.95 | 2.39 | 2.95 |
| Employee benefits payable | 174.92 | 167.03 | 127.01 | 112.15 |
| Capital creditors | - | 2.08 | - | 2.08 |
| Deferred payment compensation for business acquisition | - | 22.29 | - | - |
| Advance from customer | 4.14 | - | - | - |
| Other financial liabilities | 4.56 | 4.92 | 3.41 | 3.41 |
| Total | 383.49 | 212.81 | 348.75 | 150.49 |

22. Provisions (Short term) (₹ in million)

| Particulars | Consolidated | | Standalone | |
|---------------------------------|---------------|---------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Provision for employee benefits | | | | |
| -Gratuity | - | 4.80 | - | 4.80 |
| -Compensated absences | 166.60 | 137.83 | 96.79 | 80.89 |
| Total | 166.60 | 142.63 | 96.79 | 85.69 |

23. Other current liabilities (₹ in million)

| Particulars | Consolidated | | Standalone | |
|--|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Statutory dues payable | | | | |
| Tax deducted at source / Withholding tax payable | 24.03 | 22.11 | 15.83 | 14.22 |
| PF / 401 K / other payables | 44.62 | 37.07 | 16.85 | 14.20 |
| GST / Service tax / VAT payable | 28.58 | 22.53 | 3.15 | 3.35 |
| Others | 0.34 | 0.23 | 0.34 | 0.23 |
| Unearned revenues | 286.13 | 316.64 | 146.48 | 212.56 |
| Deferred grant from Government | 0.23 | 0.83 | - | - |
| Total | 383.93 | 399.41 | 182.65 | 244.56 |

24. Liquidity

The consolidated cash and cash equivalents as at December 31, 2019 were ₹ 1,103.11 mn. as against ₹ 841.17 mn. as on December 31, 2018.

Net cash generated from operating activities was ₹ 642.90 mn. for the year ended December 31, 2019 compared to ₹ 311.22 mn. for the year ended December 31, 2018.

Cash generated from investing activities was ₹ 60.6 mn. for the year ended December 31, 2019 and comprised of proceeds from long term deposit with bank ₹ 408.15 mn. (net), interest income ₹ 60.01 mn., rental income from investment property ₹ 6.72 mn. and sale of fixed assets ₹ 2.46 mn. as offset by purchase of fixed assets of ₹ 189.62 mn. and Investment in liquid mutual fund ₹ 125 mn. Amount paid for acquisition of Innovizant LLC, a wholly owned subsidiary of R Systems Inc., USA was ₹ 79.72 mn, payment of deferred compensation to erstwhile shareholders of subsidiary i.e. IBIZ Consulting Pte. Ltd. ₹ 22.40 mn.

Cash used in financing activities was ₹ 459.61 mn. for the year ended December 31, 2019 and mainly comprised of ₹ 239.85 mn. on account of buy-back of equity shares, ₹ 217.61 mn on account of payment of dividend (including CDT).

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

R Systems has a credit facility from the Axis Bank Limited amounting to ₹ 380 mn. (including non-fund based credit limit of ₹ 180 mn. for currency derivatives). As at December 31, 2019, the total credit balance was nil under fund based line of credit. Loan payable as at December 31, 2019 comprises of loan for motor vehicles purchased amounting to ₹ 13.20 mn. and finance lease obligation of ₹ 48.88 mn. for furniture and fixture and computer hardware and software taken on lease.

Analysis and Discussions of Operating Performance for the Year Ended December 31, 2019

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:

(₹ in million)

| Particulars | 2019 | % of Total Income | 2018 | % of Total Income | Change % |
|---------------------------------------|-----------------|-------------------|-----------------|-------------------|--------------|
| Income | | | | | |
| Revenue from operations | 8,093.75 | 98.13 | 6,998.89 | 97.32 | 15.64 |
| Other income | 153.85 | 1.87 | 192.49 | 2.68 | (20.07) |
| Total income | 8,247.60 | 100.00 | 7,191.38 | 100.00 | 14.69 |
| Expenses | | | | | |
| Employee benefits expense | 5,462.13 | 66.23 | 4,743.85 | 65.97 | 15.14 |
| Finance costs | 15.65 | 0.19 | 2.65 | 0.04 | 490.57 |
| Depreciation and amortisation expense | 148.86 | 1.80 | 135.48 | 1.88 | 9.88 |
| Other expenses | 1,901.61 | 23.06 | 1,682.58 | 23.40 | 13.02 |
| Total expenses | 7,528.25 | 91.28 | 6,564.56 | 91.28 | 14.68 |
| Profit before tax | 719.35 | 8.72 | 626.82 | 8.72 | 14.76 |
| Tax expense | 138.11 | 1.67 | 116.37 | 1.62 | 18.68 |
| Net profit after tax | 581.24 | 7.05 | 510.45 | 7.10 | 13.87 |
| Other comprehensive income / (loss) | 27.29 | 0.33 | 93.55 | 1.30 | (70.83) |
| Total comprehensive income | 608.53 | 7.38 | 604.00 | 8.40 | 0.75 |

Standalone Statement of Profit and Loss for the year:

(₹ in million)

| Particulars | 2019 | % of Total Income | 2018 | % of Total Income | Change % |
|---------------------------------------|-----------------|-------------------|-----------------|-------------------|--------------|
| Income | | | | | |
| Revenue from operations | 3,917.69 | 96.39 | 3,172.13 | 97.32 | 23.50 |
| Other income | 146.71 | 3.61 | 87.28 | 2.68 | 68.09 |
| Total income | 4,064.40 | 100.00 | 3,259.41 | 100.00 | 24.70 |
| Expenses | | | | | |
| Employee benefits expense | 2,641.84 | 65.00 | 2,169.18 | 66.55 | 21.79 |
| Finance costs | 4.26 | 0.10 | 2.32 | 0.07 | 83.62 |
| Depreciation and amortisation expense | 85.91 | 2.11 | 73.01 | 2.24 | 17.67 |
| Other expenses | 700.81 | 17.25 | 609.46 | 18.70 | 14.99 |
| Total expenses | 3,432.82 | 84.46 | 2,853.97 | 87.56 | 20.28 |
| Profit before tax | 631.58 | 15.54 | 405.44 | 12.44 | 55.78 |
| Tax expense | 116.63 | 2.87 | 95.30 | 2.92 | 22.38 |
| Net profit after tax | 514.95 | 12.67 | 310.14 | 9.52 | 66.04 |
| Other comprehensive income / (loss) | (8.33) | (0.20) | (0.50) | (0.02) | 1,566.00 |
| Total comprehensive income | 506.62 | 12.47 | 309.64 | 9.50 | 63.62 |

1. Revenue

1.1 Revenue from Operations

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

1.1.1 Based on Consolidated Financial Statement

(₹ in million)

| Particulars | Year ended December 31, 2019 | % | Year ended December 31, 2018 | % | change % |
|---------------------------------------|------------------------------------|---------------|------------------------------------|---------------|--------------|
| Information technology services | 7,406.43 | 91.51 | 6,286.48 | 89.82 | 17.82 |
| Business process outsourcing services | 687.32 | 8.49 | 712.41 | 10.18 | (3.52) |
| Total | 8,093.75 | 100.00 | 6,998.89 | 100.00 | 15.64 |

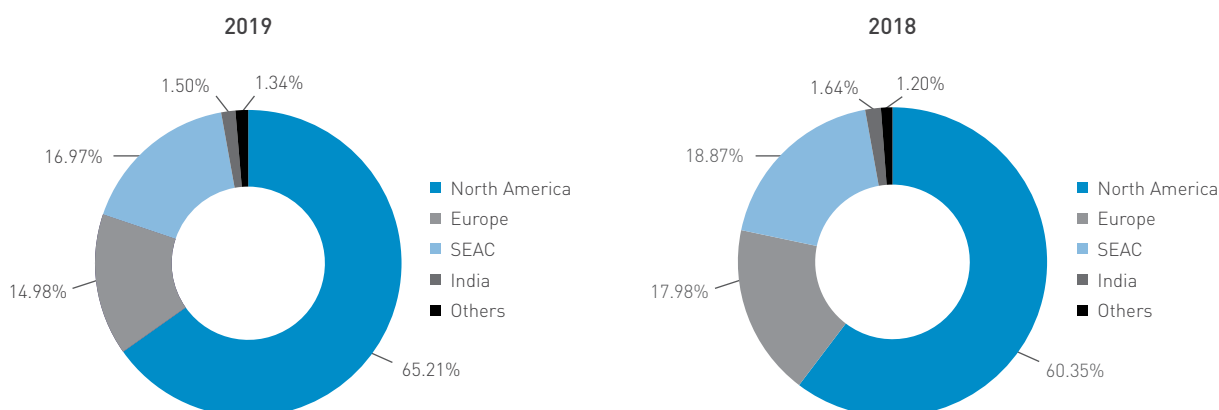
1.1.2 Based on Standalone Financial Statement

(₹ in million)

| Particulars | Year ended December 31, 2019 | % | Year ended December 31, 2018 | % | change % |
|---------------------------------------|------------------------------------|---------------|------------------------------------|---------------|--------------|
| Information technology services | 3,199.49 | 81.67 | 2,436.54 | 76.81 | 31.31 |
| Business process outsourcing services | 718.20 | 18.33 | 735.59 | 23.19 | (2.36) |
| Total | 3,917.69 | 100.00 | 3,172.13 | 100.00 | 23.50 |

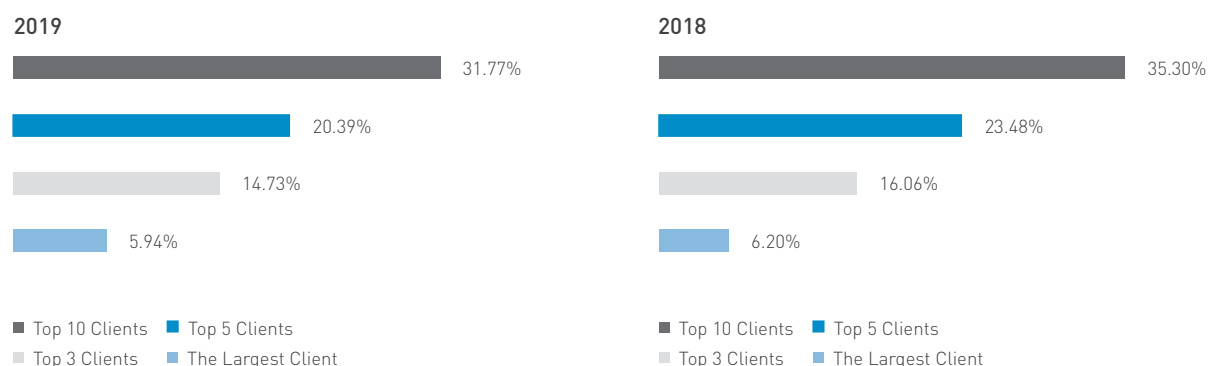
1.1.3 Consolidated Revenue by Geography

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



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, 2019 and 2018 is as follows:



*Graph not to scale.

1.2 Other Income

(₹ in million)

| Particulars | Consolidated | | Standalone | |
|---|---------------|---------------|---------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Interest income | 60.46 | 64.06 | 50.50 | 57.81 |
| Rental income from investment property | 6.72 | 6.78 | 6.72 | 6.78 |
| Foreign exchange fluctuation (net) | 57.08 | 9.38 | 59.98 | 11.83 |
| Provision for doubtful debts and advances (net) | - | - | 9.92 | - |
| Profit on sale / discarding of PPE (net) | 0.65 | 0.67 | 0.46 | 0.01 |
| Liability no longer required written back | - | 64.77 | - | - |
| Fair value adjustment on deferred payment compensation for business acquisition | - | 26.10 | - | - |
| Miscellaneous income | 11.00 | 10.53 | 1.19 | 0.65 |
| Net gain arising on financial assets measured at FVTPL | 17.94 | 10.20 | 17.94 | 10.20 |
| Total | 153.85 | 192.49 | 146.71 | 87.28 |

2. Expenditures

2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, provision for compensated absences, gratuity benefits, contribution towards provident and other funds, employee share based payments expense and staff welfare expenses.

2.1.1 Based on Consolidated Financial Statement:

(₹ in million)

| Particulars | 2019 | % of Total Income | 2018 | % of Total Income | change % |
|---|-----------------|-------------------|-----------------|-------------------|--------------|
| Salaries, wages and bonus | 4,989.61 | 60.50 | 4,285.26 | 59.59 | 16.44 |
| Gratuity expenses | 26.64 | 0.32 | 36.50 | 0.51 | (27.01) |
| Contribution to provident and other funds | 249.95 | 3.03 | 227.63 | 3.17 | 9.81 |
| Employees' share based payments expense | 0.67 | 0.01 | 1.40 | 0.02 | (52.14) |
| Staff welfare expenses | 195.26 | 2.37 | 193.06 | 2.68 | 1.14 |
| Total | 5,462.13 | 66.23 | 4,743.85 | 65.97 | 15.14 |

2.1.2 Based on Standalone Financial Statement:

(₹ in million)

| Particulars | 2019 | % of Total Income | 2018 | % of Total Income | change % |
|---|-----------------|-------------------|-----------------|-------------------|--------------|
| Salaries, wages and bonus | 2,442.98 | 60.11 | 1,991.49 | 61.10 | 22.67 |
| Gratuity expenses | 26.64 | 0.66 | 36.50 | 1.12 | (27.01) |
| Contribution to provident and other funds | 93.22 | 2.29 | 76.72 | 2.35 | 21.51 |
| Employees' share based payments expense | 0.67 | 0.02 | 1.40 | 0.04 | (52.14) |
| Staff welfare expenses | 78.33 | 1.92 | 63.07 | 1.94 | 24.20 |
| Total | 2,641.84 | 65.00 | 2,169.18 | 66.55 | 21.79 |

2.2 Finance cost (₹ in million)

| Particulars | Consolidated | | Standalone | |
|---|--------------|-------------|-------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| On borrowings | 4.74 | 2.40 | 4.26 | 2.07 |
| On fair value of contingent consideration | 10.91 | - | - | - |
| On financial instruments measured at amortised cost | - | 0.25 | - | 0.25 |
| Total | 15.65 | 2.65 | 4.26 | 2.32 |

2.3 Depreciation and Amortisation Expense (₹ in million)

| Particulars | Consolidated | | Standalone | |
|---|--------------|--------|------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| Depreciation and Amortisation (₹ in Mn) | 148.86 | 135.48 | 85.91 | 73.01 |
| % of Total income | 1.80 | 1.88 | 2.11 | 2.24 |

2.4 Operational and other expenses

Operational and other expenses include power and fuel, expenses on traveling and conveyance, rent of premises, equipment rental, commission, communication, legal and professional expenses including sub-contractors costs, cost of third party items, audit fees, provision for doubtful debts (net), advance written off, contributions towards corporate social responsibility and other miscellaneous items.

2.4.1 Based on Consolidated Financial Statement: (₹ In million)

| Particulars | 2019 | % of Total Income | 2018 | % of Total Income | change % |
|--|-----------------|-------------------|-----------------|-------------------|--------------|
| Power and fuel | 51.56 | 0.63 | 46.86 | 0.65 | 10.03 |
| Rent - premises | 143.20 | 1.74 | 120.82 | 1.68 | 18.52 |
| Repair and maintenance | 146.49 | 1.78 | 123.52 | 1.72 | 18.60 |
| Commission | 11.67 | 0.14 | 9.46 | 0.13 | 23.36 |
| Travelling and conveyance | 341.37 | 4.14 | 294.55 | 4.10 | 15.90 |
| Communication costs | 82.58 | 1.00 | 79.10 | 1.10 | 4.40 |
| Legal and professional fees | 724.01 | 8.78 | 664.53 | 9.24 | 8.95 |
| Cost of third party items | 189.89 | 2.30 | 136.24 | 1.89 | 39.38 |
| Auditors' remuneration | 5.11 | 0.06 | 5.15 | 0.07 | (0.78) |
| Provision for doubtful debts (net) | 7.73 | 0.09 | 24.75 | 0.34 | (68.77) |
| Advances written off | 1.10 | 0.01 | 13.45 | 0.19 | (91.82) |
| Contribution towards corporate social responsibility | 6.52 | 0.08 | 3.96 | 0.06 | 64.65 |
| Miscellaneous expenses | 190.38 | 2.31 | 160.19 | 2.23 | 18.85 |
| Total | 1,901.61 | 23.06 | 1,682.58 | 23.40 | 13.02 |

2.4.2 Based on Standalone Financial Statement:

[₹ In million]

| Particulars | 2019 | % of Total Income | 2018 | % of Total Income | change % |
|--|---------------|-------------------|---------------|-------------------|--------------|
| Power and fuel | 42.22 | 1.04 | 40.53 | 1.24 | 4.17 |
| Rent - premises | 49.27 | 1.21 | 33.06 | 1.01 | 49.03 |
| Repair and maintenance | 121.08 | 2.98 | 101.09 | 3.10 | 19.77 |
| Commission | 19.03 | 0.47 | 26.06 | 0.80 | (26.98) |
| Travelling and conveyance | 210.90 | 5.19 | 180.83 | 5.55 | 16.63 |
| Communication costs | 58.09 | 1.43 | 59.24 | 1.82 | (1.94) |
| Legal and professional fees | 104.52 | 2.57 | 78.42 | 2.41 | 33.28 |
| Auditors' remuneration | 5.11 | 0.13 | 5.15 | 0.16 | (0.78) |
| Provision for doubtful debts (net) | - | - | 15.70 | 0.48 | (100.00) |
| Contribution towards corporate social responsibility | 6.52 | 0.16 | 3.96 | 0.12 | 64.65 |
| Miscellaneous expenses | 84.07 | 2.07 | 65.42 | 2.01 | 28.51 |
| Total | 700.81 | 17.24 | 609.46 | 18.70 | 14.99 |

2.5 Tax expense

Tax expense comprises current tax and deferred tax

[₹ in million]

| Particulars | Consolidated | | Standalone | |
|--------------------------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Profit Before Tax | 719.35 | 626.82 | 631.58 | 405.44 |
| Current tax | 134.84 | 124.22 | 104.22 | 99.35 |
| Deferred tax charge / (credit) | 3.27 | (7.85) | 12.41 | (4.05) |
| Total Tax Expense | 138.11 | 116.37 | 116.63 | 95.30 |
| Effective Tax Rate (%) | 19.20 | 18.57 | 18.47 | 23.51 |

Effective tax rate in Standalone Financial Statement has decreased due to reduction in the corporate tax rate along with higher contribution from SEZ operations for which the Company is claiming deduction under section 10AA.

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

| Particulars | Consolidated | | | Standalone | | |
|--------------------------------------|--------------|--------|----------|------------|--------|----------|
| | 2019 | 2018 | Variance | 2019 | 2018 | Variance |
| Debtors Turnover (in days) | 61 | 67 | -9.2% | 56 | 68 | -17.3% |
| Inventory Turnover | NA | NA | | NA | NA | |
| Interest Coverage * | 37.13 | 164.90 | -77.5% | 114.82 | 138.14 | -16.9% |
| Current Ratio | 3.15 | 3.43 | -8.2% | 2.89 | 3.46 | -16.6% |
| Debt Equity Ratio [Ⓐ] | 0.00 | 0.00 | | 0.00 | 0.00 | |
| Operating Profit Margin [#] | 7.2% | 6.2% | 15.0% | 12.5% | 10.1% | 23.6% |
| Net Profit Margin [#] | 7.2% | 7.3% | -1.5% | 13.1% | 9.8% | 34.4% |
| Return on Net worth [#] | 17.2% | 15.8% | 8.7% | 18.7% | 11.5% | 62.9% |

[Ⓐ] Debt equity ratio does not have any impact on the Company as the overall debt is quite minimal.

* Interest coverage ratio has decreased in Consolidated Financial Statement mainly on account of increase in the interest expenses on fair value of contingent consideration for Innovizant acquisition.

Increase in operating profit, net profit margins and return on net worth is mainly on account of increase in revenue, efficiency in operations as coupled with rupee depreciation. However, the Consolidated net profit were lower against the last year primarily due to onetime reversal of old liabilities in the year 2018.

Note :

Debtors Turnover = Average Trade Receivables / Billed Revenue*360;

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

Interest Coverage = Operating profit / Finance cost

Current Ratio = Current Assets / Current Liabilities

Debt Equity Ratio = Long term Borrowings / Net worth

Operating Profit Margin = Operating profit / Revenue

Net Profit Margin = Profit after tax (PAT) / Revenue

Return on Net worth = Profit after tax (PAT) / Net Worth.

On behalf of the Board
For R Systems International Limited

Sd/-

Satinder Singh Rekhi

(Managing Director)

(DIN: 00006955)

Place : Frankfurt, Germany

Date : February 09, 2020

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(President & Senior Executive Director)

(DIN: 00006966)

Place : NOIDA

Date : February 09, 2020

Annexure 'F' to the Directors' Report

Business Responsibility Report

Section A: General Information about the Company

| 1. | Corporate Identity Number (CIN) of the Company | : | L74899DL1993PLC053579 | | | | | | |
|--|---|---|--|---------------------|----------|--|-----|---------------------------------------|-----|
| 2. | Name of the Company | : | R Systems International Limited | | | | | | |
| 3. | Registered address | : | GF-1-A, 6, Devika Tower, Nehru Place, New Delhi 110019 | | | | | | |
| 4. | Website | : | www.rsystems.com | | | | | | |
| 5. | E-mail id | : | rsil@rsystems.com | | | | | | |
| 6. | Financial Year reported | : | January 1, 2019 to December 31, 2019 | | | | | | |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise) | : | <table border="1"> <thead> <tr> <th>Product Description</th> <th>NIC Code</th> </tr> </thead> <tbody> <tr> <td>Information technology services and products</td> <td>620</td> </tr> <tr> <td>Business process outsourcing services</td> <td>620</td> </tr> </tbody> </table> | Product Description | NIC Code | Information technology services and products | 620 | Business process outsourcing services | 620 |
| Product Description | NIC Code | | | | | | | | |
| Information technology services and products | 620 | | | | | | | | |
| Business process outsourcing services | 620 | | | | | | | | |
| 8. | List three key products/services that the Company manufactures/provides (as in balance sheet) | : | IT, ITES and analytics | | | | | | |
| 9. | Total number of locations where business activity is undertaken by the Company: | : | R Systems Group operates 16 delivery centres and 25+ offices worldwide. For more details please refer Point No. 9(XV) of Corporate Governance Report. | | | | | | |
| | (a) Number of International Locations (Provide details of major 5) | | | | | | | | |
| | (b) Number of National Locations | | | | | | | | |
| 10. | Markets served by the Company – Local/State/National/International | : | North America, Europe, Asia Pacific and India | | | | | | |

Section B: Financial details of the Company:

(₹ in million)

| Sl. No. | Particulars | Financial Year ended December 31, 2019 | |
|---------|---|--|--------------|
| | | Standalone | Consolidated |
| 1. | Paid up Capital | 120.34* | 120.34* |
| 2. | Total Turnover | 3,917.69 | 8,093.75 |
| 3. | Total profit after taxes (INR) | 514.95 | 581.24 |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | During the year, the Company has contributed ₹ 6.52 millions for CSR activities (being 1.58% of the average net profit for the last three financial year.) | |
| 5. | List of activities in which expenditure in 4 above has been incurred | Refer to Annexure J to the Directors' Report. | |

* Subsequent to the financial year ended December 31, 2019, Hon'ble National Company Law Tribunal, New Delhi Bench ("NCLT") has approved the Capital reduction of the Company vide order dated January 28, 2020. Consequent to the said order, the share capital of the Company has been reduced from ₹ 120,337,925 to ₹ 119,598,945.

Section C: Other Details

| | | | |
|----|---|---|--|
| 1. | Does the Company have any Subsidiary Company / Companies? | : | Yes, the Company has 26 subsidiaries as at December 31, 2019. |
| 2. | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | : | R Systems International Limited is committed to integrate sustainability related best practices across its operations. The subsidiary companies share our vision, ethics and values and are required to pursue responsible practices as per the laws applicable to them in the country wherein they operate. |
| 3. | Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%] | : | The Company has multiple business partners, clients, vendors, associates, etc., working and operating globally. They may have their own policies on Businesses Responsibility. We endeavor to encourage them to follow the concept of being a responsible business organisation. |

Section D: BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies:

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

| S. No. | Particulars | Details |
|--------|-------------|--------------------------|
| 1. | DIN Number | 00006955 |
| 2. | Name | Mr. Satinder Singh Rekhi |
| 3. | Designation | Managing Director |

(b) Details of the BR head

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

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

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

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

Details of compliance (Reply in Y/ N)

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

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

^(a) The policies are framed as per applicable laws and as per industry Standards.

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

| S. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|---|---------|----|----|----|---------|----|----|----|----|
| 1. | The company has not understood the Principles | - | - | - | - | - | - | - | - | - |
| 2. | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | - | - | - | - | - | - | - | - | - |
| 3. | The company does not have financial or manpower resources available for the task | - | - | - | - | - | - | - | - | - |
| 4. | It is planned to be done within next 6 months | - | - | - | - | - | - | - | - | - |
| 5. | It is planned to be done within the next 1 year | Note 01 | - | - | - | Note 01 | - | - | - | - |
| 6. | Any other reason (please specify) | - | - | - | - | - | - | - | - | - |

Note 01:-The Company is progressively working to carry out the extensive external evaluation of the relevant policies in the coming years.

3. **Governance related to BR**

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

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

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

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

Section E: Principle-wise performance

Principle 1

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

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

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

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

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

During the year under review, one complaint was received from a shareholder, which has been resolved. There was no complaint received from other stakeholders during the year 2019.

Principle 2

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

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

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

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

Not applicable

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

R Systems adopted various energy conservation options/ technologies and took measures to reduce energy consumption by using energy efficient equipment and devices, replacing existing CFL fittings with LEDs fittings to reduce power consumption, timely preventive maintenance of all major and minor equipments. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas.

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

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

The Company maintains a healthy relationship with its service providers, vendors and other suppliers. The Company has procedures in place for sustainable procurement. Purchase policy of the Company consider various aspects of sustainable sourcing including value for money, price, quality, availability, functionality, environmental, governance and social aspects.

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

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

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

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

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

Principle 3

1. Please indicate the Total number of employees: 1994
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis: 29
3. Please indicate the Number of permanent women employees:255
4. Please indicate the Number of permanent employees with disabilities: Being an equal opportunity employer, the Company does not mandate disclosure of disability. As on December 31, 2019, four persons with disabilities have voluntarily declared their status.
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees is members of this recognized employee association? : Not Applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

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

In order to ensure the availability of the required competency for business, we are committed towards employee’s all-round development. The Company caters for training and

development programs for its employees to enable them to reach their optimum potential, both for the growth of the organization and for personal development. The Company performs fire mock drills, provides classroom sessions on POSH and periodic demonstrations related to women safety, health and well-being is provided.

- Around 65% of the permanent workforce participated in RSI learning & development program (It includes Technical, behavioral & functional/domain specific training program).
- About 86% of female workforce participated & trained in various event (like women health talk, health activity, self-defense session & POSH session etc).
- About 82% of Casual/Temporary/Contractual Employees covered in various skill up gradation & organization Induction program.
- All employees with Disabilities covered in various skill up-gradation training programs.

Principle 4

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

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

Principle 5

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

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

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

Refer to point 7 under principle 3 above.

Principle 6

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

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

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

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

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

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

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

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

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

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

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

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

Please refer answer to point 2 above.

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

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

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

Nil.

Principle 7

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

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

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

Nil

Principle 8

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

Corporate Social Responsibility (CSR) is a strategy of the Company to integrate social, environmental and economic concerns in its values and operations to improve the welfare of society and stakeholders.

Our CSR policy comprises mainly to support and 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 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.

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

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

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

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

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

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

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

Please refer Annual Report on CSR activities of the Company enclosed as Annexure J of the Director Report for the Financial Year 2019.

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

On behalf of the Board

For R Systems International Limited

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

Place : Frankfurt, Germany

Date : February 09, 2020

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

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

Principle 9

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

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

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

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

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

There is no such case against the Company.

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

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

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

Place : NOIDA

Date : February 09, 2020

Annexure 'G' to the Directors Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
R Systems International Limited,
CIN: L74899DL1993PLC053579
GF-1-A, 6, Devika Tower, Nehru Place,
New Delhi- 110019

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by R Systems International Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on December 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (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') viz.: -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. 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;
 - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - g. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - h. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**
 - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
- vi. The other laws, as informed and certified by the Management of the company which are specifically applicable to the Company based on the Sectors/ Industry are:
 - a. The Information Technology Act, 2000;
 - b. Policy relating to Software Technology Parks of India and its regulations;
 - c. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
 - d. The Special Economic Zones Act, 2005

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

I further report that:

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

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

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

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

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

1. The Company has completed the Buy Back of 3,690,000 equity shares of ₹ 1/- each at a price of INR 65/- pursuant to the provisions of Section 68 of the Act and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;

2. The Company has allotted 37,500 equity shares of ₹ 1/- each at an exercise price of ₹ 12.07 per share on May 02, 2019 pursuant to the exercise of the stock option granted to the employees of the company under R Systems International Limited Employee Stock Option Scheme 2007;
3. Hon'ble National Company Law Tribunal, New Delhi vide order dated January 28, 2020 has approved the capital reduction of R Systems International Limited under Section 66 of the Companies Act, 2013. Pursuant to the said capital reduction, 738,980 equity shares of ₹ 1/- each held by R Systems Employees Welfare Trust shall be cancelled and extinguished.
4. The Company has changed its registered office to GF-1-A, 6, Devika Tower, Nehru Place, New Delhi- 110019 w.e.f. April 23, 2019;
5. Scheme of Amalgamation between RightMatch Holding Limited ("Transferor Company") and the Company ("Transferee Company") and their respective Shareholders and Creditors was approved by the Board of Directors of the Company on October 25, 2019, subject to necessary approvals.
6. The Company has declared an interim dividend of ₹ 1.50/- per equity share on December 14, 2019. The said dividend was paid by the Company on January 06, 2020.

Sd/-

CS Jitender Singh

Practicing Company Secretary

Mem. No.: A33610

C.P. No.: 12463

UDIN: A033610B000132478

Date : February 09, 2020

Place: New Delhi

To,
The Members,
R Systems International Limited,
CIN: L74899DL1993PLC053579
GF-1-A,6, Devika Tower, Nehru Place,
New Delhi - 110 019.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of R Systems International Limited (the "Company"). My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial record and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

CS Jitender Singh

Practicing Company Secretary

Mem. No.: A33610

C.P. No.: 12463

Date : February 09, 2020

Place : New Delhi

Annexure 'H' to the Directors Report

FORM NO. AOC – 2**(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

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

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

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

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

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

Note:

- The aforesaid disclosure is based on the materiality threshold defined in Policy for related party transactions.
- For details of other related party transaction, please refer note No. 31 of the Standalone financial statements.

On Behalf of the Board
For R Systems International Limited

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

Place : Frankfurt, Germany
Date : February 09, 2020

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

Place : NOIDA
Date : February 09, 2020

Annexure 'I' to the directors Report

FORM No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on December 31, 2019

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

I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| CIN | : | L74899DL1993PLC053579 |
| Registration Date | : | May 14, 1993 |
| Name of the Company | : | R Systems International Limited |
| Category / Sub-Category of the Company | : | Company having Share Capital |
| Address of the Registered office and contact details | : | GF-1-A, 6, Devika Tower, Nehru Place, New Delhi 110019 Tel. No.: 011-47510532 E-mail: rsil@rsystems.com |
| Address of the Corporate office and contact details | : | C-40, Sector-59, NOIDA, District Gautam Budh Nagar, U.P. India-201307 Tel. No.: +91-120-4303500 Fax: +91-120-4082699 |
| Whether listed company | : | Yes |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Link Intime India Private Limited Noble Heights, 1 st Floor, Plot NH 2, C-1, Block LSC, Near Savitri Market, Janakpuri, New Delhi – 110058 Phone: 011 - 414 10592/93/94 Fax : 011 - 414 10591 Email : delhi@linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Information technology services and products | 620 | 81.67% |
| 2 | Business process outsourcing services | 620 | 18.33% |

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. | 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A. | Foreign Company | Subsidiary | 100% | 2(87) |
| 4 | ECnet Limited | 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416 | Foreign Company | Subsidiary | 99.75% | 2(87) |
| 5 | RSYS Technologies Ltd. | Vancouver office 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada Ontario office 2425 Matheson Blvd East Unit 778, Mississauga, Ontario L4W 5K4 Canada | 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 | IBIZ Consultancy Services India Private Limited ¹ | Plot No NP 1 And 2 , Industrial Estate, Sidco Industrial Estate, Guindy Chennai -600032 | U72200TN2008PTC070201 | Subsidiary | 100% | 2(87) |
| 8 | Innovizant LLC ³ | 1431, Opus Place, Suite #630, Downers Grove, IL 60515, U.S.A. | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 9 | ECnet (M) Sdn. Bhd. [#] | Suite 5F-1, 5 th Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri ½, Bandar Puteri, 47100 Puchong Selangor, Malaysia | Foreign Company | Step Down Subsidiary | 99.75% | 2(87) |
| 10 | ECnet Systems (Thailand) Co. Ltd. [#] | 2/3 Bangna Tower-A, 2 nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540, Thailand | Foreign Company | Step Down Subsidiary | 99.75% | 2(87) |
| 11 | ECnet (Shanghai) Co. Ltd. [#] | Rm H, 20 Floor, Foresight Mansion, No. 768 Xie Tu Rd, Shanghai, People's Republic of China | Foreign Company | Step Down Subsidiary | 99.75% | 2(87) |
| 12 | ECnet (Hong Kong) Ltd. [#] | Rm 2808 28/F Wu Chung House 213 Queen's Road East, Wan Chai, Hong Kong | Foreign Company | Step Down Subsidiary | 99.75% | 2(87) |

| Sl. No | NAME OF THE COMPANY | ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/SUBSIDIARY/ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|--------|--|---|-----------------|------------------------------|------------------|--------------------|
| 13 | 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) |
| 14 | Computaris Romania SRL* | Bucharest office 5 Gheorghe Manu Str, Groundfloor, 1 st Floor, 6 th Floor, Sector 1, Bucharest, 010442, Romania Galati office 23 Logofat Tautu Str., 800009, Galati, Romania | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 15 | Computaris Polska sp z o.o.* | Warsaw office al. Jana Pawla II 80, 00-175 Warsaw, Poland Bialystok office ul. Branickiego 17, 15 -085 Bialystok, Poland | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 16 | 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) |
| 17 | Computaris Malaysia Sdn. Bhd.* | Lot. No. 5F-1, 5 th Floor Tower 5 Puchong Financial Corporate Center Jalan Puteri ½, Bandar Puteri 47100 Puchong, Selangor, Malaysia | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 18 | Computaris Philippines Pte. Ltd. Inc.* | Level 16 Tower 6789, 6789 Ayala Avenue 1206 Makati City, Philippines. | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 19 | Computaris Suisse Sarl, Switzerland* | Rue du Trésor 9, c/o Me Madalina Diaconu, Etudes SPLC Avocats & Notaires, 2000 Neuchâtel, Switzerland. | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 20 | IBIZ Consulting Pte. Ltd. ⁶ | 2 Jalan Kilang Barat #04-01 Singapore 159346 | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 21 | IBIZ Consulting Services Pte Ltd [^] | 2 Jalan Kilang Barat #04-01Singapore 159346 | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 22 | IBIZ Consulting Services Sdn. Bhd. [^] | Suite 5F-1, 5 th Floor, Tower 5,Puchong Financial Corporate Centre (PFCC) Jalan Puteri ½, Bandar Puteri, 47100 Puchong Selangor, Malaysia | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 23 | PT. IBIZCS Indonesia [^] | Setiabudi Buidling 2, 2 nd Floor, Suite 203, Jl. H.R. Rasuna Said Kav. 62 Jakarta, Selatan 12920, Indonesia | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 24 | IBIZ Consulting (Thailand) Co. Limited ^{^2} | 2/3 Bangna Tower-A, 2 nd Floor, Room No. 205-206, Moo14, Bangna-Trad K.M.6.5 Road, Bangkaew Sub-district, Bangplee District, Samutprakarn Province, Thailand | Foreign Company | Step Down Subsidiary | 100% | 2(87) |

| Sl. No | NAME OF THE COMPANY | ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/SUBSIDIARY/ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|--------|---|--|-----------------|------------------------------|------------------|--------------------|
| 25 | IBIZ Consulting Services Limited ^ | Units 1901-3, 19/F, Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong | Foreign Company | Step Down Subsidiary | 100% | 2(87) |
| 26 | IBIZ Consulting Services (Shanghai) Co., Ltd ⁶ | Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, People's Republic of China 200030 | Foreign Company | Step Down Subsidiary | 100% | 2(87) |

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

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

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

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

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

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

1 R Systems has acquired 100% shares in IBIZ Consulting Services India Private Limited from its wholly owned subsidiary IBIZ Consulting Pte. Ltd., Singapore w.e.f. July 01, 2019.

2 IBIZ Consulting (Thailand) Co. Ltd., Thailand became a subsidiary of IBIZ Consulting Pte Ltd., Singapore, a wholly owned subsidiary of the Company w.e.f. June 21, 2019.

3 R Systems, Inc., a wholly owned subsidiary of the Company, has acquired 100% interest in Innovizant LLC, effective from January 1, 2019.

Note: Refer to Note No. 14 of the Directors' Report for further details of the subsidiaries.

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

i. Categorywise shareholding

| Category of Shareholders | No. of Shares held at the begning of the year-January 01, 2019 | | | | No. of Shares held at the end of the year-December 31, 2019 | | | | % Change during the year |
|---|--|-------------------|-------------------|-------------------|---|-------------------|-------------------|-------------------|--------------------------|
| | Physical | Demat | Total | % of Total Shares | Physical | Demat | Total | % of Total Shares | |
| A. Promoter and Promoter Group | | | | | | | | | |
| Indian | | | | | | | | | |
| Individuals / Hindu Undivided Family | 0 | 7,777 | 7,777 | 0.01 | 0 | 7,777 | 7,777 | 0.01 | 0.00 |
| Central Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub Total(A)(1) | 0 | 7,777 | 7,777 | 0.01 | 0 | 7,777 | 7,777 | 0.01 | 0.00 |
| Foreign | | | | | | | | | |
| NRI Individual | 0 | 42,211,104 | 42,211,104 | 34.04 | 0 | 41,058,247 | 41,058,247 | 34.12 | 0.08 |
| Other Individual | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Bodies Corporate | 0 | 9,076,218 | 9,076,218 | 7.32 | 0 | 8,828,489 | 8,828,489 | 7.34 | 0.02 |
| Banks/ Financial Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Any Other (Foreign Trust) | 0 | 12,150,731 | 12,150,731 | 9.80 | 0 | 11,818,061 | 11,818,061 | 9.82 | 0.02 |
| Sub Total(A)(2) | 0 | 63,438,053 | 63,438,053 | 51.16 | 0 | 61,704,797 | 61,704,797 | 51.28 | 0.11 |
| Total | 0 | 63,445,830 | 63,445,830 | 51.17 | 0 | 61,712,574 | 61,712,574 | 51.28 | 0.11 |
| Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | | | | | | | | | |
| B. Public shareholding | | | | | | | | | |
| Institutions | | | | | | | | | |
| Mutual Funds / UTI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0 | 510 | 510 | 0.00 | 0.00 |
| Central Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Foreign Institutional Investors | 0 | 229 | 229 | 0.00 | 0 | 0 | 0 | 0.00 | (0.00) |
| Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |

| Category of Shareholders | No. of Shares held at the beginning of the year-January 01, 2019 | | | | No. of Shares held at the end of the year-December 31, 2019 | | | | % Change during the year |
|--|--|--------------------|--------------------|-------------------|---|--------------------|--------------------|-------------------|--------------------------|
| | Physical | Demat | Total | % of Total Shares | Physical | Demat | Total | % of Total Shares | |
| Any Other (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (B)(1) | 0 | 229 | 229 | 0.00 | 0 | 510 | 510 | 0.00 | 0.00 |
| Non-institutions | | | | | | | | | |
| Bodies Corporate (Indian and Overseas) | 0 | 1,016,674 | 1,016,674 | 0.82 | 0 | 1,048,934 | 1,048,934 | 0.87 | 0.05 |
| Individuals - | | | | | | | | | 0.00 |
| i. Individual shareholders holding nominal share capital up to ₹ 1 lakh | 131,409 | 10,113,101 | 10,244,510 | 8.26 | 116,750 | 8,284,026 | 8,400,776 | 6.98 | (1.28) |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 114,000 | 48,022,884 | 48,136,884 | 38.82 | 114,000 | 48,277,101 | 48,391,101 | 40.21 | 1.39 |
| Any Other (NBFC) | 0 | 2,050 | 2,050 | 0.00 | 0 | 0 | 0 | 0.00 | (0.00) |
| Any Other (Clearing Member) | 0 | 396,147 | 396,147 | 0.32 | 0 | 35,429 | 35,429 | 0.03 | (0.29) |
| Any Other (Trust) | 738,980 | 0 | 738,980 | 0.60 | 738,980 | 0 | 738,980 | 0.61 | 0.02 |
| Any Other (IEPF) | 0 | 9,121 | 9,121 | 0.01 | 0 | 9,621 | 9,621 | 0.01 | 0.00 |
| Sub-Total (B)(2) | 984,389 | 59,559,977 | 60,544,366 | 48.83 | 969,730 | 57,655,111 | 58,624,841 | 48.72 | (0.11) |
| Total Public Shareholding (B) = (B)(1)+(B)(2) | 984,389 | 59,560,206 | 60,544,595 | 48.83 | 969,730 | 57,655,621 | 58,625,351 | 48.72 | (0.11) |
| TOTAL (A)+(B) | 984,389 | 123,006,036 | 123,990,425 | 100.00 | 969,730 | 119,368,195 | 120,337,925 | 100.00 | 0.00 |
| C. Shares held by Custodian for | | | | | | | | | |
| GDRs & ADRs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL (C) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| GRAND TOTAL (A)+(B)+(C) | 984,389 | 123,006,036 | 123,990,425 | 100.00 | 969,730 | 119,368,195 | 120,337,925 | 100.00 | 0.00 |

Note:

- In addition to changes on account of purchase / sale of shares, evident from the different shareholding positions beginning and end of the year, the change in % of shareholding is consequent to the extinguishment of 3,690,000 equity shares of ₹ 1/- each bought back by the Company and allotment of 37,500 equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.
- Subsequent to the financial year ended December 31, 2019, the National Company Law Tribunal, New Delhi vide order dated January 28, 2020 has approved the reduction of share capital of the Company under Section 66 of the Companies Act, 2013. Pursuant to this capital reduction, the paid up share capital of the Company has been reduced from ₹ 120,337,925 divided into 120,337,925 equity shares of ₹ 1/- each to ₹ 119,598,945 divided into 119,598,945 equity shares of ₹ 1/- each.

ii. *Shareholding of Promoters*

| S. No. | Shareholder's Name | Share holding at the begning of the year - January 01, 2019 | | | Share holding at the end of the year -December 31, 2019 | | | % 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 | The Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi) | 12,150,731 | 9.80 | 0.00 | 11,818,061 | 9.82 | 0.00 | 0.02 |
| 2 | Mr. Satinder Singh Rekhi | 3,148,044 | 2.54 | 0.00 | 3,062,207 | 2.54 | 0.00 | 0.01 |
| 3 | RightMatch Holdings Ltd. | 9,076,218 | 7.32 | 0.00 | 8,828,489 | 7.34 | 0.00 | 0.02 |
| 4 | Mrs. Harpreet Rekhi | 1,508,452 | 1.22 | 0.00 | 1,467,277 | 1.22 | 0.00 | 0.00 |
| 5 | Mr. Sartaj Singh Rekhi | 19,800,619 | 15.97 | 0.00 | 19,260,269 | 16.01 | 0.00 | 0.04 |
| 6 | Mr. Ramneet Singh Rekhi | 16,857,524 | 13.60 | 0.00 | 16,396,505 | 13.63 | 0.00 | 0.03 |
| 7 | Mrs. Amrita Kaur Rekhi | 896,465 | 0.72 | 0.00 | 871,989 | 0.72 | 0.00 | 0.00 |
| 8 | Mrs. Kuldeep Baldev Singh | 6,080 | 0.00 | 0.00 | 6,080 | 0.01 | 0.00 | 0.01 |
| 9 | Mrs. Anita Behl | 1,697 | 0.00 | 0.00 | 1,697 | 0.00 | 0.00 | 0.00 |
| | TOTAL | 63,445,830 | 51.17 | 0.00 | 61,712,574 | 51.28 | 0.00 | 0.11 |

Note: The change in Percentage of shareholding during the year is mainly due the extinguishment of 3,690,000 equity shares of ₹ 1/- each bought back by the Company and allotment of 37,500 equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

iii. *Change in Promoter Holding*

| S. No. | Name of the Promoter | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Mr. Satinder Singh Rekhi | | | | |
| | At the beginning of the year -January 01, 2019 | 3,148,044 | 2.54 | 3,148,044 | 2.54 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 85,837 | 0.07 | 3,062,207 | 2.54 |
| | At the End of the year-December 31, 2019 | | | 3,062,207 | 2.54 |
| 2 | Mrs. Harpreet Rekhi | | | | |
| | At the beginning of the year -January 01, 2019 | 1,508,452 | 1.22 | 1,508,452 | 1.22 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 41,175 | 0.03 | 1,467,277 | 1.22 |
| | At the End of the year-December 31, 2019 | | | 1,467,277 | 1.22 |

| S. 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 |
| 3 | The Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi) | | | | |
| | At the beginning of the year -January 01, 2019 | 12,150,731 | 9.80 | 12,150,731 | 9.80 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 332,670 | 0.28 | 11,818,061 | 9.82 |
| | At the End of the year-December 31, 2019 | | | 11,818,061 | 9.82 |
| 4 | RightMatch Holdings Ltd. | | | | |
| | At the beginning of the year -January 01, 2019 | 9,076,218 | 7.32 | 9,076,218 | 7.32 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 247,729 | 0.21 | 8,828,489 | 7.34 |
| | At the End of the year-December 31, 2019 | | | 8,828,489 | 7.34 |
| 5 | Mr. Sartaj Singh Rekhi | | | | |
| | At the beginning of the year -January 01, 2019 | 19,800,619 | 15.97 | 19,800,619 | 15.97 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 540,350 | 0.45 | 19,260,269 | 16.01 |
| | At the End of the year-December 31, 2019 | | | 19,260,269 | 16.01 |
| 6 | Mr. Ramneet Singh Rekhi | | | | |
| | At the beginning of the year -January 01, 2019 | 16,857,524 | 13.60 | 16,857,524 | 13.60 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 461,019 | 0.38 | 16,396,505 | 13.63 |
| | At the End of the year-December 31, 2019 | | | 16,396,505 | 13.63 |
| 7 | Mrs. Amrita Kaur Rekhi | | | | |
| | At the beginning of the year -January 01, 2019 | 896,465 | 0.72 | 896,465 | 0.72 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 24,476 | 0.02 | 871,989 | 0.72 |
| | At the End of the year-December 31, 2019 | | | 871,989 | 0.72 |

Note: The Change in percentage of shareholding during the year is consequent to the extinguishment of 3,690,000 equity shares bought back by the Company and allotment of 37,500 equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

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

| S. No | Top Ten Share Holders (For Each of the Top 10 Shareholders) | Shareholding at the beginning of the year -January 01, 2019 | | Shareholding at the end of the year -December 31, 2019 | |
|-------|---|---|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Bhavook Tripathi | 44,662,112 | 36.02 | 44,091,982 | 36.64 |
| 2 | Prabhakarrrao Mahableshwar Bantwal | 440,878 | 0.36 | 9,26,833 | 0.77 |
| 3 | R Systems Employees Welfare Trust | 7,38,980 | 0.60 | 7,38,980 | 0.61 |
| 4 | O'Neil Nalavadi | 648,770 | 0.52 | 648,770 | 0.54 |
| 5 | Mandeep Sodhi | 602,819 | 0.49 | 586,153 | 0.49 |
| 6 | Chandraprakash Tripathi | 62,939 | 0.05 | 298,966 | 0.25 |
| 7 | Smita Sachindanand Das | 0 | 0.00 | 224,200 | 0.19 |
| 8 | Juzar Feroz Basrai | 210,000 | 0.17 | 210,000 | 0.17 |
| 9 | Kantilal M. Vardhan (H.U.F.) | 4,898 | 0.00 | 208,315 | 0.17 |
| 10 | Mannige Vikram Rao | 221,100 | 0.18 | 191,881 | 0.16 |
| 11 | Arcadia Share & Stock Brokers Pvt. Ltd | 308,897 | 0.25 | 305 | 0.00 |
| 12 | Adikaran Fincom Private Limited | 249,200 | 0.20 | 0 | 0.00 |
| 13 | Sunita Kantilal Vardhan | 204,206 | 0.16 | 0 | 0.00 |

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

| S. 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 | Mr. Bhavook Tripathi At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |
| B | Prabhakarrrao Mahableshwar Bantwal At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |
| C | Mandeep Sodhi At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |
| D | Chandraprakash Tripathi At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |

As per Annexure -I

| S. 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 |
| E | Smita Sachindanand Das At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |
| F | Juzar Feroz Basrai At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |
| G | Kantilal M. Vardhan (H.U.F.) At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |
| H | Arcadia Share & Stock Brokers Pvt. Ltd. At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | As per Annexure -I |
| I | Adikaran Fincom Private Limited At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |
| J | Sunita Kantilal Vardhan At the beginning of the year -January 01, 2019 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the End of the year-December 31, 2019 | | | | |

Annexure I

| Sl. No. | Date of Transaction | Nature of Transaction | Shareholding at the beginning of the Year | | Cumulative Shareholding during the Year | |
|----------|--|-----------------------|---|--|---|--|
| | | | No. of Shares | % of total outstanding shares of the company | No. of Shares | % of total outstanding shares of the company |
| A | Bhavook Tripathi | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 44,662,112 | 36.02 | 44,662,112 | 36.02 |
| | January 4, 2019 | Purchase | 21,614 | 0.02 | 44,683,726 | 36.04 |
| | January 11, 2019 | Purchase | 5,240 | 0.00 | 44,688,966 | 36.04 |
| | January 18, 2019 | Purchase | 3,500 | 0.00 | 44,692,466 | 36.05 |
| | January 25, 2019 | Purchase | 27,272 | 0.02 | 44,719,738 | 36.07 |
| | February 1, 2019 | Purchase | 69,002 | 0.06 | 44,788,740 | 36.12 |
| | February 8, 2019 | Purchase | 130,983 | 0.11 | 44,919,723 | 36.23 |
| | February 15, 2019 | Purchase | 62,011 | 0.05 | 44,981,734 | 36.28 |
| | February 22, 2019 | Purchase | 83,379 | 0.07 | 45,065,113 | 36.35 |
| | March 1, 2019 | Purchase | 5,032 | 0.00 | 45,070,145 | 36.35 |
| | March 8, 2019 | Purchase | 927 | 0.00 | 45,071,072 | 36.35 |
| | March 15, 2019 | Sale | 370 | 0.00 | 45,070,702 | 36.35 |
| | March 22, 2019 | Sale | 530 | 0.00 | 45,070,172 | 36.35 |
| | April 09, 2019 | Sale (Buy Back) | 1,283,604 | 1.07 | 43,786,568 | 36.40 |
| | April 19, 2019 | Purchase | 24,624 | 0.02 | 43,811,192 | 36.42 |
| | April 26, 2019 | Purchase | 41,917 | 0.03 | 43,853,109 | 36.45 |
| | May 3, 2019 | Purchase | 65,334 | 0.05 | 43,918,443 | 36.50 |
| | May 10, 2019 | Purchase | 74,466 | 0.06 | 43,992,909 | 36.56 |
| | May 17, 2019 | Purchase | 29,251 | 0.02 | 44,022,160 | 36.58 |
| | May 24, 2019 | Purchase | 30,235 | 0.03 | 44,052,395 | 36.61 |
| | May 31, 2019 | Purchase | 15,902 | 0.01 | 44,068,297 | 36.62 |
| | June 7, 2019 | Purchase | 23,082 | 0.02 | 44,091,379 | 36.64 |
| | June 14, 2019 | Purchase | 603 | 0.00 | 44,091,982 | 36.64 |
| | As At December 31, 2019 (Closing Balance) | | | | 44,091,982 | 36.64 |
| B | Prabhakar Rao Mahableshwar Bantwal | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 440,878 | 0.36 | 440,878 | 0.36 |
| | February 1, 2019 | Purchase | 400,000 | 0.33 | 840,878 | 0.68 |
| | March 15, 2019 | Sale | 21,078 | 0.02 | 819,800 | 0.66 |
| | March 22, 2019 | Purchase | 107,033 | 0.09 | 926,833 | 0.75 |
| | As At December 31, 2019 (Closing Balance) | | | | 926,833 | 0.77 |
| C | Mandeep Sodhi | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 602,819 | 0.49 | 602,819 | 0.49 |
| | April 09, 2019 | Sale (Buy Back) | 16,666 | 0.01 | 586,153 | 0.49 |
| | As At December 31, 2019 (Closing Balance) | | | | 586,153 | 0.49 |

| Sl. No. | Date of Transaction | Nature of Transaction | Shareholding at the beginning of the Year | | Cumulative Shareholding during the Year | |
|----------|--|-----------------------|---|--|---|--|
| | | | No. of Shares | % of total outstanding shares of the company | No. of Shares | % of total outstanding shares of the company |
| D | Chandraprakash Tripathi | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 62,939 | 0.05 | 62,939 | 0.05 |
| | April 09, 2019 | Sale (Buy Back) | 1,807 | 0.00 | 61,132 | 0.05 |
| | June 14, 2019 | Purchase | 2,856 | 0.00 | 63,988 | 0.05 |
| | June 21, 2019 | Purchase | 21,433 | 0.02 | 85,421 | 0.07 |
| | June 28, 2019 | Purchase | 27,678 | 0.02 | 113,099 | 0.09 |
| | July 5, 2019 | Purchase | 7,457 | 0.01 | 120,556 | 0.10 |
| | July 12, 2019 | Purchase | 49,145 | 0.04 | 169,701 | 0.14 |
| | July 19, 2019 | Purchase | 23,899 | 0.02 | 193,600 | 0.16 |
| | July 26, 2019 | Purchase | 14,287 | 0.01 | 207,887 | 0.17 |
| | August 2, 2019 | Purchase | 28,594 | 0.02 | 236,481 | 0.20 |
| | August 9, 2019 | Purchase | 20,739 | 0.02 | 257,220 | 0.21 |
| | August 16, 2019 | Purchase | 6,905 | 0.01 | 264,125 | 0.22 |
| | August 23, 2019 | Purchase | 9,817 | 0.01 | 273,942 | 0.23 |
| | August 30, 2019 | Purchase | 7,563 | 0.01 | 281,505 | 0.23 |
| | September 6, 2019 | Purchase | 5,951 | 0.00 | 287,456 | 0.24 |
| | September 13, 2019 | Purchase | 8,059 | 0.01 | 295,515 | 0.25 |
| | September 20, 2019 | Purchase | 3,451 | 0.00 | 298,966 | 0.25 |
| | As At December 31, 2019 (Closing Balance) | | | | 298,966 | 0.25 |
| E | Smita Sachindanand Das | | | | | |
| | As at January 01, 2019 (Opening Balance) | | - | - | - | - |
| | November 1, 2019 | Purchase | 8,583 | 0.01 | 8,583 | 0.01 |
| | November 8, 2019 | Purchase | 72,417 | 0.06 | 81,000 | 0.07 |
| | November 15, 2019 | Purchase | 19,600 | 0.02 | 100,600 | 0.08 |
| | December 6, 2019 | Purchase | 117,600 | 0.10 | 218,200 | 0.18 |
| | December 20, 2019 | Purchase | 6,000 | 0.00 | 224,200 | 0.19 |
| | As At December 31, 2019 (Closing Balance) | | | | 224,200 | 0.19 |
| F | Juzar Feroz Basrai | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 210,000 | 0.17 | 210,000 | 0.17 |
| | April 09, 2019 | Sale (Buy Back) | 5,596 | 0.00 | 204,404 | 0.17 |
| | December 20, 2019 | Purchase | 1,327 | 0.00 | 205,731 | 0.17 |
| | December 27, 2019 | Purchase | 4,269 | 0.00 | 210,000 | 0.17 |
| | As At December 31, 2019 (Closing Balance) | | | | 210,000 | 0.17 |

| Sl. No. | Date of Transaction | Nature of Transaction | Shareholding at the beginning of the Year | | Cumulative Shareholding during the Year | |
|----------|--|-----------------------|---|--|---|--|
| | | | No. of Shares | % of total outstanding shares of the company | No. of Shares | % of total outstanding shares of the company |
| G | Kantilal M. Vardhan (H.U.F.) | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 4,898 | 0.00 | 4,898 | 0.00 |
| | January 25, 2019 | Purchase | 3,075 | 0.00 | 7,973 | 0.01 |
| | March 29, 2019 | Sale | 7,973 | 0.01 | - | 0.00 |
| | April 12, 2019 | Purchase | 7,745 | 0.01 | 7,745 | 0.01 |
| | December 20, 2019 | Purchase | 206,770 | 0.17 | 214,515 | 0.18 |
| | December 27, 2019 | Sale | 6,200 | 0.01 | 208,315 | 0.17 |
| | As At December 31, 2019 (Closing Balance) | | | | 208,315 | 0.17 |
| H | Arcadia Share & Stock Brokers Pvt. Ltd. | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 308,897 | 0.25 | 308,897 | 0.25 |
| | January 11, 2019 | Sale | 250 | 0.00 | 308,647 | 0.25 |
| | January 18, 2019 | Sale | 45 | 0.00 | 308,602 | 0.25 |
| | January 25, 2019 | Purchase | 201,000 | 0.16 | 509,602 | 0.41 |
| | February 1, 2019 | Sale | 478,386 | 0.39 | 31,216 | 0.03 |
| | February 15, 2019 | Sale | 29,734 | 0.02 | 1,482 | 0.00 |
| | February 22, 2019 | Purchase | 1,480 | 0.00 | 2,962 | 0.00 |
| | March 1, 2019 | Sale | 100 | 0.00 | 2,862 | 0.00 |
| | March 8, 2019 | Purchase | 5,076 | 0.00 | 7,938 | 0.01 |
| | March 15, 2019 | Purchase | 56,466 | 0.05 | 64,404 | 0.05 |
| | March 22, 2019 | Purchase | 45,148 | 0.04 | 109,552 | 0.09 |
| | March 29, 2019 | Sale | 107,033 | 0.09 | 2,519 | 0.00 |
| | April 5, 2019 | Sale | 1,159 | 0.00 | 1,360 | 0.00 |
| | April 12, 2019 | Purchase | 1,179 | 0.00 | 2,539 | 0.00 |
| | April 19, 2019 | Purchase | 792 | 0.00 | 3,331 | 0.00 |
| | April 26, 2019 | Sale | 1,070 | 0.00 | 2,261 | 0.00 |
| | May 10, 2019 | Sale | 600 | 0.00 | 1,661 | 0.00 |
| | May 17, 2019 | Sale | 146 | 0.00 | 1,515 | 0.00 |
| | May 24, 2019 | Sale | 273 | 0.00 | 1,242 | 0.00 |
| | June 7, 2019 | Purchase | 100 | 0.00 | 1,342 | 0.00 |
| | June 14, 2019 | Sale | 1,137 | 0.00 | 205 | 0.00 |
| | August 2, 2019 | Purchase | 61 | 0.00 | 266 | 0.00 |
| | August 9, 2019 | Sale | 61 | 0.00 | 205 | 0.00 |
| | August 30, 2019 | Sale | 205 | 0.00 | - | 0.00 |
| | September 6, 2019 | Purchase | 105 | 0.00 | 105 | 0.00 |
| | November 8, 2019 | Purchase | 51 | 0.00 | 156 | 0.00 |
| | November 15, 2019 | Sale | 51 | 0.00 | 105 | 0.00 |
| | December 31, 2019 | Purchase | 200 | 0.00 | 305 | 0.00 |
| | As At December 31, 2019 (Closing Balance) | | | | 305 | 0.00 |

| Sl. No. | Date of Transaction | Nature of Transaction | Shareholding at the beginning of the Year | | Cumulative Shareholding during the Year | |
|----------|--|-----------------------|---|--|---|--|
| | | | No. of Shares | % of total outstanding shares of the company | No. of Shares | % of total outstanding shares of the company |
| I | Adikaran Fincom Private Limited | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 249,200 | 0.20 | 249,200 | 0.20 |
| | January 18, 2019 | Sale | 99,638 | 0.08 | 149,562 | 0.12 |
| | January 25, 2019 | Sale | 90,479 | 0.07 | 59,083 | 0.05 |
| | February 1, 2019 | Sale | 40,762 | 0.03 | 18,321 | 0.01 |
| | February 8, 2019 | Sale | 18,321 | 0.01 | - | 0.00 |
| | As At December 31, 2019 (Closing Balance) | | | | - | 0.00 |
| J | Sunita Kantilal Vardhan | | | | | |
| | As at January 01, 2019 (Opening Balance) | | 204,206 | 0.16 | 204,206 | 0.16 |
| | January 25, 2019 | Purchase | 18,320 | 0.01 | 222,526 | 0.18 |
| | February 1, 2019 | Sale | 9,225 | 0.01 | 213,301 | 0.17 |
| | March 29, 2019 | Sale | 213,301 | 0.17 | - | 0.00 |
| | April 12, 2019 | Purchase | 207,179 | 0.17 | 207,179 | 0.17 |
| | December 20, 2019 | Sale | 207,179 | 0.17 | - | 0.00 |
| | As At December 31, 2019 (Closing Balance) | | | | - | 0.00 |

Note:

- The change in Percentage of shareholding during the year is consequent to the extinguishment of 3,690,000 equity shares bought back by the Company and allotment of 37,500 equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.
- Except the shares sold in buyback, 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**

| S. No. | Name of the Director/ Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Mr. Satinder Singh Rekhi | | | | |
| | At the beginning of the year -January 01, 2019 | 3,148,044 | 2.54 | 3,148,044 | 2.54 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 85,837 | 0.07 | 3,062,207 | 2.54 |
| | At the End of the year-December 31, 2019 | | | 3,062,207 | 2.54 |
| 2 | Lt. Gen. Baldev Singh (Retd.) | | | | |
| | At the beginning of the year -January 01, 2019 | 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.): | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 3,176 | 0.00 | 108,322 | 0.09 |
| | Less: Sale on October 31, 2019 [#] | 7,000 | 0.01 | 101,322 | 0.09 |
| | At the End of the year-December 31, 2019 | | | 101,322 | 0.08 |

| S. 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 |
| 3 | Mr. Avirag Jain | | | | |
| | At the beginning of the year -January 01, 2019 | 100 | 0.00 | 100 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | 0 | 0.00 | 0 | 0.00 |
| | At the End of the year-December 31, 2019 | | | 100 | 0.00 |
| 4 | Mrs. Ruchica Gupta | | | | |
| | At the beginning of the year -January 01, 2019 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | 0 | 0.00 | 0 | 0.00 |
| | At the End of the year-December 31, 2019 | | | 0 | 0.00 |
| 5 | Mr. Kapil Dhameja | | | | |
| | At the beginning of the year -January 01, 2019 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | 0 | 0.00 | 0 | 0.00 |
| | At the End of the year-December 31, 2019 | | | 0 | 0.00 |
| 6 | Mr. Aditya Wadhwa | | | | |
| | At the beginning of the year -January 01, 2019 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | 0 | 0.00 | 0 | 0.00 |
| | At the End of the year-December 31, 2019 | | | 0 | 0.00 |
| 7 | Mr. Nand Sardana | | | | |
| | At the beginning of the year -January 01, 2019 | 126,098 | 0.10 | 126,098 | 0.10 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | |
| | Less: Sale on April 09, 2019 (Buyback) | 3,374 | 0.00 | 122,724 | 0.10 |
| | Add: Allotment pursuant to exercise of options granted under Employees Stock Option Scheme, 2007 on May 02, 2019 | 37,500 | 0.03 | 160,224 | 0.13 |
| | At the End of the year-December 31, 2019 | | | 160,224 | 0.13 |
| 8 | Mr. Bhasker Dubey | | | | |
| | At the beginning of the year -January 01, 2019 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | 0 | 0.00 | | |
| | At the End of the year-December 31, 2019 | | | 0 | 0.00 |

Sold on Stock Exchanges.

Note: The change in Percentage of shareholding during the year is consequent to the extinguishment of 3,690,000 equity shares bought back by the Company during the year and allotment of 37,500 equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

| S. No. | Particulars of Remuneration | Name of MD/ WTD/ Manager | | | Total Amount |
|--------|---|-------------------------------|-------------------------------------|-------------------------|-------------------|
| | | Mr. Satinder Singh Rekhi (MD) | Lt. Gen. Baldev Singh (Retd.) (WTD) | Mr. Avirag Jain (WTD) | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 29,865,546 | 4,194,517 | 4,983,033 | 39,043,096 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | - | 398,125 | 32,400.00 | 430,525 |
| | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission - as % of profit | 10,707,750 [#] | - | - | 10,707,750 |
| 5 | Others | - | 3,600,000 ^{\$} | 2,860,000 ^{\$} | 6,460,000 |
| | Total (A) | 40,573,296 | 8,192,642 | 7,875,433 | 56,641,371 |
| | Ceiling as per the Act (10% of Net Profit) | | | | 63,511,735 |

Incentive is based on fixed percentage of Profit After Tax.

\$ Incentive is based on fixed percentage of qualifying revenue.

Note: Necessary approval of the shareholders has been obtained for appointment and payment of remuneration to the Managing Directors and Whole-time Directors.

B. Remuneration to other Directors:

i. Independent Directors (Amount in ₹)

| S. 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 | 275,000 | 275,000 | 825,000 |
| 2 | Commission | - | - | - | - |
| 3 | Others, please specify | - | - | - | - |
| | Total(1) | 275,000 | 275,000 | 275,000 | 825,000 |

ii. Other Non Executive Director (Amount in ₹)

| S. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|--------|--|-------------------|----------------|----------------|-------------------|
| | | | | | |
| 1 | Fee for attending board / committee meetings | - | - | - | - |
| 2 | Commission | - | - | - | - |
| 3 | Others, please specify | - | - | - | - |
| | Total(2) | - | - | - | - |
| | Total (1+2) | 275,000 | 275,000 | 275,000 | 825,000 |
| | Total Managerial Remuneration | | | | 56,641,371 |
| | Ceiling as per the Act (11% of Net Profit) | | | | 69,862,909 |

Note:

- In terms of Section 197(2), (5) of the Companies Act, 2013, sitting fees for attending Board/Committee Meeting(s) amounting to ₹ 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 ₹)

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|--------|---|--------------------------|------------------------|------------------|
| | | Mr. Nand Sardana (CFO) | Mr. Bhasker Dubey (CS) | |
| | Gross salary | | | |
| 1 | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 5,196,380 | 1,123,820 | 6,320,200 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | 32,400 | - | 32,400 |
| | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option* | 1,308,000 | - | 1,308,000 |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | as % of profit | - | - | - |
| | others, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 6,536,780 | 1,123,820 | 7,660,600 |

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

VII. INDEBTEDNESS

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

(Amount in ₹)

| Particulars | Secured Loans excluding deposits | Unsecured Loans# | Deposits | Total Indebtedness |
|---|----------------------------------|-------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year-January 01, 2019 | | | | |
| i) Principal Amount | 9,363,725 | 10,608,384 | - | 19,972,109 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 68,395 | - | - | 68,395 |
| Total (i+ii+iii) | 9,432,120 | 10,608,384 | - | 20,040,504 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 8,828,000 | 22,000,000 | - | 30,828,000 |
| Reduction | 4,995,079 | 621,946 | - | 5,617,025 |
| Net Change | 3,832,921 | 21,378,054 | - | 25,210,975 |
| Indebtedness at the end of the financial year -December 31, 2019 | | | | |
| i) Principal Amount | 13,196,646 | 31,986,438 | - | 45,183,084 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 96,328 | - | - | 96,328 |
| Total (i+ii+iii) | 13,292,974 | 31,986,438 | - | 45,279,412 |

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

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board
For R Systems International Limited

Sd/-

Satinder Singh Rekhi

(Managing Director)

(DIN: 00006955)

Place : Frankfurt, Germany

Date : February 09, 2020

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(President & Senior Executive Director)

(DIN: 00006966)

Place : NOIDA

Date : February 09, 2020

Annexure 'J' to the Directors Report

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

For the Financial Year ended December 31, 2019

| | | | | | | | |
|---|---|---|--|--|--|--|--|
| 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 endeavor to bring about positive difference to communities where we exist. Through the CSR initiatives, the Company strives to provide equitable opportunities for sustainable growth, thereby aligning with our goal to build R Systems International Limited into an organization which maximizes Stakeholders Value. The Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers and other stakeholders. | | | | | | | |
| Core areas as per the CSR Policy – Education, Sports, Health & Medical Care, Community at large, Environment etc. | | | | | | | |
| The Company's CSR policy can be accessed on: https://www.rsystems.com/investors-info/corporate-governance/ | | | | | | | |
| 2. Composition of the CSR Committee (As on December 31, 2019) | | | | | | | |
| 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 | | | | | | | ₹ 412,736,799/- |
| 4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above) | | | | | | | ₹ 8,254,736/- |
| 5. Details of CSR spent during the financial year: | | | | | | | |
| (a) Total Amount to be spent for the financial year | | | | | | | ₹ 8,254,736/- |
| (b) Amount unspent, if any | | | | | | | ₹ 1,734,736/- |
| (c) Manner in which the amount spent during the financial year is detailed below: | | | | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| S. No. | CSR Project or activity identified | Sector in which the project is covered | Project / Programs (1) Local Area / others (2) Specify the State / District where the Project or program was Undertaken | Amount Outlay (budget) Project / Program wise | Amount spent on the project / programs Subheads: (1) Direct expenditure on project / programs (2) Overheads | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementing agency* |
| 1. | School Education Project | Education | Kapurthala-Punjab | 15.25 Lakhs | 15.25 Lakhs | 15.25 Lakhs | Through Army Public School, Beas |
| 2. | Sports Project | Olympic Sports | Bangalore | 20 Lakhs | 19.95 Lakhs | 19.95 Lakhs | Through Prakash Padukone Badminton Academy |
| 3. | Sports Project | Olympic Sports | Hyderabad | 40 Lakhs | 30 Lakhs | 30 Lakhs | Through Pullela Gopichand Badminton Academy |

* 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 2019, the Company had scaled-up its CSR activities which resulted into increased CSR spending as compared to FY 2018 i.e. from ₹ 39.60 lakhs in FY 2018 to ₹ 65.20 Lakhs in FY 2019 (increased by 64.65% (approx.)). Further, in addition to the CSR expenditure, Company has contributed Rs. Six Lakhs to Missionaries of Charity, Jeevan Jyoti Home, Delhi for the welfare of underprivileged children.

As a socially responsible entity, the Company is continuously exploring and adding new facilities/ opportunities in its CSR programmes to create a qualitative sustainable impact on the society at large over the coming years.

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

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

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

Place : Frankfurt, Germany
Date : February 09, 2020

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

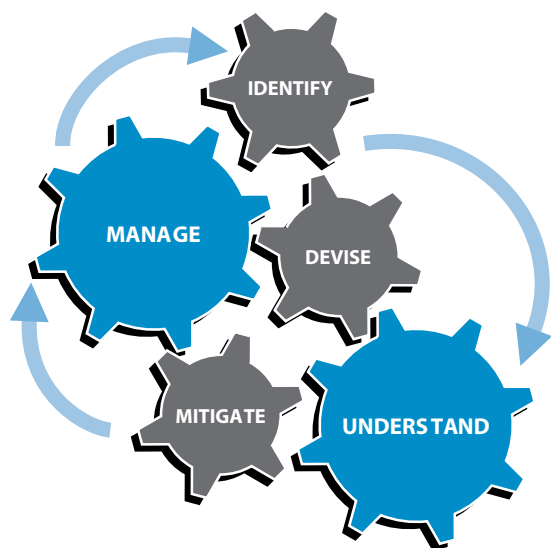
Place : NOIDA
Date : February 09, 2020

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 2019 and 2018 that R Systems derived from contracts with its top line customers is as follow:

| Customer | Year Ended | |
|----------------------|-----------------------|-----------------------|
| | December 31, 2019 (%) | December 31, 2018 (%) |
| Top 10 | 31.77 | 35.30 |
| Top 5 | 20.39 | 23.48 |
| Top 3 | 14.73 | 16.06 |
| The Largest Customer | 5.94 | 6.20 |

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, 2019 (%) | December 31, 2018 (%) |
| North America | 65.21 | 60.35 |
| Europe | 14.98 | 17.94 |
| SEAC | 16.97 | 18.87 |
| India | 1.50 | 1.64 |
| Others | 1.34 | 1.20 |
| Total | 100.00 | 100.00 |

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

3. Risks Associated with Fixed Price Contracts


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

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

4. Competition

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

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

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

5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer perception, give rise to litigation and reduce our customer

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

INITIATIVES: R Systems has adopted industry-standard security precautions such as ensuring that our employees and strategic partners enter into non-disclosure and confidentiality agreements with us, verifying that there is no information leakage through test procedures, carrying out background checks and verifications, creating and maintaining data backups, and maintaining an adequate disaster recovery plan. R Systems makes continual investments in organisation behaviour and management processes to ensure that these certified industry standards are continually adhered to.

During the year 2019, The IT & Knowledge Services Division got certified with ISO 9001:2015 standard through an integrated ISO 9001:2015 audit covering for IT & Knowledge Services division.

In Addition, for Knowledge Services division, HIPAA compliance test was done with zero non-compliance in one of the major clients in Healthcare Domain. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope was recertified on PCI DSS version V3.2.1.

As of the date of this report, Noida IT center is CMMI level 5 (Ver.1.3), PCMM Level 5, ISO 9001:2015, ISO 27001:2013 certified. Knowledge Services Division is PCMM Level 5, ISO 27001:2013, ISO 9001:2015 certified and also for specific client(s) it is HIPAA compliant and PCI-DSS (ver.3.2.1) certified for IT Infrastructure along with the projects/process/applications in scope. The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

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

6. Talent Acquisition & Retention

The IT and BPO sector is highly competitive in terms of hiring strategy and incentives. R Systems is highly dependent on its employees at various levels of the organisation to provide leadership, manage the business, to provide services and execute complex projects for the clients. These skilled professionals are in high demand by other organisations and if R Systems is unable to attract and retain the skilled people, it will affect R Systems ability to grow and provide services to its customers.

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

7. Key Managerial Role & Succession Planning

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

INITIATIVES: R Systems being a CMMI Level 5 (Ver. 1.3) and PCMM Level 5 company has put in practice a well-documented and defined policy on Succession Planning. This applies to all key roles in the organization as agreed upon by the Senior Management. Mission critical and key roles include Chief Executive Officer, Senior Management Team comprising of VPs and other roles critical to business operations continuity. Succession planning at R Systems occurs at least on an annual basis during annual performance appraisal cycle.

Further, R Systems has extensive recruitment teams in the markets that operate to continuously recruit skilled personnel at various levels in the organisation.

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

8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of new products. R Systems makes investments in R&D with a view to keep pace with the latest developments in the technology space.

Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

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

9. Acquisitions

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

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

10. Credit Risk

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

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

11. Foreign Currency Rate Fluctuations

Managing an equilibrium state in the light of the unfavourable movements in exchange rates involved in earnings and expenditure in foreign currency continues to

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

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

12. Inflation and Cost Structure

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

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

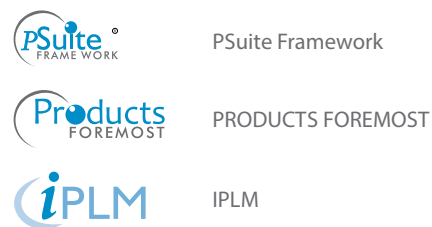
13. Intellectual Property Rights



As a part of R Systems' business, there are risks associated with intellectual property of the Company, intellectual

property of R Systems' customers who may be end users or even the intellectual property of the end user.

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

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

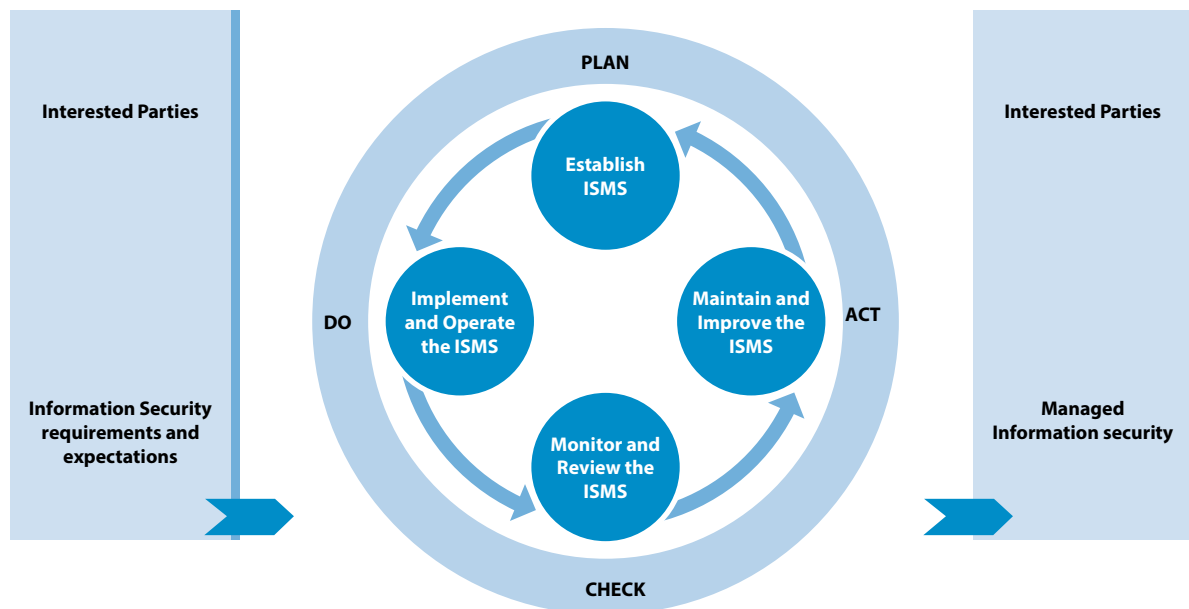


Out of the aforesaid trademarks three logo and two words are already registered w.e.f. January 30, 2006 and the word "IPLM" is awaiting approval. Further the Company has registered the word "R SYSTEMS" and logo  as trademark under certain additional classes. The Company has also registered logo  under certain appropriate classes.

14. Information Security Management

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

INITIATIVES: For ensuring the effectiveness of Information security, it is important that information security can be effective only if it is addressed at people, process and technology levels and is integrated in the way an organization operates. R Systems has established, documented and implemented Information Security Management Systems (ISMS) and shall continually improve its effectiveness in accordance with requirements of ISO 27001:2013. The approach applied to the ISMS is given in Figure below:



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

15. Contractual Risk

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

INITIATIVES: R Systems attempts to protect itself with "no consequential losses" and "maximum liability" clauses. R Systems also ensures that risks are protected through various insurances like professional liability, workers compensation, directors' and officers' liability, cyber & crime insurance. The Company's past record in this regard has been good and there has been no significant damages awarded against the Company that has resulted in material adverse impact on our financial position. R Systems also has an escalation process to immediately involve senior management personnel in case R Systems customers or contractors make any assertion of breach of contract.

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

16. Execution Risk

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

INITIATIVES: R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as ISO, Capability Maturity Model (CMM) and Six Sigma have ensured that risks are identified and mitigated at various levels in the planning and execution process. Further, senior management personnel, project managers and

process leaders are entrusted with the responsibility to meet the project and service level expectations on various engagements. Planned intervention and escalation systems are further deployed to minimise risks.

17. Directors' and Officers' Liability Risks

The directors and officers of R Systems are required to take material decisions in the best interest of the Company. Such decisions might result in errors and omission and R Systems might be sued by the other counterpart.

INITIATIVES: To mitigate this risk, the directors and officers take legal and expert advice when required and have taken various insurance policies outlined earlier including professional liability and directors' and officers' liability insurance. The Company attempts to limit its contractual liability for damages arising from negligent acts, errors, mistakes or omissions by directors and officers in rendering services, there can be no assurance that the limitations of liability set forth in its service contracts will be enforceable in all instances or will otherwise protect the Company from liability for damages. Though the Company maintains general liability insurance coverage, including coverage for errors or omissions, going forward, there can be no assurance that such coverage will be available on reasonable terms and in sufficient amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company could adversely affect the Company's results of operations and financial condition.

18. Statutory Compliance

R Systems has trans-national operations. R Systems operates in various geographies and it has to ensure compliance of various applicable rules and regulations in those countries. R Systems is exposed to penalties and other liabilities related to non-compliance or inadequate compliance in those countries.

INITIATIVES: R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business activities and to ensure that R Systems is not in violation of the laws applicable.

R Systems has a compliance management system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

19. Visa Regulations / Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions for example, any major change in immigration policy of USA may put the challenge to Indian IT Companies. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, R Systems may not be able to get a sufficient number of visas for employees or may encounter delays or additional costs all of which may affect profitability.

INITIATIVES: R Systems monitors the status of visa availability and requirements on a regular basis in consultation with external legal counsel. In house legal personnel are entrusted with the responsibility for compliance with the immigrations laws which is validated by periodic independent audit. R Systems may expand its business in other geographies to de-risk from US business meanwhile it may boost US hiring. R Systems may look forward to change its business models so that it can deliver from different locations globally through innovation.

20. Political Risk

The Government of India has been favourably disposed towards the IT and BPO industry in India. Further, we operate in multiple countries of which the US is a major market. While most governments in the countries where we operate are in favor of free trade, we cannot be immune to changes in policies that may discourage off-shoring to protect local employment.

Standalone Financial Statement

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of **R Systems International Limited** ("the Company"), which comprise the Balance Sheet as at 31 December 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

| Key audit matter | Auditor's Response |
|---|---|
| <p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer Note 19 to the Standalone Financial Statements.</p> | <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving inquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. • Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. • Selected a sample of continuing and new contracts and performed the following procedures among others: <ul style="list-style-type: none"> • Read, analysed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes. • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated costs from the revenue recognition systems. • Sample of revenues disaggregated by geography and customer industry type were tested with the performance obligations specified in the underlying contracts. • Performed analytical procedures for reasonableness of revenues disclosed by geography and customer's industry type. |

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

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

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on December 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-
JITENDRA AGARWAL
Partner

Place: NOIDA
Date : February 09, 2020

(Membership No. 087104)
(UDIN: 20087104AAAABE4007)

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, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
JITENDRA AGARWAL
Partner

Place: NOIDA
Date : February 09, 2020

(Membership No. 087104)
(UDIN: 20087104AAAABE4007)

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 property, plant and equipment:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - All property, plant and equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made. The Company has not granted any loans, given guarantees or provided any security under Section 185 and 186 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the services rendered by the Company.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Customs

Duty, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities and there were no undisputed amounts payable in respect of these dues outstanding as at December 31, 2019 for a period of more than six months from the date they became payable.

- (b) Details of dues of Income-Tax and Value Added tax which have not been deposited as on December 31, 2019 on account of disputes are given below:

| Nature of Statute | Nature of Dues | Amount* (₹ in Millions) | Amount Unpaid (₹ in Millions) | Period to which amount relates | Forum where the dispute is pending |
|----------------------|-------------------|-------------------------|-------------------------------|--------------------------------|---|
| Income Tax Act, 1961 | Income Tax demand | 1.61 | Nil | A/Y 2008-09 | Remanded back to Assessing Officer by Income Tax Appellate Tribunal, New Delhi. |
| Income Tax Act, 1961 | Income Tax demand | 1.73 | Nil | A/Y 2009-10 | Income Tax Appellate Tribunal, New Delhi |
| Income Tax Act, 1961 | Income Tax demand | 0.16 | Nil | A/Y 2010-11 | Income Tax Appellate Tribunal, New Delhi |
| Income Tax Act, 1961 | Income Tax demand | 0.31 | Nil | A/Y 2017-18 | Commissioner of Income Tax (Appeals), New Delhi |
| UP VAT Act, 2008 | Entry Tax demand | 0.11 | Nil | F/Y 2008-09 | Additional Commissioner (Appeals), Noida |

* amount as per demand orders including interest and penalty wherever quantified in the order.

As per records maintained by the Company, there are no dues of Goods and Service Tax which have not been deposited as on December 31, 2019 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. The Company has not taken any loan or borrowing from government and banks and it has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans were applied by the Company for the purpose for which those were raised. The Company has not raised moneys by way of initial public offer

or further public offer (including debt instruments) during the year.

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly

convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-
JITENDRA AGARWAL

Partner

Place: NOIDA
Date : February 09, 2020

(Membership No. 087104
(UDIN: 20087104AAAABE4007)

STANDALONE BALANCE SHEET

AS AT DECEMBER 31, 2019

(₹ in million)

| | Notes | As at December 31, 2019 | As at December 31, 2018 |
|--|-------|----------------------------|----------------------------|
| ASSETS | | | |
| A. Non-current assets | | | |
| (a) Property, plant and equipment | 3 (a) | 344.72 | 248.27 |
| (b) Capital work in progress | 3 (b) | 17.94 | 15.73 |
| (c) Investment property | 3 (c) | 21.84 | 23.31 |
| (d) Intangible assets | 3 (d) | 1.11 | 1.69 |
| (e) Financial assets | | | |
| (i) Investments | 4 | 995.86 | 995.39 |
| (ii) Other financial assets | 5 | 71.51 | 65.59 |
| (f) Deferred tax assets (net) | 24 | 48.86 | 56.90 |
| (g) Non-current tax assets (net) | | 32.20 | 24.54 |
| (h) Other non-current assets | 6 | 37.36 | 47.96 |
| Total non-current assets (A) | | 1,571.40 | 1,479.38 |
| B. Current assets | | | |
| (a) Financial assets | | | |
| (i) Investments | 4 | 342.45 | 199.50 |
| (ii) Trade receivables | 7 | 573.57 | 621.13 |
| (iii) Cash and cash equivalents | 8a | 447.09 | 300.19 |
| (iv) Other bank balances | 8b | 182.90 | 175.05 |
| (v) Other financial assets | 9 | 389.73 | 494.85 |
| (b) Other current assets | 10 | 132.14 | 99.72 |
| Total current assets (B) | | 2,067.88 | 1,890.44 |
| Total assets (A+B) | | 3,639.28 | 3,369.82 |
| EQUITY AND LIABILITIES | | | |
| A. Equity | | | |
| (a) Equity share capital | 11 | 119.60 | 123.25 |
| (b) Other equity | 12 | 2,627.32 | 2,572.28 |
| Total equity (A) | | 2,746.92 | 2,695.53 |
| Liabilities | | | |
| B. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13 | 39.47 | 15.91 |
| (ii) Other financial liabilities | 14 | 3.99 | 2.96 |
| (b) Provisions | 15 | 133.20 | 109.60 |
| Total non-current liabilities (B) | | 176.66 | 128.47 |
| C. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | | | |
| - total outstanding dues of micro enterprises and small enterprises | 35 | - | - |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 46.24 | 46.73 |
| (ii) Other financial liabilities | 16 | 348.75 | 150.49 |
| (b) Provisions | 17 | 96.79 | 85.69 |
| (c) Current tax liability (net) | | 41.27 | 18.35 |
| (d) Other current liabilities | 18 | 182.65 | 244.56 |
| Total current liabilities (C) | | 715.70 | 545.82 |
| Total liabilities (B+C) | | 892.36 | 674.29 |
| Total equity and liabilities (A+B+C) | | 3,639.28 | 3,369.82 |
| Summary of significant accounting policies | 2 | | |
| See accompanying notes to the standalone financial statements | 1-39 | | |

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive
Director
DIN: 00006966

Sd/-
NAND SARDANA
Chief Financial Officer

Sd/-
BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 09, 2020

Place : Frankfurt, Germany
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 2019

(₹ in million)

| | Notes | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|-------|---------------------------------|---------------------------------|
| A Income | | | |
| (i) Revenue from operations | 19 | 3,917.69 | 3,172.13 |
| (ii) Other income | 20 | 146.71 | 87.28 |
| Total income | | 4,064.40 | 3,259.41 |
| B Expenses | | | |
| (i) Employee benefits expense | 21 | 2,641.84 | 2,169.18 |
| (ii) Finance costs | 22 | 4.26 | 2.32 |
| (iii) Depreciation and amortisation expense | 23 | 85.91 | 73.01 |
| (iv) Other expenses | 24 | 700.81 | 609.46 |
| Total expenses | | 3,432.82 | 2,853.97 |
| C Profit before tax (A-B) | | 631.58 | 405.44 |
| D Tax expense | 25 | | |
| (i) Current tax | | 104.22 | 99.35 |
| (ii) Deferred tax charge / (credit) | | 12.41 | (4.05) |
| Total tax expense | | 116.63 | 95.30 |
| E Profit after tax for the year (C-D) | | 514.95 | 310.14 |
| F Other comprehensive income / (loss) | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurements of the defined benefit plans | | (12.70) | (0.77) |
| Deferred tax relating to re-measurements of the defined benefit plans | | 4.37 | 0.27 |
| Total other comprehensive income | | (8.33) | (0.50) |
| G Total comprehensive income for the year (E+F) | | 506.62 | 309.64 |
| H Earnings per share (EPS) | 26 | | |
| [Nominal value of shares ₹ 1/- each (Previous year ₹ 1/- each)] | | | |
| Basic | | 4.27 | 2.52 |
| Diluted | | 4.27 | 2.52 |

See accompanying notes to the standalone financial statements

1-39

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
JITENDRA AGARWALPartner
Membership No. 087104**Sd/-**
SATINDER SINGH REKHIManaging Director
DIN: 00006955**Sd/-**
LT. GEN. BALDEV SINGH (RETD.)President & Senior Executive
Director
DIN: 00006966**Sd/-**
NAND SARDANA

Chief Financial Officer

Sd/-
BHASKER DUBEYCompany Secretary &
Compliance OfficerPlace : NOIDA
Date : February 09, 2020Place : Frankfurt, Germany
Date : February 09, 2020Place : NOIDA
Date : February 09, 2020Place : NOIDA
Date : February 09, 2020Place : NOIDA
Date : February 09, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

A. Equity share capital

| | (₹ in million) |
|--|----------------|
| Balance at January 01, 2018 | 123.21 |
| Share issued against ESOP | 0.04 |
| Issue of shares pursuant to merger of GM Solutions Private Limited [refer to Note 11(d)(i)] | 29.75 |
| Cancellation of shares pursuant to merger of GM Solutions Private Limited [refer to Note 11(d)(i)] | (29.75) |
| Balance at December 31, 2018 | 123.25 |
| Balance at January 01, 2019 | 123.25 |
| Buy-back of shares [refer to Note 11(d)(iii)] | (3.69) |
| Share issued against ESOP | 0.04 |
| Balance at December 31, 2019 | 119.60 |

Note:

- (1) Equity share capital is net of ₹0.74 million (December 31, 2018 : ₹0.74 million; January 01, 2018 : ₹0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (g)(i).

B. Other equity [refer to Note 12]

| Particulars | Reserves and Surplus | | | | | Other comprehensive Income Re-measurement of defined benefit plans | Total other equity |
|---|----------------------|----------------------------|---------------------------|-----------------|-------------------|---|--------------------|
| | Securities premium | Capital redemption reserve | Stock options outstanding | General Reserve | Retained earnings | | |
| | | | | | | | |
| Balance at January 01, 2018 | 275.95 | - | 3.39 | 158.73 | 1,900.20 | 8.04 | 2,346.31 |
| Net profit after tax for the year | | | | | 310.14 | | 310.14 |
| ESOP provision for the year | | | 1.40 | | | | 1.40 |
| Share issued against ESOP | 2.29 | | (1.87) | | | | 0.42 |
| Dividend paid (including CDT) | | | | | (85.49) | | (85.49) |
| Other comprehensive income for the year | | | | | | (0.50) | (0.50) |
| Balance at December 31, 2018 | 278.24 | - | 2.92 | 158.73 | 2,124.85 | 7.54 | 2,572.28 |
| Balance at January 01, 2019 | 278.24 | - | 2.92 | 158.73 | 2,124.85 | 7.54 | 2,572.28 |
| Net profit after tax for the year | | | | | 514.95 | | 514.95 |
| Buy-back of shares [refer to Note 11(d)(iii)] | (236.16) | 3.69 | | (3.69) | | | (236.16) |
| ESOP provision for the year | | | 0.67 | | | | 0.67 |
| Share issued against ESOP | 2.29 | | (1.87) | | | | 0.42 |
| Interim dividend (including CDT) (refer to Note 37) | | | | | (216.51) | | (216.51) |
| Other comprehensive income for the year | | | | | | (8.33) | (8.33) |
| Balance at December 31, 2019 | 44.37 | 3.69 | 1.72 | 155.04 | 2,423.29 | (0.79) | 2,627.32 |

Note :

- (1) Securities premium account is net of ₹2.28 million (December 31, 2018 : ₹2.28 million; January 01, 2018 : ₹2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (g)(i).

See accompanying notes to the standalone financial statements

1-39

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive
Director
DIN: 00006966

Sd/-
NAND SARDANA
Chief Financial Officer

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BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 09, 2020

Place : Frankfurt, Germany
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

(₹ in million)

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| A. Cash flows from operating activities | | |
| Net profit after tax | 514.95 | 310.14 |
| Adjustments for: | | |
| Tax expense | 116.63 | 95.30 |
| Depreciation and amortisation expense | 85.91 | 73.01 |
| Provision / (Reversal) for doubtful debts (net) | (9.92) | 15.70 |
| Employee share based payments expense | 0.67 | 1.40 |
| Unrealised foreign exchange loss / (gain) | (16.27) | 7.67 |
| Unrealised loss / (gain) on derivative instruments | 9.30 | (6.26) |
| Interest income | (50.50) | (57.81) |
| Rental income from investment property | (6.72) | (6.78) |
| Net gain arising on financial assets measured at FVTPL | (17.94) | (10.20) |
| Profit on sale / discarding of property, plant and equipment (net) | (0.46) | (0.01) |
| Interest expenses | 4.26 | 2.32 |
| Operating profit before working capital changes | 629.91 | 424.48 |
| Movements in working capital: | | |
| (Increase) / Decrease in trade receivables | 70.58 | (74.09) |
| (Increase) / Decrease in other assets | (82.72) | (77.79) |
| Increase / (Decrease) in provisions | 22.00 | 17.11 |
| Increase / (Decrease) in trade payables and other liabilities | (41.56) | 53.57 |
| Cash generated from operations | 598.21 | 343.28 |
| Direct taxes paid, net of refunds | (88.96) | (113.37) |
| Net cash from operating activities (A) | 509.25 | 229.91 |
| B. Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (132.51) | (113.93) |
| Purchase of intangible assets | (0.90) | (0.57) |
| Proceeds from sale of property, plant and equipment | 1.98 | 1.37 |
| Proceeds from redemption of debentures | - | 175.12 |
| Investment in mutual fund | (125.00) | (140.00) |
| Investment in subsidiary | (0.47) | (53.14) |
| Proceeds from / (investment in) fixed deposits with scheduled banks (net) | 293.08 | (126.97) |
| Interest received | 49.72 | 60.80 |
| Rental income from investment property | 6.72 | 6.56 |
| Net cash from / (used in) investing activities (B) | 92.62 | (190.76) |

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

(₹ in million)

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| C. Cash flows used in financing activities | | |
| Proceeds from long-term borrowings | 8.83 | 4.65 |
| Repayment of long-term borrowings- current maturities | (5.62) | (5.02) |
| Proceeds from other non-current assets | 0.01 | (0.05) |
| Amount used in buy-back of equity shares | (239.85) | - |
| Proceeds from issuance of equity shares | 0.45 | 0.45 |
| Interest paid | (4.23) | (2.07) |
| Interim dividend (refer to Note 37) | (180.51) | (67.79) |
| CDT on interim dividend | (37.10) | (17.70) |
| Net cash used in financing activities (C) | (458.02) | (87.53) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 143.85 | (48.38) |
| Add: Cash and cash equivalents at the beginning of the year | 300.19 | 348.68 |
| Add: Effect of exchange differences on cash and cash equivalents held in foreign currency | 3.05 | (0.11) |
| Cash and cash equivalents at the end of the year (refer to Note 8a) | 447.09 | 300.19 |

Note:

(1) Figures in brackets indicate cash out flow.

See accompanying notes to the standalone financial statements. 1-39

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

**Sd/-
JITENDRA AGARWAL**
Partner
Membership No. 087104

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Managing Director
DIN: 00006955

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President & Senior Executive
Director
DIN: 00006966

**Sd/-
NAND SARDANA**
Chief Financial Officer

**Sd/-
BHASKER DUBEY**
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 09, 2020

Place : Frankfurt, Germany
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

Place : NOIDA
Date : February 09, 2020

NOTES

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. Nature of operations

R Systems International Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company is a leading global provider of technology, artificial intelligence, RPA services and solutions along with business process outsourcing services. The Company delivers its services and solutions to leading technology companies and businesses to enable their digital transformation. The Company's services and solutions span over five major business verticals i.e. Technology, Telecom, Healthcare and Life Science, Finance and Insurance, and Retail & e-commerce.

2. Significant Accounting Policies

(a) Statement of compliance

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

The Company has consistently applied accounting policies to all periods except for the following changes in Ind AS which have been adopted using the cumulative catch-up transition method.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with effect from January 01, 2019. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted the standard using the cumulative catch-up transition method and accordingly comparatives for the year ending December 31, 2018 have not been retrospectively adjusted. The application of Ind AS 115 did not have material impact on the financial statements.

(b) Functional and presentation currency

These financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

(c) Basis of preparation and presentation

The financial statements of the Company have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments and equity settled employee stock options which have been measured at fair value.

Historical cost is generally based on the fair value of consideration given in exchange of goods and services.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

Level 3 inputs are unobservable inputs for the asset or liability.

(d) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

When part of an item of property plant and equipment has different useful lives, they are accounted for as separate items (major component) of property plant and equipment. Subsequent expenditure related to an

item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

(e) Depreciation

Depreciation is calculated on cost of items of Property, Plant and Equipment and Investment Property, less their estimated residual values using the straight line method over the useful lives of the assets estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

| Category | Useful life |
|---|--------------------------------------|
| Leasehold land | Lease Period |
| Buildings | 30 years |
| Leasehold improvements | Lower of lease period or useful life |
| Plant and equipment - other than air conditioners | 15 years |
| Air conditioners | 5 years |
| Office Equipment (other than end user devices) | 5 years |
| Computer hardware and network installations (other than end user devices) | 6 years |
| End-user devices such as desktop, laptop, mobile phones etc. | 3 years |
| Furniture and fittings | 10 years |
| Vehicles | 8 years |
| Electrical Installation | 10 years |

(f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation

and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

A summary of amortisation policies applied to the Company's intangible assets are as below:

| Category | Useful life |
|-------------------|------------------------------------|
| Computer software | Lower of license period or 3 years |

(g) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(h) Government grants

The Company enjoys exemption from payment of duty on import of goods subject to certain performance conditions being fulfilled by the Company. Such exemption is considered as a government grant. Grants from the government are recognised when there is reasonable assurance that the Company will comply with those conditions. The carrying amount of an item of property, plant and equipment is reduced by government grants i.e. the asset is accounted for on the basis of its net acquisition cost. The grant is recognised in profit or loss over the life of a depreciable asset in the form of reduced depreciation expense.

(i) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

(iii) Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated

in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

(iv) Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the

dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(v) Investment in subsidiary companies

Investment in subsidiary companies is measured at cost.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

(i) For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

(ii) Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

- (iii) For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(k) Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as:

- Financial liabilities at amortised cost

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

- Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all change recognised in the statement of profit and loss.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

The Company also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that

are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit or loss.

(l) Impairment

i. Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii. Non-financial assets

The Company's non-financial assets, excluding deferred tax assets, are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(m) Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or

loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or

loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(n) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(o) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company is a lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

Where the Company is a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land and 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 recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

(p) Revenue

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

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

Contract modifications are accounted for when additions, deletions or changes are approved either to

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

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

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

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

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

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

Unbilled revenue for fixed price contracts are classified as non-financial asset if the contractual right to consideration is dependent on completion of contractual milestones. Unbilled revenue on contracts other than above is classified as a financial asset.

(q) Other income

Other income is comprised primarily of interest income, gain/loss on investments and exchange gain/loss on forward contracts and exchange differences arising on conversion / settlement of foreign currency monetary items. Interest income is recognised on a time proportion basis taking into account the carrying amount and the effective interest rate. Dividend

income is recognised when the Company's right to receive dividend is established.

(r) Foreign currency transactions and balances

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognised as income or expenses in the year in which they arise.

(s) Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

- (i) The Company's contribution to provident fund, employee state insurance scheme and other social security plans are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.
- (ii) Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The

cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the re-measurements, comprising of actuarial gains and losses which are recognised in full in the statement of other comprehensive income in the reporting period in which they occur. Re-measurements are not reclassified to profit and loss subsequently.

(iii) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Company recognises actuarial gains and losses immediately in the statement of profit and loss.

The Company presents the entire Compensated absences liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(t) Employee stock compensation expenses

The employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognised as employee compensation cost over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognised in the statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(u) Income taxes

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Deferred tax

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused

tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognised as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(v) Segment reporting

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various

performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Each segment item reported is measured at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Inter segment transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

(w) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by R Systems Employee Welfare Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(x) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(y) Contingent liabilities

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

(z) Business combinations

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

(aa) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(bb) Use of estimates and judgement

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. These estimates are based on the management's best knowledge of current events, historical experience, actions that the

Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

i. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Company's major tax jurisdictions is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

The Company reviews carrying amount of deferred tax assets at the end of each reporting period.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Impairment of investments

The Company reviews its carrying value of investments at each Balance Sheet date, or more frequently when there is an indication of impairment. If the recoverable amount is less

than its carrying amount, the impairment loss is accounted for.

New standards and interpretations not yet adopted

a. Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The standard permits two possible methods of transition:

- Full retrospective – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Company will adopt the standard on January 1, 2020 by using the modified retrospective approach and accordingly comparatives for the year ending December 31, 2019 will not be retrospectively adjusted. The Company is in the process of evaluating the impact of adoption of Ind AS 116 on its financial statements.

b. Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each treatment, or a group of tax treatments, that the companies have

used or plan to use in their tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application.

The amendment is effective for annual periods beginning on or after April 1, 2019. The Company will adopt the standard on January 1, 2020 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. January 1, 2020 without adjusting comparatives. The effect of this amendment is expected to be insignificant.

c. Amendment to Ind AS 12 'Income Taxes'

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences

of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment also clarifies that an entity shall recognise the income tax consequences of dividends when it recognises a liability to pay the dividend. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company will adopt the standard on January 1, 2020. The effect of this amendment is expected to be insignificant.

d. Amendment to Ind AS 19 'Employee Benefits'

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The amendment is effective for annual periods beginning on or after April 1, 2019. The Company will adopt the standard on January 1, 2020. The effect of this amendment is expected to be insignificant.

3(a). Property, plant and equipment (₹ in million)

| Particulars | Leasehold land | Buildings and leasehold improvements | Plant and equipment | Electric Installation | Furniture and fittings ¹ | Computers | Vehicles ² | Office equipment | Total |
|---------------------------------|----------------|--------------------------------------|---------------------|-----------------------|-------------------------------------|-----------|-----------------------|------------------|---------|
| At cost | | | | | | | | | |
| Gross Block | | | | | | | | | |
| As at January 01, 2018 | 14.58 | 85.77 | 55.09 | 19.75 | 89.07 | 317.99 | 46.80 | 33.90 | 662.95 |
| Additions | - | - | - | - | 2.18 | 44.01 | 8.84 | 4.37 | 59.40 |
| Deletions | - | - | (0.01) | (0.01) | (0.01) | (18.08) | (4.78) | (2.21) | (25.10) |
| As at December 31, 2018 | 14.58 | 85.77 | 55.08 | 19.74 | 91.24 | 343.92 | 50.86 | 36.06 | 697.25 |
| Additions | - | - | 3.50 | - | 22.07 | 133.68 | 18.57 | 3.11 | 180.93 |
| Deletions | - | - | - | - | - | (6.15) | (5.46) | (0.31) | (11.92) |
| As at December 31, 2019 | 14.58 | 85.77 | 58.58 | 19.74 | 113.31 | 471.45 | 63.97 | 38.86 | 866.26 |
| Accumulated Depreciation | | | | | | | | | |
| As at January 01, 2018 | 3.15 | 24.98 | 23.38 | 17.46 | 73.13 | 219.10 | 18.30 | 25.00 | 404.50 |
| Charge for the year | 0.17 | 3.78 | 4.10 | 0.50 | 2.21 | 47.29 | 5.90 | 4.27 | 68.22 |
| Deletions | - | - | (0.01) | (0.01) | (0.01) | (18.08) | (3.57) | (2.06) | (23.74) |
| As at December 31, 2018 | 3.32 | 28.76 | 27.47 | 17.95 | 75.33 | 248.31 | 20.63 | 27.21 | 448.98 |
| Charge for the year | 0.14 | 3.80 | 4.24 | 0.27 | 4.11 | 59.18 | 7.04 | 4.18 | 82.96 |
| Deletions | - | - | - | - | - | (6.12) | (4.00) | (0.28) | (10.40) |
| As at December 31, 2019 | 3.46 | 32.56 | 31.71 | 18.22 | 79.44 | 301.37 | 23.67 | 31.11 | 521.54 |
| Net block | | | | | | | | | |
| As at December 31, 2018 | 11.26 | 57.01 | 27.61 | 1.79 | 15.91 | 95.61 | 30.23 | 8.85 | 248.27 |
| As at December 31, 2019 | 11.12 | 53.21 | 26.87 | 1.52 | 33.87 | 170.08 | 40.30 | 7.75 | 344.72 |

Notes:

- (1) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2019 ₹ 33.00 million (December 31, 2018 ₹ 11.00 million), Depreciation charge for the year ₹ 3.03 million (previous year ₹ 1.10 million), Accumulated depreciation as at December 31, 2019 ₹ 5.27 million (December 31, 2018 ₹ 2.24 million) and Net book value as at December 31, 2019 ₹ 27.73 million (December 31, 2018 ₹ 8.76 million).
- (2) Vehicles amounting to ₹ 25.78 million (as at December 31, 2018 : ₹ 20.95 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.
- (3) Refer to Note 32 for capital commitment, Note 33(a) for finance lease obligation and Note 8(c) for assets pledged as security for liabilities.

3(b). Capital work in progress (₹ in million)

| Particulars | Amount |
|-------------------------|--------|
| As at December 31, 2018 | 15.73 |
| As at December 31, 2019 | 17.94 |

3 (c). Investment property (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Cost of land and building given on operating lease | | |
| Balance at beginning of the year | 35.96 | 35.96 |
| Additions | - | - |
| Balance at the end of year | 35.96 | 35.96 |
| Accumulated depreciation | | |
| Balance at beginning of the year | 12.65 | 11.18 |
| Charge for the year | 1.47 | 1.47 |
| Balance at the end of year | 14.12 | 12.65 |
| Net block | 21.84 | 23.31 |

Measurement of fair values

Investment property consists of land and building situated at Pune, India and is accounted for at cost. The Company has estimated that the fair value of investment property as at December 31, 2019 was ₹95.50 million (Previous year: ₹95.50 million). The fair value has been determined based on current prices in an active market for similar properties. The fair value measurement for the investment property has been categorised as a Level 2.

3 (d). Intangible assets (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|-----------------------------------|----------------------------|----------------------------|
| Software (at cost) | | |
| Gross Block | | |
| Balance at beginning of the year | 135.33 | 134.88 |
| Additions | 0.90 | 0.57 |
| Deletions | - | (0.12) |
| Balance at the end of year | 136.23 | 135.33 |
| Accumulated amortisation | | |
| Balance at beginning of the year | 133.64 | 130.44 |
| Charge for the year | 1.48 | 3.32 |
| Deletions | - | (0.12) |
| Balance at the end of year | 135.12 | 133.64 |
| Net block | 1.11 | 1.69 |

4. Investments (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| A. Non-current investments | | |
| Unquoted investments (fully paid), measured at FVTPL | | |
| Investment in Saraswat Co-operative Bank Ltd 2,500 (previous year 2,500) shares of ₹10 each fully paid up | 0.03 | 0.03 |
| Total Investment measured at FVTPL | 0.03 | 0.03 |
| Investment in subsidiaries, measured at cost | | |
| (i) Investment in R Systems, Inc., USA 2,150 (previous year 2,150) shares of "no par" value | 281.17 | 281.17 |
| (ii) Investment in R Systems (Singapore) Pte. Ltd., Singapore 5,780,768 (previous year 5,780,768) ordinary shares of "no par" value | 274.56 | 274.56 |
| (iii) Investment in R Systems Technologies Limited, USA 243,750 (previous year 243,750) common stock of "no par" value | 10.79 | 10.79 |
| Less: Provision for diminution in the value of investment | (10.78) | (10.78) |
| | 0.01 | 0.01 |

(₹ in million)

| Particulars | As at | |
|---|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| (iv) Investment in ECnet Limited, Singapore | | |
| 63,891,260 (previous year 63,891,260) ordinary shares of "no par" value | 36.34 | 36.34 |
| Less: Provision for diminution in the value of investment | (5.53) | (5.53) |
| (v) Investment in Computaris International Limited, UK | | |
| 66,500 (previous year 66,500) ordinary shares of GBP 0.01 each fully paid up | 350.63 | 350.63 |
| (vi) Investment in RSYS Technologies Limited, Canada | | |
| 200 (previous year 200) Class A common shares of CAD 1 each fully paid up | 58.18 | 58.18 |
| 25 (previous year 25) Class B preferred shares of CAD 3,992 each fully paid up | | |
| 250 (previous year 250) Class B preferred shares of CAD 4,000 each fully paid up | | |
| (vii) Investment in IBIZ Consultancy Services India Private Limited (refer to note below) | 0.47 | - |
| 50,000 (previous year Nil) equity shares of ₹10 each fully paid | | |
| Total investment measured at cost | 995.83 | 995.36 |
| Aggregate carrying value of Non-current unquoted investments | 995.86 | 995.39 |
| Provision for investments | 16.31 | 16.31 |

Note:

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

(₹ in million)

| Particulars | As at | |
|---|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| B. Current Investment | | |
| Quoted investment in mutual funds, measured at FVTPL | | |
| 30,223 (previous year 18,376) units of SBI Premier Liquid Fund | 92.38 | 52.64 |
| 22,709 (previous year 14,627) units of HDFC Liquid Fund | 87.17 | 52.63 |
| 223,226 (previous year 115,669) units of ICICI Prudential Liquid Fund | 64.65 | 31.41 |
| 205,428 (previous year 106,472) units of Aditya Birla Sunlife Liquid Fund | 64.73 | 31.41 |
| 15,428 (previous year 15,428) units of Axis Liquid Fund | 33.52 | 31.41 |
| Total investment in Mutual funds | 342.45 | 199.50 |
| Total current investment (quoted) | 342.45 | 199.50 |

5. Other non-current financial assets

(₹ in million)

| Particulars | As at | |
|--|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Unsecured, considered good | | |
| Security deposits | 23.00 | 18.53 |
| Margin money deposits (refer to Note 8b) | 46.55 | 45.20 |
| Interest accrued on fixed deposits | 1.83 | 1.57 |
| Staff advance | 0.13 | 0.29 |
| | 71.51 | 65.59 |

6. Other non-current assets

(₹ in million)

| Particulars | As at | |
|-----------------------------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Unsecured, considered good | | |
| Capital advances | 9.92 | 40.64 |
| Prepaid expenses | 27.44 | 7.32 |
| | 37.36 | 47.96 |

7. Trade receivables (Unsecured) (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Considered good | 573.57 | 621.13 |
| Credit impaired | 2.41 | 18.19 |
| Less: Allowance for doubtful debts (expected credit loss allowance) | (2.41) | (18.19) |
| | 573.57 | 621.13 |

Refer to Note 31 for related party balances.

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date.

| Ageing | Expected credit loss * |
|--------------------|------------------------|
| Not due | 0.01% |
| 0-90 days | 0.02% |
| 90-180 days | 0.18% |
| 180-365 days | 0.50% |
| More than 365 days | 2.00% |

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

(₹ in million)

| Movement in expected credit loss allowance | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Balance at the beginning of the year | 18.19 | 6.77 |
| Provision / (Reversal) for doubtful debts (net) | (9.92) | 15.70 |
| Bad debts written off | (4.59) | (5.75) |
| Effect of foreign exchange fluctuation | (1.27) | 1.47 |
| Balance at the end of the year | 2.41 | 18.19 |

8a. Cash and cash equivalents (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| (a) Cash on hand | 0.51 | 0.45 |
| (b) Balances with scheduled banks | | |
| (i) in current accounts | 19.36 | 16.91 |
| (ii) in EEFC accounts | 147.89 | 64.64 |
| (iii) Deposit accounts with original maturity of less than 3 months | 204.72 | 142.40 |
| (c) Balances with other banks | | |
| (i) in current accounts | 74.61 | 75.79 |
| Cash and cash equivalents | 447.09 | 300.19 |

8b. Other bank balances (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| (a) In other deposit accounts | | |
| (i) original maturity more than 12 months | 229.77 | 352.10 |
| (ii) original maturity more than 3 months but less than 12 months | - | 172.10 |
| (iii) held as margin money | 46.55 | 45.20 |
| Deposits with banks carried at amortised costs | 276.32 | 569.40 |
| Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9 | (229.77) | (352.10) |
| Less: Margin money deposit disclosed under Note 5 | (46.55) | (45.20) |
| | - | 172.10 |
| (b) Balances with scheduled banks | | |
| (i) in unclaimed dividend accounts | 2.39 | 2.95 |
| (ii) Bank balance towards interim dividend [refer to Note 37] | 180.51 | - |
| Total - Other bank balances | 182.90 | 175.05 |

Note:

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

8c. Cash and bank balances (₹ in million)

| S. No. | Particulars | As at December 31, 2019 | As at December 31, 2018 |
|----------|--|----------------------------|----------------------------|
| A | Cash on Hand | 0.51 | 0.45 |
| | Balances with scheduled banks | | |
| B | In current accounts | | |
| 1 | ICICI Bank Limited | 8.62 | 4.99 |
| 2 | HDFC Bank Limited | 4.29 | 2.60 |
| 3 | Oriental Bank of Commerce | 0.55 | 3.16 |
| 4 | State Bank of India | 1.00 | 0.76 |
| 5 | Axis Bank Limited | 4.84 | 5.26 |
| 6 | Kotak Mahindra Bank Limited | 0.06 | 0.14 |
| | | 19.36 | 16.91 |
| C | In cash credit / overdraft account* | | |
| 1 | Axis bank account | - | - |
| D | In EEFC accounts | | |
| 1 | ICICI Bank Limited- USD | 73.69 | 12.90 |
| 2 | ICICI Bank Limited- CAD | 0.12 | - |
| 3 | Axis Bank Limited-USD | 64.93 | 44.14 |
| 4 | Axis Bank Limited-EURO | 7.29 | 5.88 |
| 5 | Axis Bank Limited-GBP | 0.57 | 0.55 |
| 6 | Axis Bank Limited-CAD | 1.29 | 1.17 |
| | | 147.89 | 64.64 |
| E | In deposit accounts | | |
| 1 | State Bank of India | 25.54 | 24.21 |
| 2 | ICICI Bank Limited | 12.37 | 57.34 |
| 3 | Axis Bank Limited | 269.38 | 399.90 |
| 4 | Kotak Mahindra Bank Limited | 113.75 | 184.61 |
| 5 | HDFC Bank Limited | 60.00 | 45.74 |
| | | 481.04 | 711.80 |
| F | In unclaimed dividend accounts | | |
| 1 | HDFC Bank Limited | 2.12 | 2.68 |
| 2 | Kotak Mahindra Bank Limited | 0.27 | 0.27 |
| | | 2.39 | 2.95 |

(₹ in million)

| S. No. | Particulars | As at December 31, 2019 | As at December 31, 2018 |
|----------|---|----------------------------|----------------------------|
| G | Bank balance towards interim dividend | | |
| 1 | HDFC Bank Limited (refer to Note 37) | 180.51 | - |
| | | 180.51 | - |
| | Balance with other banks | | |
| H | In current accounts | | |
| 1 | California Bank & Trust, USA | 74.61 | 75.79 |
| | Total cash and bank balances (A+B+C+D+E+F+G+H) | 906.31 | 872.54 |
| | Cash and cash equivalents (refer to Note 8a) | 447.09 | 300.19 |
| | Deposits with banks (refer to Note 8b) | 276.32 | 569.40 |
| | Balance in unclaimed dividend accounts (refer to Note 8b) | 2.39 | 2.95 |
| | Bank balance towards interim dividend (refer to Note 8b) | 180.51 | - |
| | Total cash and bank balances | 906.31 | 872.54 |

* 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.

9. **Other current financial assets** (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| Staff advance | 2.91 | 2.81 |
| Recoverable from related parties (refer to Note 31) | 2.56 | 1.04 |
| Unbilled revenue (refer to Note 19) | 136.89 | 110.10 |
| Security deposits | 1.92 | 0.68 |
| Bank deposits with original maturity of more than 12 months (refer to Note 8b) | 229.77 | 352.10 |
| Mark-to-market gain on derivative instruments (refer to Note 28) | 13.29 | 22.59 |
| Interest accrued on fixed deposits | 2.17 | 5.02 |
| Others | 0.22 | 0.51 |
| | 389.73 | 494.85 |

10. **Other current assets** (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---------------------------------------|----------------------------|----------------------------|
| Balance with indirect tax authorities | 41.89 | 24.62 |
| Unbilled revenue (refer to Note 19) | 13.29 | - |
| Prepaid expenses | 70.93 | 62.74 |
| Advance to vendors | 0.73 | 0.43 |
| Tour and travel advance | 5.30 | 11.93 |
| | 132.14 | 99.72 |

11. **Equity share capital** (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| Authorised | | |
| 206,000,000 (December 31 2018: 206,000,000) equity shares of ₹ 1 each | 206.00 | 206.00 |
| Issued, subscribed and fully paid up | | |
| 120,337,925 (December 31 2018: 123,990,425) equity shares of ₹ 1 each | 120.34 | 123.99 |
| Less: Shares held by R Systems Employees Welfare Trust [refer to Note g(i) below] | 0.74 | 0.74 |
| | 119.60 | 123.25 |

Notes:**(a) Reconciliation of number of shares and amount of share capital outstanding at the beginning and at the closing of the year:**

| Particulars | Year ended December 31, 2019 | | Year ended December 31, 2018 | |
|---|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
| | Number | Amount (₹ in million) | Number | Amount (₹ in million) |
| At the beginning of the year | 23,990,425 | 123.99 | 123,952,925 | 123.95 |
| Buy-back of shares [refer to Note (d)(ii) below] | (3,690,000) | (3.69) | - | - |
| Shares issued pursuant to merger of GM Solutions Private Limited [refer to Note (d)(i) below] | - | - | 29,746,353 | 29.75 |
| Shares extinguished pursuant to merger of GM Solutions Private Limited [refer to Note (d)(i) below] | - | - | (29,746,353) | (29.75) |
| Issued during the year* | 37,500 | 0.04 | 37,500 | 0.04 |
| Outstanding at the closing of the year | 120,337,925 | 120.34 | 123,990,425 | 123.99 |

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

(b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

The Company does not have any holding / ultimate holding company.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**(i) Shares issued pursuant to merger of GM Solutions Private Limited:**

Pursuant to the scheme of amalgamation between GM Solutions Private Limited (GM Solutions) and the Company and their respective shareholders and creditors, 29,746,353 fully paid equity shares of the face value of ₹ 1/- each of the Company were issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions and equivalent number of shares of the Company as held by GM Solutions were cancelled and extinguished. There was no change in the paid up share capital of the Company pursuant to the aforesaid Amalgamation.

(ii) Shares bought back:

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

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

During the year ended December 31 2015, the Company bought back 0.68 million equity shares of ₹ 1 each for an aggregate amount of ₹59.57 million. All the shares bought back had been extinguished within the statutory time limits and the said buy back was closed on April 23, 2015.

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

| Name of shareholder | As at | | As at | |
|--|--------------------|--------------|--------------------|--------------|
| | December 31, 2019 | | December 31, 2018 | |
| | No. of shares held | % of Holding | No. of shares held | % of Holding |
| RightMatch Holdings Limited (refer to Note 36) | 8,828,489 | 7.34 | 9,076,218 | 7.32 |
| Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi) | 11,818,061 | 9.82 | 12,150,731 | 9.80 |
| Sartaj Singh Rekhi | 19,260,269 | 16.01 | 19,800,619 | 15.97 |
| Ramneet Singh Rekhi | 16,396,505 | 13.63 | 16,857,524 | 13.60 |
| Bhavook Tripathi # | 44,091,982 | 36.64 | 44,662,112 | 36.02 |

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Not having significant influence over the Company.

(g) **Shares reserved for issue under options**

(i) **R Systems International Limited Employees Stock Option Plan – Year 2001 ('the Plan' or 'ESOP Plan 2001')**

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of ₹3.38 million. Consequently, Indus had allotted 21,967 equity shares of ₹10 each at a premium of ₹144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. The Company had issued 206,822 equity shares of ₹2 each at a premium of ₹113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares, 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of ₹2 each into one equity share of ₹10 each, then issued 1:1 bonus share to each of the then existing shareholders and further sub-divided each of the equity shares of ₹10 each into 10 equity shares of ₹1 each. Consequently, the total number of shares issued are now 738,980 equity shares of ₹1 each, which are treated as Treasury Shares.

The account balances of R Systems Trust have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the R Systems Trust functions as an extension of the Company. Therefore, an amount of ₹0.74 million and ₹2.28 million has been adjusted against issued, subscribed and paid-up capital and Securities Premium Account, respectively.

The movement in the options (in equivalent number of shares of the Company) held by the R Systems Trust during the year ended December 31, 2019 and the year ended December 31, 2018 is set out below:

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| At the beginning | | |
| - Grants outstanding under the plan (₹1 per share) | - | - |
| - Grants pending determination by the Compensation Committee (₹1 per share) | 738,980 | 738,980 |
| During the year | | |
| - Options granted (₹1 per share) | - | - |
| - Options exercised (₹1 per share) | - | - |
| - Options/grants lapsed or surrendered (₹1 per share) | - | - |
| At the end | | |
| - Grants outstanding under the plan (₹1 per share) | - | - |
| - Grants pending determination by the Compensation Committee (₹1 per share) | 738,980 | 738,980 |

Board of Directors of R Systems International Limited at its meeting held on May 02, 2019 have approved the Scheme of Reduction of Capital pursuant to the provisions of section 66 of the Companies Act, 2013. The scheme provided for re-organisation and reduction of equity share capital of the Company. The said scheme has been approved by Shareholders of the Company on May 28, 2019. The Company has applied to the Hon'ble National Company Law Tribunal, New Delhi, for its necessary directions and approval.

Subsequent to the year end, the reduction in share capital of the Company has been approved by the National Company Law Tribunal, New Delhi vide order dated January 28, 2020. Pursuant to the said order, the paid up share capital of the Company will be reduced by the aforesaid 0.74 million equity shares of the Company held by the R Systems Trust.

(ii) **R Systems International Limited Employee Stock Option Scheme 2007 ('the Plan' or 'ESOP Plan 2007')**

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is ₹120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as ₹Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of ₹10 each into 10 equity shares of ₹1 each, the exercise price is accordingly adjusted from ₹120.70 per share to ₹12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of ₹12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2019 and year ended December 31, 2018 is set out below:

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| At the beginning | | |
| - Options exercisable under the plan (₹1 per share) | 75,000 | 112,500 |
| - Grants pending determination by the Compensation Committee (₹1 per share) | - | - |
| During the year | | |
| - Options granted (₹1 per share) | - | - |
| - Options exercised (₹1 per share) | (37,500) | (37,500) |
| - Options/grants lapsed or surrendered (₹1 per share) | - | - |
| At the end | | |
| - Options exercisable under the plan (₹1 per share) | 37,500 | 75,000 |
| - Grants pending determination by the Compensation Committee (₹1 per share) | - | - |
| Options vested during the year | 37,500 | 37,500 |

For options exercised during the year 2019, the weighted average share price at the exercise date was ₹46.68 (Previous year ₹38.78). The weighted average remaining contractual life for the stock options as at December 31, 2019 is 76 months (as at December 31, 2018 : 88 months).

Fair value of share options

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

| Particulars | Outstanding option under ESOP Plan 2011* | Outstanding option under ESOP Plan 2007 |
|--|---|---|
| Stock option fair value using Black - Scholes option pricing | Nil | 49.89 |
| Exercise price | 154.00 | 12.07 |
| Expected volatility (in %) | 0.5 | 55.32-55.83 |
| Expected option life | 2.5 years (being half of the maximum option life) | 4 years i.e. 25% vesting at the end of each year from the date of grant |
| Exercise period | 1 year from the date of grant | 10 years from the date of grant |
| Dividend yield (in %) | 15.00 | 1.32 |
| Risk-free interest rate (in %) | 11.30 | 7.84 |

* Originally the price was based on ₹ 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, the Company had issued 206,822 equity shares of ₹ 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai. The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of ₹ 2 each into 1 equity share of ₹ 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of ₹ 10 each into 10 equity shares of ₹ 1 each as per record date of February 28, 2014.

12. Other equity (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|-------------------------|-------------------------|
| a. Securities premium Securities premium is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013. | 44.37 | 278.24 |
| b. Capital redemption reserve The capital redemption reserve was created by transfer from general reserve of an amount equal to the nominal value of equity shares bought back by the Company. It is utilised in accordance with the provisions of the Companies Act, 2013. | 3.69 | - |
| c. Stock options outstanding The stock option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium account upon exercise of stock options by the employees. In case of forfeiture, corresponding balance is transferred to general reserve. | 1.72 | 2.92 |
| d. General Reserve The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. | 155.04 | 158.73 |
| e. Retained earnings Retained earnings comprises the Company's undistributed earnings after taxes. | 2,423.29 | 2,124.85 |
| f. Other comprehensive income Re-measurement of defined benefit plans Other comprehensive income consists of re-measurements of net defined benefit liability/assets (net of tax). | (0.79) | 7.54 |
| Total other Equity | 2,627.32 | 2,572.28 |

Note:

(1) Year-wise movement of the individual line items above is given in the Statement of Changes in Equity.

13. Non- current borrowings (at amortised cost) (₹ in million)

| Particulars | As at | As at |
|--|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Term loans for motor vehicles from non banking financial corporation (secured) | 13.20 | 9.36 |
| Finance lease obligations (Unsecured) | 31.99 | 10.61 |
| | 45.19 | 19.97 |
| Less: | | |
| Current maturities of term loans for motor vehicles (refer to Note 16) | 5.08 | 3.86 |
| Current maturities of finance lease obligation (refer to Note 16) | 0.64 | 0.20 |
| | 39.47 | 15.91 |

Notes:

- (1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 10.26% 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 obligations are unsecured. The interest rate implicit in aforesaid lease is 10.80% to 11.94% per annum. The lease obligations are repayable in 180 months from the date of lease.

14. Other non-current financial liabilities (₹ in million)

| Particulars | As at | As at |
|-------------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Security deposits | 3.99 | 2.96 |
| | 3.99 | 2.96 |

15. Provisions (₹ in million)

| Particulars | As at | As at |
|--|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Long-term provision for employee benefits | | |
| - Gratuity | 133.20 | 109.60 |
| | 133.20 | 109.60 |

Also refer to Note 21 for detailed disclosures

16. Other current financial liabilities (₹ in million)

| Particulars | As at | As at |
|---|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Current maturity of term loan for motor vehicles (refer to Note 13) | 5.08 | 3.86 |
| Current maturity of finance lease obligations (refer to Note 13) | 0.64 | 0.20 |
| Payable to subsidiary companies | 21.74 | 16.36 |
| Security deposits received | 9.08 | 9.48 |
| Liability for interim dividend (refer to Note 37) | 179.40 | - |
| Investor education and protection fund (not due) - Unclaimed dividend | 2.39 | 2.95 |
| Employee benefits payable | 127.01 | 112.15 |
| Capital creditors | - | 2.08 |
| Other financial liabilities | 3.41 | 3.41 |
| | 348.75 | 150.49 |

17. Provisions (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Short-term provision for employee benefits | | |
| - Gratuity | - | 4.80 |
| - Compensated absence | 96.79 | 80.89 |
| | 96.79 | 85.69 |

Also refer to Note 21 for detailed disclosures

18. Other current liabilities (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--------------------------------------|----------------------------|----------------------------|
| Statutory dues payable | | |
| Tax deducted at source | 15.83 | 14.22 |
| Provident fund / 401K payable | 16.85 | 14.20 |
| Goods and service tax payable | 3.15 | 3.35 |
| Others | 0.34 | 0.23 |
| Unearned revenues (refer to Note 19) | 146.48 | 212.56 |
| | 182.65 | 244.56 |

19. Revenue from operations (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|------------------|---------------------------------|---------------------------------|
| Sale of services | 3,917.69 | 3,172.13 |
| | 3,917.69 | 3,172.13 |

Disaggregate revenue information

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

Revenue by geography for the year ended December 31, 2019: (₹ in million)

| | |
|-----------------|-----------------|
| India | 110.42 |
| North America | 3,148.94 |
| South East Asia | 56.80 |
| Europe | 596.21 |
| Others | 5.33 |
| | 3,917.69 |

Revenue by customer's industry type for the year ended December 31, 2019: (₹ in million)

| | |
|-----------------------------|-----------------|
| Technology | 2,209.45 |
| Telecom | 391.88 |
| Healthcare and life science | 456.24 |
| Finance and insurance | 401.10 |
| Others | 459.02 |
| | 3,917.69 |

Trade receivables and contract balances

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

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

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

Invoicing in excess of earnings is classified as unearned revenue.

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

During the year ended December 31, 2019, the company recognised revenue of ₹208.14 million arising from opening unearned revenue as of January 1, 2019.

During the year ended December 31, 2019, ₹0.91 million of unbilled revenue pertaining to fixed price contracts as of January 1, 2019 has been billed to customers as per billing milestones.

Performance obligations and remaining performance obligations

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

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

20. Other income (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| Interest income on | | |
| - Bank deposits | 49.99 | 49.76 |
| - Debentures | - | 7.67 |
| - Financial instruments measured at amortised cost | 0.51 | 0.38 |
| Rental income from investment property | 6.72 | 6.78 |
| Foreign exchange fluctuation (net) | 59.98 | 11.83 |
| Reversal of provision for doubtful debts (net) | 9.92 | - |
| Profit on sale of property, plant and equipment (net) | 0.46 | 0.01 |
| Miscellaneous income | 1.19 | 0.65 |
| Net gain arising on financial assets measured at FVTPL | 17.94 | 10.20 |
| | 146.71 | 87.28 |

21. Employee benefits expense (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Salaries, wages and bonus | 2,442.98 | 1,991.49 |
| Gratuity expenses | 26.64 | 36.50 |
| Contribution to provident and other funds | 93.22 | 76.72 |
| Employees' share based payments expense | 0.67 | 1.40 |
| Staff welfare expenses | 78.33 | 63.07 |
| | 2,641.84 | 2,169.18 |

Gratuity

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of ₹ 2 million [previous year ₹ 2 million].

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

| Particulars | (₹ in million) | |
|---|---------------------------------|---------------------------------|
| | Year ended December 31, 2019 | Year ended December 31, 2018 |
| Service cost | 19.00 | 29.50 |
| Net interest cost | 7.64 | 7.00 |
| Net gratuity expense recognised in profit and loss | 26.64 | 36.50 |
| Re-measurement loss / (gain) recognised in OCI | 12.70 | 0.77 |
| Total Cost Recognised in Comprehensive Income | 39.34 | 37.27 |

Details of defined benefit gratuity plan:

| Particulars | (₹ in million) | |
|---------------------------------------|----------------------------|----------------------------|
| | As at December 31, 2019 | As at December 31, 2018 |
| Defined benefit obligation | 158.81 | 130.56 |
| Fair value of plan assets | 25.61 | 16.16 |
| Net defined benefit obligation | 133.20 | 114.40 |

Changes in the defined benefit obligation are as follows:

| Particulars | (₹ in million) | |
|---|---------------------------------|---------------------------------|
| | Year ended December 31, 2019 | Year ended December 31, 2018 |
| Opening defined benefit obligation | 130.56 | 99.10 |
| Service cost | 19.00 | 29.50 |
| Interest cost | 8.83 | 7.33 |
| Benefits paid | (12.70) | (6.38) |
| Actuarial (gains) / losses on obligation | 13.12 | 1.01 |
| Closing defined benefit obligation | 158.81 | 130.56 |

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

| Particulars | (₹ in million) | |
|--|---------------------------------|---------------------------------|
| | Year ended December 31, 2019 | Year ended December 31, 2018 |
| Opening fair value of plan assets | 16.16 | 4.33 |
| Expected return | 1.19 | 0.33 |
| Contributions by the employer | 20.54 | 17.64 |
| Benefits paid | (12.70) | (6.38) |
| Actuarial gains / (losses) on obligation | 0.42 | 0.24 |
| Closing fair value of plan assets | 25.61 | 16.16 |

Sensitivity Analysis

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

| Defined Benefit Obligation | (₹ in million) | |
|-------------------------------------|----------------------------|----------------------------|
| | As at December 31, 2019 | As at December 31, 2018 |
| Discount rate | | |
| a. Discount rate - 100 basis points | 172.06 | 140.74 |
| b. Discount rate + 100 basis points | 147.32 | 121.70 |
| Salary increase rate | | |
| a. Rate - 100 basis points | 148.27 | 122.33 |
| b. Rate + 100 basis points | 169.70 | 139.21 |

Maturity Profile of Defined Benefit Obligation

(₹ in million)

| Expected Future Cash flows | As at | As at |
|----------------------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Year 1 | 22.54 | 20.96 |
| Year 2 | 17.08 | 15.24 |
| Year 3 | 15.16 | 13.74 |
| Year 4 | 13.93 | 12.07 |
| Year 5 | 11.82 | 10.92 |
| Year 6 to 10 | 48.24 | 39.65 |

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

| | As at | As at |
|--|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Investments with Life Insurance Corporation of India | 100% | 100% |

The principal assumptions used in determining gratuity are shown below:

(A) Financial Assumptions

| | As at | As at |
|----------------|-------------------------------|-------------------------------|
| | December 31, 2019 | December 31, 2018 |
| Discount rate | 6.65% | 7.35% |
| Increment rate | First year 10%, thereafter 7% | First year 10%, thereafter 7% |

(B) Demographic Assumptions

| | As at | As at |
|-----------------|-------------------------|-------------------------|
| | December 31, 2019 | December 31, 2018 |
| Mortality Rate | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Withdrawal Rate | Below Age 30 yrs - 35% | Below Age 30 yrs - 35% |
| | Age 30 to 34 Yrs - 22% | Age 30 to 34 Yrs - 22% |
| | Age 34 to 44 Yrs - 17% | Age 34 to 44 Yrs - 17% |
| | Age 44 to 50 Yrs - 3% | Age 44 to 50 Yrs - 3% |
| | Age 50 to 54 Yrs - 2% | Age 50 to 54 Yrs - 2% |
| | Above Age 54 Yrs - 1% | Above Age 54 Yrs - 1% |
| Retirement age | 60 Yrs | 60 Yrs |

22. Finance costs

(₹ in million)

| Particulars | Year ended | Year ended |
|--|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Interest expense on term loans for motor vehicles | 1.08 | 0.81 |
| Interest expense on finance lease obligation | 3.18 | 1.26 |
| Interest expense on financial instruments measured at amortised cost | - | 0.25 |
| | 4.26 | 2.32 |

23. Depreciation and amortisation expense

(₹ in million)

| Particulars | Year ended | Year ended |
|---|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Depreciation of property, plant and equipment | 82.96 | 68.22 |
| Depreciation on investment property | 1.47 | 1.47 |
| Amortisation of intangible assets | 1.48 | 3.32 |
| | 85.91 | 73.01 |

24. Other expenses (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Power and fuel | 42.22 | 40.53 |
| Rent - premises | 49.27 | 33.06 |
| Software subscription charges | 74.88 | 63.01 |
| Repair and maintenance | 46.20 | 38.08 |
| Commission | 19.03 | 26.06 |
| Travelling and conveyance | 210.90 | 180.83 |
| Communication costs | 58.09 | 59.24 |
| Legal and professional fees (including subcontracting expenses) | 104.52 | 78.42 |
| Auditors' remuneration (refer detail below) | 5.11 | 5.15 |
| Provision for doubtful debts (net) | - | 15.70 |
| Contribution towards corporate social responsibility (refer detail below) | 6.52 | 3.96 |
| Miscellaneous expenses | 84.07 | 65.42 |
| | 700.81 | 609.46 |

(i) Detail of auditors remuneration (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--------------------------|---------------------------------|---------------------------------|
| As auditor: | | |
| Audit fee | | |
| - Statutory audit fee | 1.70 | 2.12 |
| - Quarterly audit fee | 2.56 | 2.31 |
| - Out-of-pocket expenses | 0.65 | 0.28 |
| In other capacity: | | |
| - Certification | 0.20 | 0.44 |
| | 5.11 | 5.15 |

(ii) Contribution towards corporate social responsibility (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Amount required to be spent by the Company during the year | 8.25 | 9.19 |
| Amount spend by the Company in accordance with its Corporate Social Responsibility Policy | 6.52 | 3.96 |

25. Income tax (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Current income tax | | |
| In respect of the current year | 130.62 | 101.88 |
| In respect of the prior periods | (26.40) | (2.53) |
| Deferred tax charge / (credit) | 12.41 | (4.05) |
| Income tax expense recognised in the statement of profit and loss | 116.63 | 95.30 |
| Income tax recognised in other comprehensive income | | |
| Deferred tax arising on income and expense recognised in other comprehensive income | | |
| Net loss / (gain) on re-measurement of defined benefit plan | (4.37) | (0.27) |
| | 112.26 | 95.03 |

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows: (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| Profit before tax | 631.58 | 405.44 |
| Enacted income tax rate in India | 29.12% | 34.94% |
| Computed expected tax expense | 183.92 | 141.68 |
| Effect of: | | |
| Income exempt from tax | (57.30) | (49.46) |
| Temporary differences reversing during the tax holiday period | (1.70) | (1.58) |
| Expenses that are not deductible in determining taxable profit | 3.94 | 3.76 |
| Different tax rates of branches operating in other tax jurisdictions | - | 2.08 |
| Tax pertaining to prior years | (26.40) | (2.53) |
| Change in corporate tax rate | 12.35 | - |
| Others | 1.82 | 1.35 |
| Income tax expense recognised in the statement of profit and loss | 116.63 | 95.30 |

Deferred tax

Deferred tax assets / (liabilities) as at December 31, 2019 in relation to: (₹ in million)

| Particulars | As at January 01, 2019 | Credited / (Charged) to profit and loss | Credited / (Charged) in other comprehensive income | Others | As at December 31, 2019 |
|--|------------------------------|---|---|----------|-------------------------------|
| Difference between accounting base and tax base for depreciable assets | (10.06) | (1.56) | - | - | (11.62) |
| Provision for doubtful debts | 4.84 | (4.16) | - | - | 0.68 |
| Provision for gratuity | 38.54 | (4.12) | 4.37 | - | 38.79 |
| Provision for compensated absence | 28.27 | (0.09) | - | - | 28.18 |
| Other employee benefits | 4.74 | (0.79) | - | - | 3.95 |
| Mark to market loss / (gain) on forward contracts | (5.40) | 2.85 | - | - | (2.55) |
| Net gain on fair value of mutual funds | (4.03) | (4.54) | - | - | (8.57) |
| Total | 56.90 | (12.41) | 4.37 | - | 48.86 |

Deferred tax assets / (liabilities) as at December 31, 2018 in relation to: (₹ in million)

| Particulars | As at January 01, 2018 | Credited / (Charged) to profit and loss | Credited / (Charged) in other comprehensive income | Others | As at December 31, 2018 |
|--|------------------------|---|--|---------------|-------------------------|
| Difference between accounting base and tax base for depreciable assets | (15.47) | 5.41 | - | - | (10.06) |
| Provision for doubtful debts | 2.40 | 2.44 | - | - | 4.84 |
| Provision for gratuity | 32.80 | 5.47 | 0.27 | - | 38.54 |
| Provision for compensated absence | 28.60 | (0.33) | - | - | 28.27 |
| Other employee benefits | 4.70 | 0.04 | - | - | 4.74 |
| Mark to market loss / (gain) on forward contracts | - | (5.40) | - | - | (5.40) |
| Net gain on fair value of mutual funds | (0.45) | (3.58) | - | - | (4.03) |
| MAT credit entitlement | 5.84 | - | - | (5.84) | - |
| Total | 58.42 | 4.05 | 0.27 | (5.84) | 56.90 |

The Company has a unit at Greater Noida registered as Special Economic Zone (SEZ) unit which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

A significant portion of the profits of the Company's operations are exempt from income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated Special Economic Zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

26. Earnings per share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|------------------------------|------------------------------|
| Net profit after tax (₹ in million) | 514.95 | 310.14 |
| Weighted average number of equity shares for calculating Basic EPS | 120,577,253 | 123,238,808 |
| Weighted average number of equity shares resulting from assumed exercise of employee stock options | 24,493 | 31,934 |
| Weighted average number of equity shares for calculating Diluted EPS | 120,601,747 | 123,270,742 |
| Earnings per share [Nominal value of shares ₹ 1 (Previous year: ₹ 1)] | | |
| Basic (₹) | 4.27 | 2.52 |
| Diluted (₹) | 4.27 | 2.52 |

27. Financial instruments

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

| Particulars | Note reference | Basis of measurement | As at December 31, 2019 | | As at December 31, 2018 | | Fair value hierarchy |
|--|----------------|----------------------|-------------------------|-----------------|-------------------------|-----------------|----------------------|
| | | | Carrying value | Fair value | Carrying value | Fair value | |
| Assets | | | | | | | |
| Investments in subsidiaries | 4 | At cost | 995.83 | 995.83 | 995.36 | 995.36 | |
| Investments in other equity instruments | 4 | FVTPL | 0.03 | 0.03 | 0.03 | 0.03 | Level 3 |
| Investments in mutual funds | 4 | FVTPL | 342.45 | 342.45 | 199.50 | 199.50 | Level 1 |
| Trade receivables | 7 | Amortised cost | 573.57 | 573.57 | 621.13 | 621.13 | |
| Cash and cash equivalents | 8a | Amortised cost | 447.09 | 447.09 | 300.19 | 300.19 | |
| Other bank balances | 8b | Amortised cost | 182.90 | 182.90 | 175.05 | 175.05 | |
| Mark-to-market gain on derivative instruments | 9 | FVTPL | 13.29 | 13.29 | 22.59 | 22.59 | Level 2 |
| Other financial assets (Other than derivative instruments) | 5,9 | Amortised cost | 447.95 | 447.95 | 537.85 | 537.85 | |
| Total | | | 3,003.11 | 3,003.11 | 2,851.70 | 2,851.70 | |
| Liabilities | | | | | | | |
| Borrowings (including finance lease obligation) | 13 | Amortised cost | 45.19 | 45.19 | 19.97 | 19.97 | |
| Trade payables | | Amortised cost | 46.24 | 46.24 | 46.73 | 46.73 | |
| Other financial liabilities | 14,16 | Amortised cost | 347.02 | 347.02 | 149.39 | 149.39 | |
| Total | | | 438.45 | 438.45 | 216.09 | 216.09 | |

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

28. Financial risk management**Financial risk factors and risk management objectives**

The Company's activities expose it to foreign currency risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Foreign currency risk

The Company's exchange risk arises from its foreign currency revenues (primarily in U.S. Dollars and Euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian Rupees. As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues measured in Rupees may decrease.

Derivative financial instruments

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has recognised mark-to-market gain of ₹ 13.29 million (Previous year gain of ₹ 22.59 million) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2019.

The following table gives details in respect of outstanding foreign currency forward contracts:

| Particulars | As at | As at |
|----------------------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| USD | | |
| Foreign currency (million) | 20.30 | 16.80 |
| Average rate | 73.19 | 71.50 |
| Rupees (million) | 1,485.69 | 1,201.20 |
| EURO | | |
| Foreign currency (million) | 4.05 | 3.15 |
| Average rate | 83.63 | 86.43 |
| Rupees (million) | 338.72 | 272.24 |

The following table analyses Company's foreign currency exposure from non-derivative financial instruments as of December 31, 2019 and December 31, 2018:

(₹ in million)

| As at December 31, 2019 | USD | EURO | Others [#] | Total |
|--------------------------------|------------|-------------|---------------------------|--------------|
| Trade receivables | 395.09 | 82.77 | 64.64 | 542.50 |
| Other financial assets | 3.20 | - | 1.57 | 4.77 |
| Cash and cash equivalents | 213.23 | 7.29 | 1.98 | 222.50 |
| Trade payables | 39.46 | - | 9.35 | 48.81 |
| As at December 31, 2018 | USD | EURO | Others[#] | Total |
| Trade receivables | 414.93 | 137.69 | 40.91 | 593.53 |
| Other financial assets | 1.40 | 0.07 | 1.70 | 3.17 |
| Cash and cash equivalents | 132.83 | 5.88 | 1.72 | 140.43 |
| Trade payables | 36.76 | - | 7.61 | 44.37 |

[#] Others include currencies such as SGD, GBP and CAD.

Foreign currency sensitivity analysis

For the year ended December 31, 2019 and December 31, 2018, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would decrease / increase Company's profit before tax margin by approximately 1.67% and 1.80%, respectively.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from deposits held with banks, investments with financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers: (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|------------------------------|---------------------------------|---------------------------------|
| Revenue from top customer | 372.24 | 370.59 |
| Revenue from top 5 customers | 1,212.12 | 1,195.88 |

No customer accounted for more than 10% of the revenue for the year ended December 31, 2019. One customer accounted for more than 10% of the revenue for the year ended December 31, 2018.

Investments including bank deposits

Credit risk on cash and bank balances is limited as the Company generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating. The Company does not expect any losses from non-performance by the counterparties.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus cash is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current requirements.

As at December 31, 2019, the Company had a working capital of ₹ 1,351.07 million including cash and cash equivalents and current fixed deposits of ₹ 447.09 million and current investments of ₹ 342.45 million. As at December 31, 2018, the Company had a working capital of ₹ 1,344.62 million including cash and cash equivalents and current fixed deposits of ₹ 472.29 million and current investments of ₹ 199.50 million. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of financial liabilities: (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Less than 1 year | | |
| Borrowings (including accrued interest) | 5.72 | 4.06 |
| Trade payables | 46.24 | 46.73 |
| Other financial liabilities | 343.03 | 146.43 |
| More than 1 year | | |
| Borrowings (including accrued interest) | 39.47 | 15.91 |
| Other financial liabilities | 3.99 | 2.96 |

29. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective, when managing capital, is to maintain an optimal structure so as to maximise shareholder value. The capital structure is as follows:

| Particulars | (₹ in million) | |
|---|----------------------------|----------------------------|
| | As at December 31, 2019 | As at December 31, 2018 |
| Total equity attributable to the equity share holders of the Company | 2,746.92 | 2,695.53 |
| As percentage of total capital | 98.38% | 99.26% |
| Term loans for motor vehicles (including current maturities) | 13.20 | 9.36 |
| Finance lease obligations (including current maturities) | 31.99 | 10.61 |
| Total borrowings | 45.19 | 19.97 |
| As percentage of total capital | 1.62% | 0.74% |
| Total capital (equity and borrowings) | 2,792.11 | 2,715.50 |

The Company is predominantly equity financed which is evident from the capital structure table above. Further, the Company has always been a net cash company with surplus cash and bank balances invested in fixed deposit with banks and liquid mutual funds.

30. Segment information

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided. The CODM has identified the following as its reportable segments.

- a) Information technology services
- b) Business process outsourcing services

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities of the Company are used interchangeably between segments and the CODM does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

Geographic segments are based on the areas in which the major customers of the Company operate and / or the area in which the assets are located. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, North America, South East Asian countries, Europe and Other areas.

The following table provides required information for reportable segments for the year ended December 31, 2019 and December 31, 2018: (₹ in million)

| Particulars | Information technology services | | Business process outsourcing services | | Corporate and others | | Total | |
|----------------------------------|---------------------------------|-------------------|---------------------------------------|-------------------|----------------------|-------------------|-----------------|-------------------|
| | Year ended | | | | | | | |
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 | December 31, 19 | December 31, 2018 |
| REVENUE | | | | | | | | |
| External sales | 3,199.49 | 2,436.54 | 718.20 | 735.59 | | | 3,917.69 | 3,172.13 |
| Total revenue | 3,199.49 | 2,436.54 | 718.20 | 735.59 | | | 3,917.69 | 3,172.13 |
| RESULT | | | | | | | | |
| Segment result | 583.37 | 299.28 | 57.93 | 108.83 | | | 641.30 | 408.11 |
| Unallocated corporate expenses | | | | | (80.62) | (75.14) | (80.62) | (75.14) |
| Operating profit | | | | | | | 560.68 | 332.97 |
| Finance costs | | | | | (4.26) | (2.32) | (4.26) | (2.32) |
| Interest income | | | | | 50.50 | 57.81 | 50.50 | 57.81 |
| Other unallocable income | | | | | 24.66 | 16.98 | 24.66 | 16.98 |
| Tax expense | | | | | (116.63) | (95.30) | (116.63) | (95.30) |
| Net profit after tax | | | | | | | 514.94 | 310.14 |
| Other segment information | | | | | | | | |
| Depreciation and amortisation | 76.52 | 63.37 | 7.78 | 8.00 | 1.61 | 1.64 | 85.91 | 73.01 |

Geographical information:

The following is the distribution of the Company's revenue by geographical area in which customers are located: (₹ in million)

| Particulars | Year ended | |
|-----------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| India | 110.42 | 97.76 |
| North America | 3,148.94 | 2,384.85 |
| South East Asia | 56.80 | 54.17 |
| Europe | 596.21 | 630.32 |
| Others | 5.33 | 5.02 |
| Total | 3,917.69 | 3,172.13 |

Please refer to Note 28 on financial risk management for information on revenue from major customers.

31. Related Party Disclosures

(i) Names of related parties:

| | |
|--------------|---|
| 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 |
| | IBIZ Consultancy Services India Private Limited, India* |
| | Following is the subsidiary of R Systems, Inc., USA |
| | • Innovizant LLC, USA (100% membership interest held by R Systems Inc. USA effective January 1, 2019) |
| | Following are the subsidiaries of ECnet Ltd, Singapore |
| | • ECnet (M) Sdn Bhd, Malaysia |
| | • ECnet Systems (Thailand) Co. Ltd., Thailand |
| | • ECnet (Shanghai) Co. Ltd., People's Republic of China |
| | • ECnet (Hong Kong) Ltd., Hong Kong |
| | • ECnet, Inc., USA (liquidated on January 28, 2019) |
| | • ECnet Kabushiki Kaisha, Japan |
| | Following are the subsidiaries of Computaris International Limited, U.K. |
| | • Computaris Romania Srl, Romania |
| | • Computaris Polska sp z o.o., Poland |
| | • ICS Computaris International Srl, Moldova |
| | • Computaris Malaysia Sdn. Bhd., Malaysia |
| | • Computaris USA, Inc., USA (liquidated on October 22, 2018) |
| | • Computaris Philippines Pte. Ltd. Inc., Philippines |
| | • Computaris Suisse Sarl (incorporated on April 27, 2018) |
| | Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore |
| | • IBIZ Consulting Pte. Ltd., Singapore with the following step down subsidiaries: |
| | ➤ IBIZ Consulting Services Pte Ltd, Singapore |
| | ➤ IBIZ Consulting Services Sdn. Bhd., Malaysia |
| | ➤ PT. IBIZCS Indonesia., Indonesia |
| | ➤ IBIZ Consulting (Thailand) Co. Ltd, Thailand (with effect from June 21, 2019) |
| | ➤ IBIZ Consulting Services Limited, Hong Kong (IBIZ HK) |
| | o IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China (wholly owned subsidiary of IBIZ HK) |

* During the year, the Company has acquired 100% shares of its step down subsidiary IBIZ Consultancy Services India Private Limited. Consequent to the acquisition, IBIZ Consultancy Services India Private Limited has become a direct subsidiary of the Company.

Names of other related parties with whom transactions have taken place during the year:

| | | |
|--|----|---|
| Key Management Personnel | a. | Satinder Singh Rekhi, Managing Director |
| | b. | Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director |
| | c. | Avirag Jain, Director & Chief Technology Officer |
| | d. | Ruchica Gupta, Non-Executive Independent Director |
| | e. | Kapil Dhameja, Non-Executive Independent Director |
| | f. | Aditya Wadhwa, Non-Executive Independent Director |
| | g. | Nand Sardana, Chief Financial Officer |
| | h. | Bhasker Dubey, Company Secretary & Compliance Officer (appointed w.e.f. February 10, 2018) |
| | i. | Ashish Thakur, Company Secretary & Compliance Officer (resigned on February 10, 2018) |
| Relative of Key Management Personnel | a. | Amrita Kaur Rekhi, (related to Satinder Singh Rekhi) |
| | b. | Mandeep Singh Sodhi, (related to Lt. Gen. Baldev Singh (Retd.)), Chief Operating Officer – R Systems USA Operations |
| | c. | Kuldeep Baldev Singh (related to Lt. Gen. Baldev Singh (Retd.)) |
| | d. | Harpreet Rekhi, (related to Satinder Singh Rekhi) |
| | e. | Sartaj Rekhi, (related to Satinder Singh Rekhi) |
| | f. | Ramneet Rekhi, (related to Satinder Singh Rekhi) |
| | g. | Anita Behl, (related to Satinder Singh Rekhi) |
| Enterprises where key management personnel or their relatives exercise significant influence | a. | RightMatch Holdings Limited, Mauritius (refer to Note 36) |
| | b. | Satinder and Harpreet Rekhi Family Trust, USA |

(ii) Details of transactions with related parties for the year ended December 31, 2019 and December 31, 2018:

| | (₹ in million) | |
|---|---------------------------------|---------------------------------|
| | Year ended December 31, 2019 | Year ended December 31, 2018 |
| Revenue from information technology and BPO services rendered to | | |
| ECnet Ltd, Singapore | 52.22 | 54.17 |
| R Systems, Inc., USA | 27.43 | 27.95 |
| RSYS Technologies Limited, Canada | 54.76 | 8.03 |
| Computaris International Limited, U.K. | 29.96 | 27.54 |
| Innovizant LLC, USA | 19.92 | - |
| Computaris Romania Srl, Romania | 11.57 | - |
| IBIZ Consulting Pte. Ltd., Singapore | 4.58 | - |
| Total | 200.44 | 117.69 |
| Software development and IT enabled services received from | | |
| IBIZ Consultancy Services India Private Limited, India | 0.57 | 2.34 |
| Total | 0.57 | 2.34 |
| Sales and marketing services received from | | |
| RSYS Technologies Limited, Canada | 33.65 | 16.60 |
| Total | 33.65 | 16.60 |

(₹ in million)

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Travel and other expenses reimbursed by the Company to | | |
| ECnet Ltd, Singapore | 0.77 | 0.66 |
| R Systems, Inc., USA | 45.64 | 38.29 |
| R Systems (Singapore) Pte Ltd, Singapore | 9.95 | 10.27 |
| RSYS Technologies Limited, Canada | 5.05 | 0.25 |
| IBIZ Consulting Services Pte Ltd, Singapore | - | 0.56 |
| IBIZ Consultancy Services India Private Limited, India | - | 0.12 |
| Innovizant LLC, USA | 0.13 | - |
| Total | 61.54 | 50.15 |
| Travel and other expenses reimbursed to the Company by | | |
| ECnet Ltd, Singapore | 3.40 | 2.53 |
| R Systems, Inc., USA | 3.70 | 4.89 |
| R Systems (Singapore) Pte Ltd, Singapore | 0.18 | 0.21 |
| RSYS Technologies Limited, Canada | 0.36 | 0.43 |
| IBIZ Consulting Pte Ltd, Singapore | 0.22 | 0.01 |
| IBIZ Consulting Services Pte Ltd, Singapore | - | 0.03 |
| Computaris International Limited, U.K. | 1.26 | 0.23 |
| Computaris Romania Srl, Romania | 0.12 | - |
| Innovizant LLC, USA | 0.60 | - |
| RightMatch Holdings Ltd, Mauritius | 0.54 | - |
| Total | 10.38 | 8.33 |
| Reimbursement by the Company for purchase of assets to | | |
| R Systems, Inc., USA | - | 0.33 |
| Total | - | 0.33 |
| Investment in shares of subsidiary | | |
| RSYS Technologies Limited, Canada | - | 53.14 |
| Total | - | 53.14 |
| Purchase of shares of subsidiary | | |
| IBIZ Consulting Pte. Ltd., Singapore | 0.47 | - |
| Total | 0.47 | - |
| Remuneration to key management personnel | | |
| Short term employee benefits | 115.66 | 106.71 |
| Post-employment benefits | 0.37 | 2.14 |
| Other long-term employee benefits | 0.19 | 0.24 |
| Share based payments | 0.67 | 1.40 |
| Sitting fee to independent directors | 0.83 | 0.75 |
| Total | 117.72 | 111.24 |

(₹ in million)

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Shares buyback | | |
| Satinder & Harpreet Rekhi Family Trust, USA | 21.62 | - |
| RightMatch Holdings Ltd, Mauritius | 16.10 | - |
| Sartaj Singh Rekhi | 35.12 | - |
| Ramneet Singh Rekhi | 29.97 | - |
| Satinder Singh Rekhi | 5.58 | - |
| Mandeep Singh Sodhi | 1.08 | - |
| Lt. Gen. Baldev Singh (Retd.) | 0.21 | - |
| Harpreet Rekhi | 2.68 | - |
| Amrita Kaur Rekhi | 1.59 | - |
| Nand Sardana | 0.22 | - |
| Total | 114.17 | - |
| Dividend paid | | |
| Satinder & Harpreet Rekhi Family Trust, USA | - | 7.29 |
| RightMatch Holdings Ltd, Mauritius | - | 5.44 |
| Sartaj Singh Rekhi | - | 9.00 |
| Ramneet Singh Rekhi | - | 7.65 |
| Satinder Singh Rekhi | - | 1.36 |
| Mandeep Singh Sodhi | - | 0.36 |
| Lt. Gen. Baldev Singh (Retd.) | - | 0.07 |
| Kuldeep Baldev Singh | - | 0.00* |
| Anita Behl | - | 0.00* |
| Harpreet Rekhi | - | 0.59 |
| Amrita Kaur Rekhi | - | 0.35 |
| Nand Sardana | - | 0.08 |
| Avirag Jain | - | 0.00* |
| Total | - | 32.20 |
| Rent | | |
| Satinder Singh Rekhi | 8.32 | 8.16 |
| Total | 8.32 | 8.16 |

* Dividend paid to: (a) Kuldeep Baldev Singh ₹ 3,648; (b) Anita Behl ₹ 1,018; (c) Avirag Jain ₹ 60.

(iii) Outstanding balances of related parties as at December 31, 2019 and December 31, 2018: (₹ in million)

| Balance outstanding | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Trade Receivables | | |
| ECnet Ltd, Singapore | 15.29 | 9.91 |
| R Systems, Inc., USA | 2.31 | 2.25 |
| RSYS Technologies Limited, Canada | 20.95 | 3.83 |
| Computaris International Limited, UK | 1.05 | 3.07 |
| Computaris Romania Srl, Romania | 2.54 | - |
| IBIZ Consulting Pte Ltd, Singapore | 1.63 | - |
| Total | 43.77 | 19.06 |
| Other current financial assets | | |
| R Systems, Inc., USA | 2.00 | 0.77 |
| RSYS Technologies Limited, Canada | 0.02 | 0.17 |
| IBIZ Consulting Pte Ltd, Singapore | - | 0.03 |
| RightMatch Holdings Limited, Mauritius | 0.54 | - |
| Computaris International Limited, UK | - | 0.07 |
| Total | 2.56 | 1.04 |
| Other current liabilities | | |
| ECnet Ltd, Singapore | 0.33 | 0.64 |
| R Systems, Inc., USA | 12.18 | 8.46 |
| R Systems (Singapore) Pte Ltd, Singapore | 2.54 | 2.62 |
| RSYS Technologies Limited, Canada | 6.48 | 4.35 |
| IBIZ Consultancy Services India Private Limited, India | - | 0.29 |
| Innovizant LLC, USA | 0.21 | - |
| Total | 21.74 | 16.36 |
| Assets obtained free of cost on returnable basis | | |
| R Systems, Inc., USA | 5.79 | 8.39 |
| R Systems (Singapore) Pte Ltd, Singapore | - | 0.14 |
| Total | 5.79 | 8.53 |
| Balance payable to key management personnel | | |
| Satinder Singh Rekhi | 10.71 | 10.42 |
| Lt. Gen. Baldev Singh (Retd.) | 2.02 | 2.29 |
| Avirag Jain | 1.11 | 1.61 |
| Total | 13.84 | 14.32 |

32. Capital and other commitments (₹ in million)

| | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| (i) Capital commitments: | | |
| Estimated amount of unexecuted capital contracts [net of advances of ₹ 9.92 million (previous year : ₹ 40.64 million)] | 11.18 | 14.44 |
| (ii) Other commitments: | | |
| For commitments: relating to lease arrangements, refer to Note 33 | | |

33. Leases

a) Finance Lease - Company as lessee

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

| | As at December 31, 2019 | | As at December 31, 2018 | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | MLP | Present value of MLP | MLP | Present value of MLP |
| Not later than one year | 4.14 | 0.64 | 1.44 | 0.20 |
| After one year but not more than five years | 17.40 | 4.36 | 6.13 | 1.49 |
| More than five years | 41.88 | 26.99 | 13.90 | 8.92 |
| Total minimum lease payments | 63.42 | 31.99 | 21.47 | 10.61 |
| Less: amounts representing finance charges | 31.43 | - | 10.86 | - |
| Present value of minimum lease payments | 31.99 | 31.99 | 10.61 | 10.61 |

b) Operating Lease - Company as lessee

The Company has operating lease for office premises and vehicle. Lease payments recognised as expense during the year ended December 31, 2019 and December 31, 2018 is ₹ 49.27 million and ₹ 33.06 million, respectively.

The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

| | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Not later than one year | 41.49 | 12.75 |
| Later than one year but not later than five years | 99.52 | 14.81 |
| Later than five years | 219.86 | - |

Non-cancellable operating lease arrangements extend for a maximum period of 7 years from their respective dates of inception. The leases have varying terms, escalation clauses, renewal rights and no restrictions are imposed.

c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. Lease rentals recognised as income during the year ended December 31, 2019 and December 31, 2018 is ₹ 6.72 million and ₹ 6.78 million, respectively.

The operating lease arrangement extends for a maximum period of 3 years and has price escalation clause of 5% for every subsequent 3 years of the extended term. The lease is cancellable and there are no restrictions imposed on lease agreements.

34. Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

| | | (₹ in million) | |
|----------|--|---------------------------------|---------------------------------|
| Sl. No. | Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
| A | Total comprehensive income | 506.62 | 309.64 |
| B | Add: | | |
| (i) | Provision / (reversal) for doubtful debts | (9.92) | 15.70 |
| (ii) | Interest expense on financial instruments measured at amortised cost | - | 0.25 |
| (iii) | Tax expense (including tax relating to re-measurements of the defined benefit plans) | 112.26 | 95.03 |
| (iv) | Depreciation and amortisation expense | 85.91 | 73.01 |
| | | 188.25 | 183.99 |
| C | Less: | | |
| (i) | Profit on sale / discarding of property, plant and equipment | 0.46 | 0.01 |
| (ii) | Depreciation and amortisation expense | 85.91 | 73.01 |
| (iii) | Surplus in profit and loss on measurement of assets/liabilities at fair value | 24.92 | 10.20 |
| (iv) | Bad debts written off | 4.59 | 5.75 |
| (v) | Interest income on financial instruments measured at amortised cost | 0.51 | 0.38 |
| | | 116.39 | 89.35 |
| | Net Profit for the year (A+B-C) | 578.48 | 404.28 |
| D | Add: | | |
| | Remuneration paid to the whole time directors | 56.64 | 54.83 |
| E | Net Profit for the purpose of managerial remuneration | 635.12 | 459.11 |
| | Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above | 63.51 | 45.91 |
| | Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above | 31.76 | 22.96 |

35. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based upon the information and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

| Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 | As at December 31, 2019 | As at December 31, 2018 |
|--|------------------------------------|------------------------------------|
| 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 |

36. Subject to necessary approvals of Shareholders, creditors, Stock Exchanges, National Company Law Tribunal or any other appropriate authority, the Board of Directors of the Company at its meeting held on October 25, 2019 has approved the Scheme of Amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between RightMatch Holdings Limited (RightMatch) and the Company and their respective shareholders and creditors ("Scheme"). RightMatch forms part of the promoter and promoter group of the Company. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of the Company.

As per the proposed Amalgamation, RightMatch will be amalgamated into the Company. 8,828,489 equity shares of the Company as held by RightMatch will get cancelled and equivalent number of equity shares of the Company will be issued and allotted to the equity shareholders of RightMatch in the same proportion of their respective shareholding in RightMatch. The appointed date for the purpose of Scheme is January 1, 2020. The Company has applied to relevant authorities for their necessary directions and sanctions.

37. The Board of Directors of the Company at its meeting held on December 14, 2019 has declared an interim dividend for the year 2019 at the rate ₹ 1.50/- per equity share of face value of ₹ 1 each. As at December 31, 2019, the Company transferred the interim dividend amount to a separate bank account. The aforesaid interim dividend has been paid on January 06, 2020.
38. The Company has received an approval from Department of Commerce, Ministry of Commerce & Industry, Government of India on September 23, 2019 for setting up a new 'Special Economic Zone' (SEZ - Unit II) unit located at Greater Noida West (NCR) having area of 30,706 sq. ft. Subsequent to the year end, the Company has commenced its operation in SEZ Unit II on February 04, 2020.
39. The financial statements have been approved by the Board of Directors at its meeting held on February 09, 2020.

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

**Sd/-
SATINDER SINGH REKHI**
Managing Director
DIN: 00006955

Place : Frankfurt, Germany
Date : February 09, 2020

**Sd/-
LT. GEN. BALDEV SINGH (RETD.)**
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 09, 2020

**Sd/-
NAND SARDANA**
Chief Financial Officer

Place : NOIDA
Date : February 09, 2020

**Sd/-
BHASKER DUBEY**
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 09, 2020

Consolidated Financial Statement

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of **R Systems International Limited** ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at December 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in the Other Matter section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated

cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

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

| Key audit matter | Auditor's Response |
|---|---|
| <p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer Note 20 to the Consolidated Financial Statements.</p> | <p>We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving inquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. • Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. • Selected a sample of continuing and new contracts and performed the following procedures among others: <ul style="list-style-type: none"> • Read, analysed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes. • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated costs from the revenue recognition systems. • Sample of revenues disaggregated by type and service offerings were tested with the performance obligations specified in the underlying contracts. • Performed analytical procedures for reasonableness of revenues disclosed by geography and customer industry type. |

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

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

subsidiaries, joint ventures and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, joint ventures and associates, is traced from their financial statements audited by the other auditors.

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

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or

business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matter

We did not audit the financial statements of 25 out of 27 subsidiaries, whose financial statements reflect total assets of ₹ 1,488.08 million as at December 31, 2019, total revenues of ₹ 2,991.41 million, total net profit after tax of ₹ 76.64 million and total comprehensive income of ₹ 78.66 million and net cash inflows amounting to ₹ 63.60 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited

by the other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matter section above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on December 31, 2019 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 internal financial controls over financial reporting of those companies.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended

in our opinion and to the best of our information and according to the explanations given to us:

- i) There were no pending litigations which would impact the consolidated financial position of the Group.
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India.

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

Sd/-
JITENDRA AGARWAL

Partner

Place: NOIDA
Date: February 09, 2020

(Membership No. 087104)
(UDIN: 20087104AAAABF7527)

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2019, we have audited the internal financial controls over financial reporting of **R Systems International Limited** (hereinafter referred to as “Holding Company”) and its subsidiary company, which is a company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is a company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is a company incorporated in India, in terms of their report referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company, which is a company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matter section below, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2019, based on "the criteria for internal financial control over financial reporting established by the

respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

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

Sd/-
JITENDRA AGARWAL

Partner

Place: NOIDA

(Membership No. 087104)

Date: February 09, 2020

(UDIN: 20087104AAAABF7527)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2019

(₹ in million)

| | Notes | As at December 31, 2019 | As at December 31, 2018 |
|--|-------|----------------------------|----------------------------|
| ASSETS | | | |
| A. Non-current assets | | | |
| (a) Property, plant and equipment | 3 (a) | 435.98 | 306.91 |
| (b) Capital work in progress | 3 (b) | 19.63 | 16.18 |
| (c) Investment property | 3 (c) | 21.84 | 23.31 |
| (d) Goodwill | 3 (d) | 195.94 | 89.93 |
| (e) Other intangible assets | 3 (e) | 66.56 | 27.64 |
| (f) Financial assets | | | |
| (i) Investment | 4 | 0.03 | 0.03 |
| (ii) Other financial assets | 5 | 140.37 | 102.92 |
| (g) Deferred tax assets (net) | 26 | 62.53 | 67.46 |
| (h) Non-current tax assets (net) | | 49.26 | 56.95 |
| (i) Other non-current assets | 6 | 39.53 | 50.10 |
| Total non-current assets (A) | | 1,031.67 | 741.43 |
| B. Current assets | | | |
| (a) Financial assets | | | |
| (i) Investments | 4 | 342.45 | 199.50 |
| (ii) Trade receivables | 7 | 1,323.97 | 1,365.45 |
| (iii) Cash and cash equivalents | 8a | 1,103.11 | 841.17 |
| (iv) Other bank balances | 8b | 366.08 | 518.70 |
| (v) Other financial assets | 9 | 501.93 | 618.32 |
| (b) Other current assets | 10 | 259.31 | 150.10 |
| Total current assets (B) | | 3,896.85 | 3,693.24 |
| Total assets (A+B) | | 4,928.52 | 4,434.67 |
| EQUITY AND LIABILITIES | | | |
| A. Equity | | | |
| (a) Equity share capital | 11 | 119.60 | 123.25 |
| (b) Other equity | 12 | 3,262.74 | 3,105.78 |
| Total equity attributable to equity shareholders of the Company | | 3,382.34 | 3,229.03 |
| Non Controlling Interests | | - | - |
| Total equity (A) | | 3,382.34 | 3,229.03 |
| Liabilities | | | |
| B. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13 | 53.08 | 15.91 |
| (ii) Other financial liabilities | 14 | 120.22 | 2.96 |
| (b) Provisions | 15 | 133.20 | 109.60 |
| (c) Deferred tax liabilities (net) | 26 | 1.32 | 0.25 |
| (d) Other non-current liabilities | 16 | - | 0.04 |
| Total non-current liabilities (B) | | 307.82 | 128.76 |
| C. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | | | |
| - total outstanding dues of micro enterprises and small enterprises | 35 | - | - |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 253.39 | 270.02 |
| (ii) Other financial liabilities | 17 | 383.49 | 212.81 |
| (b) Provisions | 18 | 166.60 | 142.63 |
| (c) Current tax liability (net) | | 50.95 | 52.01 |
| (d) Other current liabilities | 19 | 383.93 | 399.41 |
| Total current liabilities (C) | | 1,238.36 | 1,076.88 |
| Total liabilities (B+C) | | 1,546.18 | 1,205.64 |
| Total equity and liabilities (A+B+C) | | 4,928.52 | 4,434.67 |
| Summary of significant accounting policies | 2 | | |
| See accompanying notes to the consolidated financial statements | 1-41 | | |

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 09, 2020

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Frankfurt, Germany
Date : February 09, 2020

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive
Director
DIN: 00006966

Place : NOIDA
Date : February 09, 2020

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 09, 2020

Sd/-
BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 09, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 2019

(₹ in million)

| | Notes | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|-------|---------------------------------|---------------------------------|
| A Income | | | |
| (i) Revenue from operations | 20 | 8,093.75 | 6,998.89 |
| (ii) Other income | 21 | 153.85 | 192.49 |
| Total income | | 8,247.60 | 7,191.38 |
| B Expenses | | | |
| (i) Employee benefits expense | 22 | 5,462.13 | 4,743.85 |
| (ii) Finance costs | 23 | 15.65 | 2.65 |
| (iii) Depreciation and amortisation expense | 24 | 148.86 | 135.48 |
| (iv) Other expenses | 25 | 1,901.61 | 1,682.58 |
| Total expenses | | 7,528.25 | 6,564.56 |
| C Profit before tax (A-B) | | 719.35 | 626.82 |
| D Tax expense | 26 | | |
| (i) Current tax | | 134.84 | 124.22 |
| (ii) Deferred tax charge / (credit) | | 3.27 | [7.85] |
| Total tax expense | | 138.11 | 116.37 |
| E Profit after tax for the year (C-D) | | 581.24 | 510.45 |
| F Other comprehensive income / (loss) | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurements of the defined benefit plans | | (12.70) | (0.77) |
| Deferred tax relating to re-measurements of the defined benefit plans | | 4.37 | 0.27 |
| Items that will be reclassified to profit or loss | | | |
| Foreign Currency Translation reserve | | 35.62 | 94.05 |
| Total other comprehensive income | | 27.29 | 93.55 |
| G Total comprehensive income for the year (E+F) | | 608.53 | 604.00 |
| H Profit attributable to | | | |
| Equity shareholders to the company | | 581.24 | 510.45 |
| Non controlling interest | | - | - |
| | | 581.24 | 510.45 |
| I Total comprehensive income attributable to | | | |
| Equity shareholders to the company | | 608.53 | 604.00 |
| Non controlling interest | | - | - |
| | | 608.53 | 604.00 |
| H Earnings per share (EPS) | 27 | | |
| [Nominal value of shares ₹ 1/- each (Previous year ₹ 1/- each)] | | | |
| Basic | | 4.82 | 4.14 |
| Diluted | | 4.82 | 4.14 |
| See accompanying notes to the consolidated financial statements | 1-41 | | |

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered AccountantsSd/-
JITENDRA AGARWAL
Partner
Membership No. 087104Place : NOIDA
Date : February 09, 2020

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955Place : Frankfurt, Germany
Date : February 09, 2020Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive
Director
DIN: 00006966
Place : NOIDA
Date : February 09, 2020Sd/-
NAND SARDANA
Chief Financial OfficerPlace : NOIDA
Date : February 09, 2020Sd/-
BHASKER DUBEY
Company Secretary &
Compliance OfficerPlace : NOIDA
Date : February 09, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

A. Equity share capital

| | (₹ in million) |
|--|----------------|
| Balance at January 01, 2018 | 123.21 |
| Share issued against ESOP | 0.04 |
| Issue of shares pursuant to merger of GM Solutions Private Limited [refer to Note 11(d)(i)] | 29.75 |
| Cancellation of shares pursuant to merger of GM Solutions Private Limited [refer to Note 11(d)(i)] | (29.75) |
| Balance at December 31, 2018 | 123.25 |
| Balance at January 01, 2019 | 123.25 |
| Buy-back of shares [refer to Note 11(d)(iii)] | (3.69) |
| Share issued against ESOP | 0.04 |
| Balance at December 31, 2019 | 119.60 |

Note:

- (1) Equity share capital is net of ₹ 0.74 million (December 31, 2018 : ₹ 0.74 million; January 01, 2018 : ₹ 0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (g)(i).

B. Other equity (Refer to Note 12)

| Particulars | Reserves and Surplus | | | | | Other comprehensive Income | | Total other equity | |
|---|----------------------|----------------------------|---------------------------|-----------------|-----------------|----------------------------|---|--------------------|--------------------------------------|
| | Securities premium | Capital redemption reserve | Stock options outstanding | General Reserve | Capital Reserve | Retained earnings | Re-measurement of defined benefit plans | | Foreign currency translation reserve |
| Balance at January 01, 2018 | 275.95 | - | 3.39 | 158.73 | 0.03 | 2,007.25 | 8.04 | 132.06 | 2,585.45 |
| Net profit after tax for the year | | | | | | 510.45 | | | 510.45 |
| ESOP provision for the year | | | 1.40 | | | | | | 1.40 |
| Share issued against ESOP | 2.29 | | (1.87) | | | | | | 0.42 |
| Dividend paid (including CDT) | | | | | | (85.49) | | | (85.49) |
| Other comprehensive income for the year | | | | | | | (0.50) | 94.05 | 93.55 |
| Balance at December 31, 2018 | 278.24 | - | 2.92 | 158.73 | 0.03 | 2,432.21 | 7.54 | 226.11 | 3,105.78 |
| Balance at January 01, 2019 | 278.24 | - | 2.92 | 158.73 | 0.03 | 2,432.21 | 7.54 | 226.11 | 3,105.78 |
| Net profit after tax for the year | | | | | | 581.24 | | | 581.24 |
| Buy-back of shares [refer to Note 11(d)(iii)] | (236.16) | 3.69 | | (3.69) | | | | | (236.16) |
| ESOP provision for the year | | | 0.67 | | | | | | 0.67 |
| Share issued against ESOP | 2.29 | | (1.87) | | | | | | 0.42 |
| Interim dividend (including CDT) [refer to Note 37] | | | | | | (216.50) | | | (216.50) |
| Other comprehensive income for the year | | | | | | | (8.33) | 35.62 | 27.29 |
| Balance at December 31, 2019 | 44.37 | 3.69 | 1.72 | 155.04 | 0.03 | 2,796.95 | (0.79) | 261.73 | 3,262.74 |

Note :

- (1) Securities premium account is net of ₹2.28 million (December 31, 2018 : ₹2.28 million; January 01, 2018 : ₹2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (g)(i).

See accompanying notes to the consolidated financial statements 1-41

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 09, 2020

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Frankfurt, Germany
Date : February 09, 2020

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive
Director
DIN: 00006966

Place : NOIDA
Date : February 09, 2020

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 09, 2020

Sd/-
BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 09, 2020

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

(₹ in million)

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| A. Cash flows from operating activities | | |
| Net profit after tax | 581.24 | 510.45 |
| Adjustments for: | | |
| Tax expense | 138.11 | 116.37 |
| Depreciation and amortisation expense | 148.86 | 135.48 |
| Provision / (Reversal) for doubtful debts (net) | 7.73 | 24.75 |
| Advances written off | 1.10 | 13.45 |
| Employee share based payments expense | 0.67 | 1.40 |
| Unrealised foreign exchange loss / (gain) | (9.34) | 10.16 |
| Unrealised loss / (gain) on derivative instruments | 9.30 | (6.26) |
| Interest income | (60.46) | (64.06) |
| Rental income from investment property | (6.72) | (6.78) |
| Net gain arising on financial assets measured at FVTPL | (17.94) | (10.20) |
| Profit on sale / discarding of property, plant and equipment (net) | (0.65) | (0.67) |
| Fair value adjustment on deferred payment compensation for business acquisition | - | (26.10) |
| Liability no longer required written back | - | (64.77) |
| Interest expenses on Fair value of contingent consideration | 10.91 | - |
| Interest expenses | 4.74 | 2.65 |
| Operating profit before working capital changes | 807.55 | 635.87 |
| Movements in working capital: | | |
| (Increase) / Decrease in trade receivables | 78.97 | (140.71) |
| (Increase) / Decrease in other assets | (98.79) | (93.53) |
| Increase / (Decrease) in provisions | 33.37 | 17.18 |
| Increase / (Decrease) in trade payables and other liabilities | (47.97) | 24.97 |
| Cash generated from operations | 773.13 | 443.78 |
| Direct taxes paid, net of refunds | (130.23) | (132.56) |
| Net cash from operating activities (A) | 642.90 | 311.22 |
| B. Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (181.08) | (158.94) |
| Purchase of intangible assets | (8.54) | (6.93) |
| Proceeds from sale of property, plant and equipment | 2.46 | 2.96 |
| Proceeds from redemption of debentures | - | 175.12 |
| Acquisition of subsidiary (net of cash and cash equivalents acquired amounting to ₹ 16.69 mn) | (79.72) | - |
| Investment in mutual fund | (125.00) | (140.00) |
| Payment of deferred consideration to erstwhile shareholders of subsidiary | (22.40) | - |
| Proceeds from / (Investment in) fixed deposits (net) | 408.15 | (293.84) |
| Interest received | 60.01 | 64.62 |
| Rental income from investment property | 6.72 | 6.56 |
| Net cash from / (used in) investing activities (B) | 60.60 | (350.45) |

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

(₹ in million)

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| C. Cash flows used in financing activities | | |
| Proceeds from long-term borrowings | 8.83 | 4.65 |
| Repayment of long-term borrowings- current maturities | (6.73) | (5.02) |
| Proceeds from other non-current assets | 0.01 | (0.05) |
| Amount used in buy-back of equity shares | (239.85) | - |
| Proceeds from issuance of equity shares | 0.45 | 0.45 |
| Interest paid | (4.71) | (2.40) |
| Interim dividend (refer to Note 37) | (180.51) | (67.79) |
| CDT on interim dividend | (37.10) | (17.70) |
| Net cash used in financing activities (C) | (459.61) | (87.86) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 243.89 | (127.09) |
| Add: Cash and cash equivalents at the beginning of the year | 841.17 | 929.02 |
| Add: Effect of exchange rate changes on cash and cash equivalents held in foreign currency | 18.05 | 39.24 |
| Cash and cash equivalents at the end of the year (refer to Note 8a) | 1,103.11 | 841.17 |

Note:

(1) Figures in brackets indicate cash out flow.

See accompanying notes to the consolidated financial statements. 1-41

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 09, 2020

For and on behalf of the Board of Directors of **R SYSTEMS INTERNATIONAL LIMITED**

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Frankfurt, Germany
Date : February 09, 2020

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 09, 2020

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 09, 2020

Sd/-
BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 09, 2020

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. Organisation and nature of operations

R Systems International Limited (the 'Company' or 'the Parent Company') and its subsidiaries (hereinafter collectively referred to as 'the Group') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Group is a leading global provider of technology, artificial intelligence, RPA services and solutions along with business process outsourcing services. The Group delivers its services and solutions to leading technology companies and businesses to enable their digital transformation. The Group's services and solutions span over five major business verticals i.e. Technology, Telecom, Healthcare and Life Science, Finance and Insurance, and Retail & e-commerce.

The Company has following subsidiaries:-

| Subsidiary | Holding as at December 31, 2019 | Holding as at December 31, 2018 | Country of incorporation and other particulars |
|--|------------------------------------|------------------------------------|--|
| R Systems, Inc., USA | 100% | 100% | A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001. |
| R Systems (Singapore) Pte Limited, Singapore | 100% | 100% | A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000. |
| R Systems Technologies Limited, USA | 100% | 100% | A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002. |
| ECnet Limited, Singapore * | 99.75% | 99.75% | A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong and Japan. |
| Computaris International Limited, U.K. | 100% | 100% | A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Switzerland and Philippines. |
| RSYS Technologies Ltd., Canada | 100% | 100% | A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012. |
| IBIZ Consultancy Services India Private Limited, India # | 100% | 100% | A company registered under the laws of India in 2008 and subsidiary of the Company since April 30, 2015. |

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

During the financial year December 31, 2019, R Systems International Limited w.e.f. July 01, 2019 has acquired IBIZ Consultancy Services India Private Limited, India (IBIZ India) from its wholly owned subsidiary, IBIZ Consulting Pte. Ltd., Singapore. Consequent to the said acquisition, IBIZ India, which was earlier a step down subsidiary, has become a direct wholly owned subsidiary of the Company.

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

ECnet Limited, Singapore has following wholly owned subsidiaries:

| Name | Holding as at December 31, 2019 | Holding as at December 31, 2018 | Country of incorporation |
|---|------------------------------------|------------------------------------|----------------------------|
| ECnet (M) Sdn Bhd | 100% | 100% | Malaysia |
| ECnet Systems (Thailand) Co. Ltd. | 100% | 100% | Thailand |
| ECnet (Shanghai) Co. Ltd. | 100% | 100% | People's Republic of China |
| ECnet (Hong Kong) Ltd. | 100% | 100% | Hong Kong |
| ECnet, Inc.(Liquidated on January 28, 2019) | - | 100% | United States of America |
| ECnet Kabushiki Kaisha | 100% | 100% | Japan |

Computaris International Limited, UK has following wholly owned subsidiaries:

| Name | Holding as at December 31, 2019 | Holding as at December 31, 2018 | Country of incorporation |
|--|------------------------------------|------------------------------------|--------------------------|
| Computaris Romania SRL | 100% | 100% | Romania |
| Computaris Polska sp z o.o. | 100% | 100% | Poland |
| ICS Computaris International Srl | 100% | 100% | Moldova |
| Computaris Malaysia Sdn. Bhd. | 100% | 100% | Malaysia |
| Computaris Philippines Pte. Ltd. Inc. | 100% | 100% | Philippines |
| Computaris Suisse Sarl (incorporated w.e.f. April 27, 2018) | 100% | 100% | Switzerland |

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

| Name | Holding as at December 31, 2019 | Holding as at December 31, 2018 | Country of incorporation |
|--|------------------------------------|------------------------------------|----------------------------|
| IBIZ Consulting Services Pte Ltd | 100% | 100% | Singapore |
| IBIZ Consulting Services Sdn. Bhd. | 100% | 100% | Malaysia |
| PT. IBIZCS Indonesia | 100% | 100% | Indonesia |
| IBIZ Consulting (Thailand) Co. Ltd. (incorporated w.e.f. June 21, 2019) | 100% | - | Thailand |
| IBIZ Consulting Service Limited (IBIZ HK) | 100% | 100% | Hong Kong |
| IBIZ Consulting Service Shanghai Co., Ltd | 100% by IBIZ HK | 100% by IBIZ HK | People's Republic of China |

2. Significant Accounting Policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules as amended from time to time.

The Group has consistently applied accounting policies to all periods except for the following changes in Ind AS which have been adopted using the cumulative catch-up transition method.

The Group has adopted Ind AS 115 'Revenue from Contracts with Customers' with effect from January 01, 2019. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted the standard using the cumulative catch-up transition method and accordingly comparatives for the year ending December 31, 2018 have not been retrospectively adjusted. The application of Ind AS 115 did not have material impact on the financial statements.

(b) Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The Group uses the Indian Rupee (INR) as its reporting currency, which is the functional currency of the Parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

(c) Basis of preparation and presentation

The consolidated financial statements of the Group have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services.

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Indian Accounting Standard (Ind AS) 110 Consolidated Financial Statements.

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 1 above).

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net comprehensive income of consolidated subsidiaries for the year is

identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

2.3 Summary of significant accounting policies

(a) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

When part of an item of property plant and equipment has different useful lives, they are accounted for as separate items (major component) of property, plant and equipment. Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

(b) Depreciation

Depreciation is calculated on cost of items of Property, Plant and Equipment and investment property less their estimated residual values using the straight line method over the useful lives of the assets estimated by the management. The assets residual values and useful lives are reviewed at each

financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

| Category | Useful life |
|---|--------------------------------------|
| Leasehold land | Lease period |
| Buildings | 30 years |
| Leasehold improvements | Lower of lease period or useful life |
| Plant and equipment - other than air conditioners | 15 years |
| Air conditioners | 5 years |
| Office Equipment (other than end user devices) | 5 years |
| Computer hardware and network installations (other than end user devices) | 6 years |
| End-user devices such as desktop, laptop, mobile phones etc. | 3 years |
| Furniture and fittings | 10 years |
| Vehicles | 8 years |
| Electrical Installation | 10 years |

(c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

A summary of amortisation policies applied to the Group's intangible assets are as below:

| Category | Useful life |
|-------------------------------|---|
| Computer software | Lower of license period or 3 to 5 years |
| Customer Contract Non-Compete | Over the period of contract Period of Non-Compete |

(d) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(e) Business combination, Goodwill and Intangible assets

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

a. Goodwill

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the excess is negative, a bargain purchase gain is recognised in capital reserve.

b. Intangible assets

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

(f) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(g) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

- (i) Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):
- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
 - the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the

cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

(iii) Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

(iv) Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a

transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- (i) For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- (ii) Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- (iii) For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(h) Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as:

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

- Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all change recognised in the statement of profit and loss.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

The Group also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit or loss.

(i) Impairment

- i. Financial assets

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii. Non-financial assets

The Group's non-financial assets, excluding deferred tax assets, are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Group estimates the asset's recoverable amount.

An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(j) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of

foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included

in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(k) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Group is a lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Group will

obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

Where the Group is a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land and 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 recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

(m) Revenue

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

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

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

The Group collects Goods and Service Tax, value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

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

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

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

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

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

as contract liabilities (referred as unearned revenues).

Unbilled revenue for fixed price contracts are classified as non-financial asset if the contractual right to consideration is dependent on completion of contractual milestones. Unbilled revenue on contracts other than above is classified as a financial asset.

(n) Other Income

Other income is comprised primarily of interest income, gain/loss on investments and exchange gain/loss on forward contracts and exchange differences arising on conversion / settlement of foreign currency monetary items. Interest income is recognised on a time proportion basis taking into account the carrying amount and the effective interest rate. Dividend income is recognised when the Group's right to receive dividend is established.

(o) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

For translating income, expense and cash flows items, during the year ended December 31, 2019, the rates used were US \$ 1 = ₹ 70.27, Euro 1 = ₹ 78.66, Singapore \$ 1 = ₹ 51.50 and Canadian \$ 1 = ₹ 52.96. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = ₹ 71.39, Euro 1 = ₹ 80.10, Singapore \$ 1 = ₹ 53.05 and Canadian \$ 1 = ₹ 54.79.

For translating income, expense and cash flows items, during the year ended December 31, 2018, the rates used were US \$ 1 = ₹ 68.30, Euro 1 = ₹ 80.55, Singapore \$ 1 = ₹ 50.59 and Canadian \$ 1 = ₹ 52.66. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = ₹ 69.78, Euro 1 = ₹ 79.99, Singapore \$ 1 = ₹ 51.25 and Canadian \$ 1 = ₹ 51.24.

(p) Employee benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

- (i) The Group's contribution to provident fund, employee state insurance scheme and other social security plans are considered as defined contribution plans and are charged as an expense based on the

amount of contribution required to be made and when services are rendered by the employees

- (ii) Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the re-measurements, comprising of actuarial gains and losses which are recognised in full in the statement of other comprehensive income in the reporting period in which they occur. Re-measurements are not reclassified to profit and loss subsequently.

- (iii) **Compensated absences**

The employees of the Group are entitled to compensated absences. The employees of the Group can carry forward a portion of the unutilised accumulating compensated absences and utilise it in the future periods or receive cash at the retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the service that increases this entitlement.

Accumulated compensated absences which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulating compensated absences which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

The Group presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(q) Employee stock compensation expenses

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – “Share Based Payments”, the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognised as employee compensation cost over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognised in the statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(r) Income taxes

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Deferred tax

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Group’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax

holiday period is recognised in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognised as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(s) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

When the grant or subsidy relates to a capital item in form of reduced duty on import, it is deducted in carrying amount of an item of property, plant and equipment grants i.e. the asset is accounted for on the basis of its net acquisition cost. The grant on capital item is recognised in profit or loss over the life of a depreciable asset in the form of reduced depreciation expense.

(t) Segment reporting

The Group determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Each segment item reported is measured at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Inter segment transfers:

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

(u) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by R Systems Employee Welfare Trust at

the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(v) Provisions

A provision is recognised when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(w) Contingent liabilities

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

(x) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(y) Use of estimates and judgement

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions

that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Group may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

i. Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Group's major tax jurisdiction is India, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

The Group reviews carrying amount of deferred tax assets / liabilities at the end of each reporting period.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is

acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Impairment of investments

The Group reviews its carrying value of investments at each Balance Sheet date, or more frequently when there is an indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

v. Business Combination and Intangible Assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the fair value of contingent consideration and intangible assets

New standards and interpretations not yet adopted

a. Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The standard permits two possible methods of transition:

- Full retrospective – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance

with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group will adopt the standard on January 1, 2020 by using the modified retrospective approach and accordingly comparatives for the year ending December 31, 2019 will not be retrospectively adjusted. The Group is in the process of evaluating the impact of adoption of Ind AS 116 on its consolidated financial statements.

b. Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs (“MCA”) has notified Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each treatment, or a group of tax treatments, that the companies have used or plan to use in their tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application.

The amendment is effective for annual periods beginning on or after April 1, 2019. The Group will adopt the standard on January 1, 2020 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. January 1, 2020 without adjusting comparatives. The effect of this amendment is expected to be insignificant.

c. Amendment to Ind AS 12 ‘Income Taxes’

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 Income

Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment also clarifies that an entity shall recognise the income tax consequences of dividends when it recognises a liability to pay the dividend. The amendment is effective for annual periods beginning on or after April 1, 2019. The Group will adopt the standard on January 1, 2020. The effect of this amendment is expected to be insignificant.

d. Amendment to Ind AS 19 'Employee Benefits'

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The amendment is effective for annual periods beginning on or after April 1, 2019. The Group will adopt the standard on January 1, 2020. The effect of this amendment is expected to be insignificant.

3 (a). Property, plant and equipment

| Particulars | Leasehold land | Buildings and leasehold improvements | Plant and equipment | Electric Installation | Furniture and fittings ¹ | Computers ² | Vehicles ³ | Office equipment | Total |
|---------------------------------|----------------|--------------------------------------|---------------------|-----------------------|-------------------------------------|------------------------|-----------------------|------------------|-----------------|
| | | | | | | | | | |
| At cost | | | | | | | | | |
| Gross Block | | | | | | | | | |
| As at January 01, 2018 | 14.58 | 104.22 | 55.09 | 21.61 | 109.08 | 457.17 | 61.14 | 47.23 | 870.12 |
| Additions | - | 6.89 | - | 0.13 | 10.99 | 71.42 | 8.93 | 6.49 | 104.85 |
| Deletions | - | (1.87) | (0.01) | (0.01) | (2.01) | (25.59) | (8.62) | (4.11) | (42.22) |
| Foreign currency translation | - | 1.47 | - | 0.17 | 1.53 | 5.34 | 1.32 | 0.98 | 10.81 |
| As at December 31, 2018 | 14.58 | 110.71 | 55.08 | 21.90 | 119.59 | 508.34 | 62.77 | 50.59 | 943.56 |
| Additions | - | 0.19 | 3.50 | - | 22.45 | 195.89 | 18.57 | 3.15 | 243.75 |
| Deletions | - | (0.06) | - | (1.70) | (0.38) | (46.19) | (5.46) | (1.22) | (55.01) |
| Foreign currency translation | - | 0.31 | - | 0.05 | 0.48 | 2.90 | 0.29 | 0.33 | 4.36 |
| As at December 31, 2019 | 14.58 | 111.15 | 58.58 | 20.25 | 142.14 | 660.94 | 76.17 | 52.85 | 1,136.66 |
| Accumulated Depreciation | | | | | | | | | |
| As at January 01, 2018 | 3.15 | 39.00 | 23.38 | 19.31 | 88.99 | 327.24 | 32.63 | 36.04 | 569.74 |
| Charge for the year | 0.17 | 7.37 | 4.10 | 0.51 | 3.92 | 70.00 | 5.95 | 6.21 | 98.23 |
| Deletions | - | (1.81) | (0.01) | (0.01) | (1.99) | (24.75) | (7.41) | (3.95) | (39.93) |
| Foreign currency translation | - | 1.12 | - | 0.17 | 1.24 | 3.97 | 1.32 | 0.79 | 8.61 |
| As at December 31, 2018 | 3.32 | 45.68 | 27.47 | 19.98 | 92.16 | 376.46 | 32.49 | 39.09 | 636.65 |
| Charge for the year | 0.14 | 6.48 | 4.24 | 0.31 | 6.98 | 80.63 | 7.10 | 5.53 | 111.41 |
| Deletions | - | (0.06) | - | (1.70) | (0.32) | (44.34) | (4.00) | (1.22) | (51.64) |
| Foreign currency translation | - | 0.28 | - | 0.05 | 0.64 | 2.81 | 0.29 | 0.19 | 4.26 |
| As at December 31, 2019 | 3.46 | 52.38 | 31.71 | 18.64 | 99.46 | 415.56 | 35.88 | 43.59 | 700.68 |
| Net Block | | | | | | | | | |
| As at December 31, 2018 | 11.26 | 65.03 | 27.61 | 1.92 | 27.43 | 131.88 | 30.28 | 11.50 | 306.91 |
| As at December 31, 2019 | 11.12 | 58.77 | 26.87 | 1.61 | 42.68 | 245.38 | 40.29 | 9.26 | 435.98 |

Notes:

- (1) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2019 ₹ 33.00 million (December 31, 2018 ₹11.00 million), Depreciation charge for the year ₹ 3.03 million (previous year ₹ 1.10 million), Accumulated depreciation as at December 31, 2019 ₹ 5.27 million (December 31, 2018 ₹ 2.24 million) and Net book value as at December 31, 2019 ₹ 27.73 million (December 31, 2018 ₹ 8.76 million).
- (2) Computer Hardware includes assets on finance lease : Gross block as at December 31, 2019 ₹ 15.40 million (December 31, 2018 ₹ NIL), Depreciation charge for the year ₹ 0.31 million (previous year ₹ NIL), Accumulated depreciation as at December 31, 2019 ₹ 0.31 million (December 31, 2018 ₹ NIL) and Net book value as at December 31, 2019 ₹ 15.09 million (December 31, 2018 ₹ NIL).
- (3) Vehicles amounting to ₹ 25.78 million (as at December 31, 2018 : ₹ 20.95 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.
- (4) Refer to Note 33 for capital commitment, Note 34(a) for finance lease obligation and Note 8(c) for assets pledged as security for liabilities..

3 (b). Capital work in progress

| Particulars | (₹ in million) | |
|-------------------------|----------------|--|
| | Amount | |
| As at December 31, 2018 | 16.18 | |
| As at December 31, 2019 | 19.63 | |

3 (c). Investment property (₹ in million)

| Particulars | As at | As at |
|---|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Cost of land and building given on operating lease | | |
| Balance at beginning of the year | 35.96 | 35.96 |
| Additions | - | - |
| Balance at the end of year | 35.96 | 35.96 |
| Accumulated depreciation | | |
| Balance at beginning of the year | 12.65 | 11.18 |
| Charge for the year | 1.47 | 1.47 |
| Balance at the end of year | 14.12 | 12.65 |
| Net Block | 21.84 | 23.31 |

Measurement of fair values

Investment property consists of land and building situated at Pune, India and is accounted for at cost. The Company has estimated that the fair value of investment property as at December 31, 2019 was ₹ 95.50 million (Previous year: ₹ 95.50 million). The fair value has been determined based on current prices in an active market for similar properties. The fair value measurement for the investment property has been categorised as a Level 2.

3 (d). Goodwill (₹ in million)

| Particulars | Total |
|--|---------------|
| As at January 01, 2018 | 84.05 |
| Foreign currency translation | 5.88 |
| As at December 31, 2018 | 89.93 |
| Additions through Acquisition (Refer to Note 39) | 100.73 |
| Foreign currency translation | 5.28 |
| As at December 31, 2019 | 195.94 |

3 (e). Other intangible assets (₹ in million)

| Particulars | Software ¹ | Non-Compete | Customer contract | Total |
|--|-----------------------|---------------|-------------------|----------------|
| At cost | | | | |
| Gross Block | | | | |
| As at January 01, 2018 | 231.05 | 76.26 | 17.92 | 325.23 |
| Additions | 6.93 | - | - | 6.93 |
| Deletions | (3.07) | - | - | (3.07) |
| Foreign currency translation | 10.38 | 5.94 | 0.81 | 17.13 |
| As at December 31, 2018 | 245.29 | 82.20 | 18.73 | 346.22 |
| Additions through Acquisition (Refer to Note 39) | - | 68.62 | - | 68.62 |
| Additions | 11.24 | - | - | 11.24 |
| Deletions | (34.08) | - | - | (34.08) |
| Foreign currency translation | 0.99 | 4.47 | 0.03 | 5.49 |
| As at December 31, 2019 | 223.44 | 155.29 | 18.76 | 397.49 |
| Accumulated amortisation | | | | |
| As at January 01, 2018 | 216.16 | 40.47 | 15.78 | 272.41 |
| Charge for the year | 17.29 | 16.23 | 2.26 | 35.78 |
| Deletions | (3.04) | - | - | (3.04) |
| Foreign currency translation | 9.16 | 3.58 | 0.69 | 13.43 |
| As at December 31, 2018 | 239.57 | 60.28 | 18.73 | 318.58 |
| Charge for the year | 5.45 | 30.53 | - | 35.98 |
| Deletions | (27.43) | - | - | (27.43) |
| Foreign currency translation | 1.13 | 2.64 | 0.03 | 3.80 |
| As at December 31, 2019 | 218.72 | 93.45 | 18.76 | 330.93 |
| Net Block | | | | |
| As at December 31, 2018 | 5.72 | 21.92 | - | 27.64 |
| As at December 31, 2019 | 4.72 | 61.84 | - | 66.56 |

Note:

(1) Software includes assets on finance lease : Gross block as at December 31, 2019 ₹ 2.54 million (December 31, 2018 ₹ NIL), Depreciation charge for the year ₹ 0.08 million (previous year ₹ NIL), Accumulated depreciation as at December 31, 2019 ₹ 0.08 million (December 31, 2018 ₹ NIL) and Net book value as at December 31, 2019 ₹ 2.46 million (December 31, 2018 ₹ NIL).

4. Investments (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| A. Non-Current Investment | | |
| Unquoted investments (fully paid), measured at FVTPL | | |
| Investment in Saraswat Co-operative Bank Ltd | | |
| 2,500 (December 31, 2018: 2,500) shares of Rs. 10 each fully paid up | 0.03 | 0.03 |
| Total Investment measured at FVTPL | 0.03 | 0.03 |
| Aggregate carrying value of Non-Current unquoted investments | 0.03 | 0.03 |
| B. Current Investment | | |
| Quoted investment in mutual funds, measured at FVTPL | | |
| 30,223 (previous year 18,376) units of SBI Premier Liquid Fund | 92.38 | 52.64 |
| 22,709 (previous year 14,627) units of HDFC Liquid Fund | 87.17 | 52.63 |
| 223,226 (previous year 115,669) units of ICICI Prudential Liquid Fund | 64.65 | 31.41 |
| 205,428 (previous year 106,472) units of Aditya Birla Sunlife Liquid Fund | 64.73 | 31.41 |
| 15,428 (previous year 15,428) units of Axis Liquid Fund | 33.52 | 31.41 |
| Total investment in Mutual funds | 342.45 | 199.50 |
| Total current investment (quoted) | 342.45 | 199.50 |

5. Other non-current financial assets (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| Unsecured, considered good | | |
| Security deposits | 33.04 | 31.07 |
| Margin money deposits (refer to Note 8b) | 53.95 | 52.61 |
| Bank deposits to be matured after 12 months from reporting date (refer to Note 8b) | 51.40 | 17.37 |
| Interest accrued on fixed deposits | 1.84 | 1.58 |
| Staff advance | 0.14 | 0.29 |
| | 140.37 | 102.92 |

6. Other non-current assets (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|-----------------------------------|----------------------------|----------------------------|
| Unsecured, considered good | | |
| Capital advances | 10.75 | 40.64 |
| Prepaid expenses | 28.78 | 9.46 |
| | 39.53 | 50.10 |

7. Trade receivables (Unsecured) (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Considered good | 1,323.97 | 1,365.45 |
| Credit impaired | 32.75 | 51.85 |
| Less: Allowance for doubtful debts (expected credit loss allowance) | (32.75) | (51.85) |
| | 1,323.97 | 1,365.45 |

The Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking

estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Group estimates the following matrix at the reporting date.

| Ageing | Expected credit loss * |
|--------------------|------------------------|
| Not due | 0.01% - 0.14% |
| 0-90 days | 0.02% - 0.22% |
| 90-180 days | 0.11% - 1.34% |
| 180-365 days | 0.46% - 2.00% |
| More than 365 days | 2.00% |

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

(₹ in million)

| Movement in expected credit loss allowance | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| Balance at the beginning of the year | 51.85 | 46.32 |
| Provision for doubtful debts (net) | 7.73 | 24.75 |
| Bad debts written off | (26.31) | (22.28) |
| Effect of foreign exchange fluctuation / translation | (0.52) | 3.06 |
| Balance at the end of the year | 32.75 | 51.85 |

8a. Cash and cash equivalents

(₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| (a) Cash on hand | 0.95 | 1.15 |
| (b) Balances with scheduled banks | | |
| (i) in current accounts | 27.16 | 21.71 |
| (ii) in EEFC accounts | 147.89 | 64.64 |
| (iii) Deposit accounts with original maturity of less than 3 months | 204.71 | 142.40 |
| (c) Balances with other banks | | |
| (i) in current accounts | 673.46 | 520.42 |
| (ii) Deposit accounts with original maturity of less than 3 months | 48.94 | 90.85 |
| Cash and cash equivalents | 1,103.11 | 841.17 |

8b. Other bank balances

(₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| (a) In other deposit accounts | | |
| (i) original maturity more than 12 months | 316.51 | 386.43 |
| (ii) original maturity more than 3 months but less than 12 months | 183.18 | 515.75 |
| (iii) held as margin money | 53.95 | 52.61 |
| Deposits with banks carried at amortised costs | 553.64 | 954.79 |
| Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9 | (265.11) | (369.06) |
| Less: Bank deposits to be matured after 12 months from reporting date disclosed under Note 5 | (51.40) | (17.37) |
| Less: Margin money deposit disclosed under Note 5 | (53.95) | (52.61) |
| | 183.18 | 515.75 |
| (b) Balances with scheduled banks | | |
| (i) in unclaimed dividend accounts | 2.39 | 2.95 |
| (ii) Bank balance towards interim dividend [refer to Note 37] | 180.51 | - |
| Total - Other bank balances | 366.08 | 518.70 |

Note:

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

8c. Cash and bank balances

(₹ in million)

| S. No. | Particulars | As at December 31, 2019 | As at December 31, 2018 |
|----------|---|----------------------------|----------------------------|
| A | Cash on Hand | 0.95 | 1.15 |
| | Balances with scheduled banks | | |
| B | In current accounts | | |
| 1 | ICICI Bank Limited | 12.36 | 5.02 |
| 2 | HDFC Bank Limited | 8.35 | 7.37 |
| 3 | Oriental Bank of Commerce | 0.55 | 3.16 |
| 4 | State Bank of India | 1.00 | 0.76 |
| 5 | Axis Bank Limited | 4.84 | 5.26 |
| 6 | Kotak Mahindra Bank Limited | 0.06 | 0.14 |
| | | 27.16 | 21.71 |
| C | In cash credit / overdraft account* | | |
| 1 | Axis bank account | - | - |
| D | In EEFC accounts | | |
| 1 | ICICI Bank Limited- USD | 73.69 | 12.90 |
| 2 | ICICI Bank Limited- CAD | 0.12 | - |
| 3 | Axis Bank Limited-USD | 64.93 | 44.14 |
| 4 | Axis Bank Limited-EURO | 7.29 | 5.88 |
| 5 | Axis Bank Limited-GBP | 0.57 | 0.55 |
| 6 | Axis Bank Limited-CAD | 1.29 | 1.17 |
| | | 147.89 | 64.64 |
| E | In deposit accounts | | |
| 1 | State Bank of India | 25.54 | 24.21 |
| 2 | ICICI Bank Limited | 12.53 | 57.34 |
| 3 | Axis Bank Limited | 269.38 | 399.90 |
| 4 | Kotak Mahindra Bank Limited | 113.75 | 184.61 |
| 5 | HDFC Bank Limited | 60.00 | 45.74 |
| 6 | State Bank of India, New York | - | 16.95 |
| 7 | Bank of Baroda, New York | - | 17.23 |
| | | 481.20 | 745.98 |
| F | In unclaimed dividend accounts | | |
| 1 | HDFC Bank Limited | 2.12 | 2.68 |
| 2 | Kotak Mahindra Bank Limited | 0.27 | 0.27 |
| | | 2.39 | 2.95 |
| G | Bank balance towards interim dividend | | |
| 1 | HDFC Bank Limited (refer to Note 37) | 180.51 | - |
| | | 180.51 | - |
| | Balance with other banks | | |
| H | In current accounts | | |
| 1 | California Bank & Trust, USA | 156.82 | 173.04 |
| 2 | JPMorgan Chase Bank, N.A. | 16.56 | - |
| 3 | Citibank Singapore Ltd, Singapore | 60.60 | 88.88 |
| 4 | DBS Bank Ltd, Singapore | 70.86 | 33.36 |
| 5 | Malayan Banking Berhad, Malaysia | 59.99 | 43.45 |
| 6 | Hang Seng Bank Limited, Hong Kong | 4.17 | 4.25 |
| 7 | Siam Commercial Bank | 25.48 | 9.43 |
| 8 | PT Bank DBS Indonesia | 15.45 | - |
| 9 | Bank of China, China | 13.89 | 16.09 |
| 10 | Sumitomo Mitsui Banking Corporation, Japan | 0.51 | 0.09 |
| 11 | Mizuho Bank Ltd, Japan | 0.79 | 0.31 |
| 12 | The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan | 0.30 | 0.19 |
| 13 | Natwest Bank | 79.21 | 61.32 |
| 14 | Santander Bank Polska S.A. | 34.33 | 1.22 |
| 15 | Mobiasbanca - Groupe Societe Generale SA | 5.20 | 1.82 |
| 16 | BRD Groupe Societe Generale SA | 51.14 | 18.75 |
| 17 | CIMB Bank BHD | 0.65 | 1.31 |
| 18 | Royal Bank of Canada | 1.79 | 4.50 |
| 19 | ING Bank N.V. Amsterdam - Bucharest | 0.84 | 1.32 |
| 20 | Bank Permata Tbk, PT | 18.45 | 22.24 |
| 21 | PT Bank DBS Indonesia | 13.20 | - |
| 22 | DBS Bank (China) Ltd. | 25.54 | 26.28 |
| 23 | Standard Chartered Bank, Hong Kong | 1.42 | 0.35 |
| 24 | Bank of Shanghai | - | - |
| 25 | Credit Suisse | 2.58 | - |
| 26 | BDO UNIBANK Inc. | 13.69 | 12.22 |
| | | 673.46 | 520.42 |

(₹ in million)

| S. No. | Particulars | As at December 31, 2019 | As at December 31, 2018 |
|----------|---|----------------------------|----------------------------|
| | Balance with other banks | | |
| I | In deposit accounts | | |
| 1 | Mobiasbanca - Groupe Societe Generale SA | 0.67 | 0.66 |
| 2 | BRD Groupe Societe Generale SA | 4.90 | 6.75 |
| 3 | ING Bank N.V. Amsterdam - Bucharest | 1.34 | 1.38 |
| 4 | Citibank Singapore Ltd, Singapore | 1.60 | 23.07 |
| 5 | BDO UNIBANK Inc. | 0.34 | 0.69 |
| 6 | Natwest Bank | 14.29 | 13.98 |
| 7 | DBS Bank, Singapore | 1.06 | - |
| 8 | Santander Bank Polska S.A. | - | 21.01 |
| 9 | Credit Suisse | - | 1.29 |
| 10 | DBS Bank, Indonesia | - | 29.43 |
| 11 | Discover Bank Greenwood, DE | - | 17.03 |
| 12 | Bank Of China New York, NY | - | 17.09 |
| 13 | Zb, National Association, Salt Lake City, UT | - | 17.09 |
| 14 | Tiaa, Fsb (Fka Everbank), Jacksonville, FL | - | 17.09 |
| 15 | Banner Bk Walla Walla, WA | 17.13 | 17.09 |
| 16 | Busey Bk Champaign, IL | - | 17.09 |
| 17 | Citibank Na Sioux Falls, SD | - | 17.10 |
| 18 | Synovus Bank Ga Columbus, GA | 17.42 | 17.10 |
| 19 | First Midwest Bank Chicago, IL | - | 17.24 |
| 20 | Bank Of N Y Mellon New Yourk, NY | - | 17.24 |
| 21 | Santander Bank Na Wilmington, DE | 17.70 | 13.96 |
| 22 | Safra Natl Bk New York, NY | - | 13.96 |
| 23 | Mufg Un Bk N A San Francisco, CA | - | 13.96 |
| 24 | Berkshire Bk Pittsfield, MA | - | 13.96 |
| 25 | Enerbank Usa Salt Lake City, UT | - | 13.96 |
| 26 | Luana Savings Bank | 17.13 | 17.23 |
| 27 | Wells Fargo Bk NA | 17.78 | 17.37 |
| 28 | Morgan Stanley Pvt Bk | - | 16.96 |
| 29 | Bank Of America Corp Charlotte, NC | 17.56 | 17.16 |
| 30 | Regions Bk Birmingham, AL | - | 17.16 |
| 31 | Mizuho Bank Usa New York, NY | - | 16.96 |
| 32 | MORGAN STANLEY BK NA | 17.34 | - |
| 33 | BEAL Bank USA Las Vegas, NV | 17.42 | - |
| 34 | US BK NATL ASSN CINCINNATI, OH | 17.34 | - |
| 35 | BANK OF INDIA NEW YOURK, NY | 17.35 | - |
| 36 | Golman Sachs BK USA | 17.42 | - |
| 37 | BMO HARRIS BANK NA CHICAGO, IL | 17.49 | - |
| 38 | VALLEY NATL BK WAYNE, NJ | 14.28 | - |
| 39 | INDEPENDENT BANK GRAND RAPIDS, MI | 14.28 | - |
| 40 | MIZRAHI TEFAHOT BANK | 14.28 | - |
| 41 | CITIZENS BANK NA PROVIDENCE, RI | 15.71 | - |
| 42 | JPMORGAN CHASE BANK | 17.13 | - |
| 43 | WELLS FARGO NATL BK W | 17.13 | - |
| | | 326.09 | 442.06 |
| | Total Cash and bank balances | 1,839.65 | 1,798.91 |
| | Cash and cash equivalents (refer to Note 8a) | 1,103.11 | 841.17 |
| | Deposits with banks (refer to Note 8b) | 553.64 | 954.79 |
| | Balance in unclaimed dividend accounts (refer to Note 8b) | 2.39 | 2.95 |
| | Bank balance towards interim dividend (refer to Note 8b) | 180.51 | - |
| | Total Cash and bank balances | 1,839.65 | 1,798.91 |

* 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.

9. Other current financial assets (₹ in million)

| Particulars | As at | |
|--|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Staff advance | 7.40 | 6.87 |
| Recoverable from related parties [refer to Note 32] | 0.54 | - |
| Unbilled revenue [refer to Note 20] | 200.59 | 205.77 |
| Security deposits | 6.32 | 1.68 |
| Bank deposits with original maturity of more than 12 months [refer to Note 8b] | 265.11 | 369.06 |
| Mark-to-market gain on derivative instruments [refer to Note 29] | 13.29 | 22.59 |
| Interest accrued on fixed deposits | 4.75 | 7.88 |
| Others | 3.93 | 4.47 |
| | 501.93 | 618.32 |

10. Other current assets (₹ in million)

| Particulars | As at | |
|--|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Balances with indirect tax authorities | 41.98 | 24.62 |
| VAT recoverable | 7.67 | 4.52 |
| Unbilled revenue [refer to Note 20] | 82.74 | - |
| Prepaid expenses | 111.38 | 101.82 |
| Advance to vendors | 10.24 | 7.21 |
| Tour and travel advance | 5.30 | 11.93 |
| | 259.31 | 150.10 |

11. Equity share capital (₹ in million)

| Particulars | As at | |
|---|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Authorised | | |
| 206,000,000 (December 31 2018: 206,000,000) equity shares of ₹ 1 each | 206.00 | 206.00 |
| Issued, subscribed and fully paid up | | |
| 120,337,925 (December 31 2018: 123,990,425) equity shares of ₹ 1 each | 120.34 | 123.99 |
| Less: Shares held by R Systems Employees Welfare Trust [refer to Note g(i) below] | 0.74 | 0.74 |
| | 119.60 | 123.25 |

Notes:

(a) Reconciliation of number of shares and amount of share capital outstanding at the beginning and at the closing of the year:

| Particulars | Year ended | | Year ended | |
|---|--------------------|-----------------------------|--------------------|-----------------------------|
| | December 31, 2019 | | December 31, 2018 | |
| | Number | Amount (₹ in million) | Number | Amount (₹ in million) |
| At the beginning of the year | 123,990,425 | 123.99 | 123,952,925 | 123.95 |
| Buy-back of shares [refer to Note (d)(ii) below] | (3,690,000) | (3.69) | - | - |
| Shares issued pursuant to merger of GM Solutions Private Limited [refer to Note (d)(i) below] | - | - | 29,746,353 | 29.75 |
| Shares extinguished pursuant to merger of GM Solutions Private Limited [refer to Note (d)(i) below] | - | - | (29,746,353) | (29.75) |
| Issued during the year* | 37,500 | 0.04 | 37,500 | 0.04 |
| Outstanding at the closing of the year | 120,337,925 | 120.34 | 123,990,425 | 123.99 |

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

(b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

The Company does not have any holding / ultimate holding company.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

(i) Shares issued pursuant to merger of GM Solutions Private Limited:

Pursuant to the scheme of amalgamation between GM Solutions Private Limited (GM Solutions) and the Company and their respective shareholders and creditors, 29,746,353 fully paid equity shares of the face value of ₹ 1/- each of the Company were issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions and equivalent number of shares of the Company as held by GM Solutions were cancelled and extinguished. There was no change in the paid up share capital of the Company pursuant to the aforesaid Amalgamation.

(ii) Shares bought back:

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

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

During the year ended December 31 2015, the Company bought back 0.68 million equity shares of ₹ 1 each for an aggregate amount of ₹ 59.57 million. All the shares bought back had been extinguished within the statutory time limits and the said buy back was closed on April 23, 2015.

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

| Name of shareholder | As at | | As at | |
|--|--------------------|--------------|--------------------|--------------|
| | December 31, 2019 | | December 31, 2018 | |
| | No. of shares held | % of Holding | No. of shares held | % of Holding |
| RightMatch Holdings Limited (refer to Note 36) | 8,828,489 | 7.34 | 9,076,218 | 7.32 |
| Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi) | 11,818,061 | 9.82 | 12,150,731 | 9.80 |
| Sartaj Singh Rekhi | 19,260,269 | 16.01 | 19,800,619 | 15.97 |
| Ramneet Singh Rekhi | 16,396,505 | 13.63 | 16,857,524 | 13.60 |
| Bhavook Tripathi # | 44,091,982 | 36.64 | 44,662,112 | 36.02 |

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Not having significant influence over the Company.

(g) Shares reserved for issue under options**(i) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the Plan' or 'ESOP Plan 2001')**

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of ₹3.38 million. Consequently, Indus had allotted 21,967 equity shares of ₹10 each at a premium of ₹144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. The Company had issued 2,06,822 equity shares of ₹2 each at a premium of ₹113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 2,06,822 shares, 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of ₹2 each into one equity share of ₹10 each, then issued 1:1 bonus share to each of the then existing shareholders and further sub-divided each of the equity shares of ₹10 each into 10 equity shares of ₹ 1 each. Consequently, the total number of shares issued are now 738,980 equity shares of ₹ 1 each, which are treated as Treasury Shares.

The account balances of R Systems Trust have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the R Systems Trust functions as an extension of the Company. Therefore, an amount of ₹ 0.74 million and ₹ 2.28 million has been adjusted against issued, subscribed and paid-up capital and Securities Premium Account, respectively.

The movement in the options (in equivalent number of shares of the Company) held by the R Systems Trust during the year ended December 31, 2019 and the year ended December 31, 2018 is set out below:

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| At the beginning | | |
| - Grants outstanding under the plan (₹ 1 per share) | - | - |
| - Grants pending determination by the Compensation Committee (₹ 1 per share) | 738,980 | 738,980 |
| During the year | | |
| - Options granted (₹ 1 per share) | - | - |
| - Options exercised (₹ 1 per share) | - | - |
| - Options / grants lapsed or surrendered (₹ 1 per share) | - | - |
| At the end | | |
| - Grants outstanding under the plan (₹ 1 per share) | - | - |
| - Grants pending determination by the Compensation Committee (₹1 per share) | 738,980 | 738,980 |

Board of Directors of R Systems International Limited at its meeting held on May 02, 2019 have approved the Scheme of Reduction of Capital pursuant to the provisions of section 66 of the Companies Act, 2013. The scheme provided for re-organisation and reduction of equity share capital of the Company. The said scheme has been approved by Shareholders of the Company on May 28, 2019. The Company has applied to the Hon'ble National Company Law Tribunal, New Delhi, for its necessary directions and approval.

Subsequent to the year end, the reduction in share capital of the Company has been approved by the National Company Law Tribunal, New Delhi vide order dated January 28, 2020. Pursuant to the said order, the paid up share capital of the Company will be reduced by the aforesaid 0.74 million equity shares of the Company held by the R Systems Trust.

(ii) **R Systems International Limited Employee Stock Option Scheme 2007 ('the Plan' or 'ESOP Plan 2007')**

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 6,32,500 options granted on July 11, 2007 is ₹ 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors/Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as ₹ Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of ₹ 10 each into 10 equity shares of ₹ 1 each, the exercise price is accordingly adjusted from ₹120.70 per share to ₹12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of ₹12.07/- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2019 and year ended December 31, 2018 is set out below:

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| At the beginning | | |
| - Options exercisable under the plan (₹ 1 per share) | 75,000 | 112,500 |
| - Grants pending determination by the Compensation Committee (₹ 1 per share) | - | - |
| During the year | | |
| - Options granted (₹ 1 per share) | - | - |
| - Options exercised (₹ 1 per share) | (37,500) | (37,500) |
| - Options/grants lapsed or surrendered (₹ 1 per share) | - | - |
| At the end | | |
| - Options exercisable under the plan (₹ 1 per share) | 37,500 | 75,000 |
| - Grants pending determination by the Compensation Committee (₹ 1 per share) | - | - |
| Options vested during the year | 37,500 | 37,500 |

For options exercised during the year 2019, the weighted average share price at the exercise date was ₹ 46.68 (Previous year ₹ 38.78)

The weighted average remaining contractual life for the stock options as at December 31, 2019 is 76 months (as at December 31, 2018 : 88 months).

Fair value of share options

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

| Particulars | Outstanding option under ESOP Plan 2001* | Outstanding option under ESOP Plan 2007 |
|--|---|---|
| Stock option fair value using Black - Scholes option pricing | Nil | 49.89 |
| Exercise price | 154.00 | 12.07 |
| Expected volatility (in %) | 0.5 | 55.32-55.83 |
| Expected option life | 2.5 years (being half of the maximum option life) | 4 years i.e. 25% vesting at the end of each year from the date of grant |
| Exercise period | 1 year from the date of grant | 10 years from the date of grant |
| Dividend yield (in %) | 15.00 | 1.32 |
| Risk-free interest rate (in %) | 11.30 | 7.84 |

* Originally the price was based on ₹ 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, the Company had issued 206,822 equity shares of ₹ 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai. The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of ₹ 2 each into 1 equity share of ₹ 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of ₹ 10 each into 10 equity shares of ₹ 1 each as per record date of February 28, 2014.

12. Other equity

(₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|-------------------------|-------------------------|
| a. Securities premium Securities premium is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013. | 44.37 | 278.24 |
| b. Capital redemption reserve The capital redemption reserve was created by transfer from general reserve of an amount equal to the nominal value of equity shares bought back by the Company. It is utilised in accordance with the provisions of the Companies Act, 2013. | 3.69 | - |
| c. Stock options outstanding The stock option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium account upon exercise of stock options by the employees. In case of forfeiture, corresponding balance is transferred to general reserve. | 1.72 | 2.92 |
| d. General Reserve The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. | 155.04 | 158.73 |
| e. Capital Reserve Capital Reserve represent excess of the net assets of subsidiary over the value of the amount of the consideration paid in the consolidated financial statements | 0.03 | 0.03 |
| f. Retained earnings Retained earnings comprises the Company's undistributed earnings after taxes. | 2,796.95 | 2,432.21 |

(₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| g. Other comprehensive income | | |
| Re-measurement of defined benefit plans | (0.79) | 7.54 |
| Re-measurement of defined benefit plans consists of re-measurement of net defined benefit liability / assets (net of tax). | | |
| Foreign currency translation reserve | 261.73 | 226.11 |
| Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. | | |
| Total other Equity | 3,262.74 | 3,105.78 |

Note:

(1) Year-wise movement of the individual line items above is given in the Statement of Changes in Equity.

13. Non-current borrowings (at amortised cost)

(₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| Term loans for motor vehicles from non banking financial corporation (secured) | 13.20 | 9.36 |
| Finance lease obligations (Unsecured) | 48.88 | 10.61 |
| | 62.08 | 19.97 |
| Less: | | |
| Current maturities of term loans for motor vehicles (refer to Note 17) | 5.08 | 3.86 |
| Current maturities of finance lease obligation (refer to Note 17) | 3.92 | 0.20 |
| | 53.08 | 15.91 |

Notes:

- Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 10.26% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.
- Finance lease obligation for Furniture and Fixture, is unsecured. The interest rate implicit in aforesaid lease is 10.80% to 11.94% per annum. The lease obligation are repayable in 180 months from the date of lease.
- Finance lease obligation for Computer Hardware and Software, is unsecured. The interest rate implicit in aforesaid lease is 5.25% per annum. The lease obligation are repayable in 60 months from the date of lease.

14. Other non-current financial liabilities

(₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Contingent consideration for business acquisition (Refer to Note 28 b & 39) | 116.23 | - |
| Security Deposit | 3.99 | 2.96 |
| | 120.22 | 2.96 |

15. Provisions

(₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| Long-term provision for employee benefits | | |
| - Gratuity | 133.20 | 109.60 |
| | 133.20 | 109.60 |

Also refer to Note 22 for detailed disclosures

| 16. Other non-current liabilities | | (₹ in million) | |
|---|---------------------------------|---------------------------------|--|
| Particulars | As at December 31, 2019 | As at December 31, 2018 | |
| Deferred grant from Government | - | 0.04 | |
| | - | 0.04 | |
| 17. Other current financial liabilities | | (₹ in million) | |
| Particulars | As at December 31, 2019 | As at December 31, 2018 | |
| Current maturity of term loan for motor vehicles (refer to Note 13) | 5.08 | 3.86 | |
| Current maturity of finance lease obligation (refer to Note 13) | 3.92 | 0.20 | |
| Security deposits received | 9.08 | 9.48 | |
| Liability for interim dividend (refer to Note 37) | 179.40 | - | |
| Investor education and protection fund (not due) - Unclaimed dividend | 2.39 | 2.95 | |
| Employee benefits payable | 174.92 | 167.03 | |
| Capital creditors | - | 2.08 | |
| Deferred payment compensation for business acquisition | - | 22.29 | |
| Advance from Customer | 4.14 | - | |
| Other financial liabilities | 4.56 | 4.92 | |
| | 383.49 | 212.81 | |
| 18. Provisions | | (₹ in million) | |
| Particulars | As at December 31, 2019 | As at December 31, 2018 | |
| Short-term provision for employee benefits | | | |
| - Gratuity | - | 4.80 | |
| - Compensated absence | 166.60 | 137.83 | |
| | 166.60 | 142.63 | |
| Also refer to Note 22 for detailed disclosures | | | |
| 19. Other current liabilities | | (₹ in million) | |
| Particulars | As at December 31, 2019 | As at December 31, 2018 | |
| Statutory dues payable | | | |
| Tax deducted at source / Withholding tax payable | 24.03 | 22.11 | |
| PF / 401 K / other payables | 44.62 | 37.07 | |
| GST / Service tax / VAT payable | 28.58 | 22.53 | |
| Others | 0.34 | 0.23 | |
| Unearned revenues (refer to Note 20) | 286.13 | 316.64 | |
| Deferred grant from Government | 0.23 | 0.83 | |
| | 383.93 | 399.41 | |
| 20. Revenue from operations | | (₹ in million) | |
| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 | |
| Sale of services | 8,093.75 | 6,998.89 | |
| | 8,093.75 | 6,998.89 | |

Disaggregate revenue information

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

Revenue by geography for the year ended December 31, 2019: (₹ in million)

| | |
|-----------------|-----------------|
| India | 121.55 |
| North America | 5,278.21 |
| South East Asia | 1,373.15 |
| Europe | 1,212.10 |
| Others | 108.74 |
| | 8,093.75 |

Revenue by customer's industry type for the year ended December 31, 2019: (₹ in million)

| | |
|-----------------------------|-----------------|
| Technology | 3,610.88 |
| Telecom | 821.24 |
| Healthcare and life science | 575.35 |
| Finance and insurance | 1,076.55 |
| Others | 2,009.73 |
| | 8,093.75 |

Trade receivables and contract balances

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

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

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

Invoicing in excess of earnings is classified as unearned revenue.

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

During the year ended December 31, 2019, the company recognised revenue of ₹ 316.64 million arising from opening unearned revenue as of January 1, 2019.

During the year ended December 31, 2019, ₹ 50.75 million of unbilled revenue pertaining to fixed price contracts as of January 1, 2019 has been billed to customers as per billing milestones.

Performance obligations and remaining performance obligations

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

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

21. Other income (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Interest income on | | |
| - Bank deposit | 59.95 | 56.01 |
| - Debenture | - | 7.67 |
| - Financial instruments measured at amortised cost | 0.51 | 0.38 |
| Rental income from investment property | 6.72 | 6.78 |
| Foreign exchange fluctuation (net) | 57.08 | 9.38 |
| Profit on sale / discarding of property, plant and equipment (net) | 0.65 | 0.67 |
| Liability no longer required written back | - | 64.77 |
| Fair value adjustment on deferred payment compensation for business acquisition | - | 26.10 |
| Miscellaneous income | 11.00 | 10.53 |
| Net gain arising on financial assets measured at FVTPL | 17.94 | 10.20 |
| | 153.85 | 192.49 |

22. Employee benefits expense (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Salaries, wages and bonus | 4,989.61 | 4,285.26 |
| Gratuity expenses | 26.64 | 36.50 |
| Contribution to provident and other funds | 249.95 | 227.63 |
| Employees' share based payments expense | 0.67 | 1.40 |
| Staff welfare expenses | 195.26 | 193.06 |
| | 5,462.13 | 4,743.85 |

Gratuity

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of ₹ 2 million (previous year ₹ 2 million).

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

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Service cost | 19.00 | 29.50 |
| Net interest cost | 7.64 | 7.00 |
| Net gratuity expense recognised in profit and loss | 26.64 | 36.50 |
| Remeasurement loss / (gain) recognised in OCI | 12.70 | 0.77 |
| Total Cost Recognised in Comprehensive Income | 39.34 | 37.27 |

Details of defined benefit gratuity plan: (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---------------------------------------|----------------------------|----------------------------|
| Defined benefit obligation | 158.81 | 130.56 |
| Fair value of plan assets | 25.61 | 16.16 |
| Net defined benefit obligation | 133.20 | 114.40 |

Changes in the defined benefit obligation are as follows:

(₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Opening defined benefit obligation | 130.56 | 99.10 |
| Service cost | 19.00 | 29.50 |
| Interest cost | 8.83 | 7.33 |
| Benefits paid | (12.70) | (6.38) |
| Actuarial (gains) / losses on obligation | 13.12 | 1.01 |
| Closing defined benefit obligation | 158.81 | 130.56 |

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

(₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Opening fair value of plan assets | 16.16 | 4.33 |
| Expected return | 1.19 | 0.33 |
| Contributions by the employer | 20.54 | 17.64 |
| Benefits paid | (12.70) | (6.38) |
| Actuarial gains / (losses) on plan assets | 0.42 | 0.24 |
| Closing fair value of plan assets | 25.61 | 16.16 |

Sensitivity Analysis

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

(₹ in million)

| Defined Benefit Obligation | As at December 31, 2019 | As at December 31, 2018 |
|-------------------------------------|----------------------------|----------------------------|
| Discount rate | | |
| a. Discount rate - 100 basis points | 172.06 | 140.74 |
| b. Discount rate + 100 basis points | 147.32 | 121.70 |
| Salary increase rate | | |
| a. Rate - 100 basis points | 148.27 | 122.33 |
| b. Rate + 100 basis points | 169.70 | 139.21 |

Maturity Profile of Defined Benefit Obligation

(₹ in million)

| Expected Future Cashflows | As at December 31, 2019 | As at December 31, 2018 |
|---------------------------|----------------------------|----------------------------|
| Year 1 | 22.54 | 20.96 |
| Year 2 | 17.08 | 15.24 |
| Year 3 | 15.16 | 13.74 |
| Year 4 | 13.93 | 12.07 |
| Year 5 | 11.82 | 10.92 |
| Year 6 to10 | 48.24 | 39.65 |

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

| | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| Investments with Life Insurance Corporation of India | 100% | 100% |

The principal assumptions used in determining gratuity are shown below:

(A) Financial Assumptions

| | As at December 31, 2019 | As at December 31, 2018 |
|----------------|-------------------------------|-------------------------------|
| Discount rate | 6.65% | 7.35% |
| Increment rate | First year 10%, thereafter 7% | First year 10%, thereafter 7% |

(B) Demographic Assumptions

| | As at December 31, 2019 | As at December 31, 2018 |
|-----------------|----------------------------|----------------------------|
| Mortality Rate | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Withdrawal Rate | Below Age 30 yrs - 35% | Below Age 30 yrs - 35% |
| | Age 30 to 34 Yrs - 22% | Age 30 to 34 Yrs - 22% |
| | Age 34 to 44 Yrs - 17% | Age 34 to 44 Yrs - 17% |
| | Age 44 to 50 Yrs - 3% | Age 44 to 50 Yrs - 3% |
| | Age 50 to 54 Yrs - 2% | Age 50 to 54 Yrs - 2% |
| | Above Age 54 Yrs -1% | Above Age 54 Yrs -1% |
| Retirement age | 60 Yrs | 60 Yrs |

23. Finance cost (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| Interest expense on term loans for motor vehicles | 1.08 | 0.81 |
| Interest expense on finance lease obligation | 3.66 | 1.59 |
| Interest expenses on fair value of contingent consideration | 10.91 | - |
| Interest expense on financial instruments measured at amortised cost | - | 0.25 |
| | 15.65 | 2.65 |

24. Depreciation and amortisation expense (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Depreciation of property, plant and equipment | 111.41 | 98.23 |
| Depreciation on investment property | 1.47 | 1.47 |
| Amortisation of intangible assets | 35.98 | 35.78 |
| | 148.86 | 135.48 |

25. Other expenses (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Power and fuel | 51.56 | 46.86 |
| Rent - premises | 143.20 | 120.82 |
| Software subscription charges | 82.86 | 69.73 |
| Repair and maintenance | 63.63 | 53.79 |
| Commission | 11.67 | 9.46 |
| Travelling and conveyance | 341.37 | 294.55 |
| Communication costs | 82.58 | 79.10 |
| Legal and professional fees (including subcontracting expenses) | 724.01 | 664.53 |
| Cost of third party items | 189.89 | 136.24 |
| Auditors' remuneration (refer detail below) | 5.11 | 5.15 |
| Provision for doubtful debts (net) | 7.73 | 24.75 |
| Advances written off | 1.10 | 13.45 |
| Contribution towards corporate social responsibility (refer detail below) | 6.52 | 3.96 |
| Miscellaneous expenses | 190.38 | 160.19 |
| | 1,901.61 | 1,682.58 |

(i) **Detail of auditors remuneration** (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| As auditor: | | |
| Audit fee | | |
| - Statutory audit fee | 1.70 | 2.12 |
| - Quarterly audit / limited review fee | 2.56 | 2.31 |
| - Out-of-pocket expenses | 0.65 | 0.28 |
| In other capacity: | | |
| - Certification | 0.20 | 0.44 |
| | 5.11 | 5.15 |

(ii) **Contribution towards corporate social responsibility** (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Amount required to be spent by the Company during the year | 8.25 | 9.19 |
| Amount spend by the Company in accordance with its Corporate Social Responsibility Policy | 6.52 | 3.96 |

26. **Income tax** (₹ in million)

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Current income tax | | |
| In respect of the current year | 160.60 | 129.60 |
| In respect of the prior periods | (25.76) | (5.38) |
| Deferred tax charge / (credit) | 3.27 | (7.85) |
| Income tax expense recognised in the statement of profit and loss | 138.11 | 116.37 |
| Income tax recognised in other comprehensive income | | |
| Deferred tax arising on income and expense recognised in other comprehensive income | | |
| Net loss / (gain) on re-measurement of defined benefit plan | (4.37) | (0.27) |
| | 133.74 | 116.10 |

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

| Particulars | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| Profit before tax | 719.35 | 626.82 |
| Enacted income tax rate in India | 29.12% | 34.94% |
| Computed expected tax expense | 209.47 | 219.04 |
| Effect of: | | |
| Income exempt from tax | (70.22) | (67.02) |
| Temporary differences not recognised in earlier year | 3.25 | (24.76) |
| Expenses that are not deductible in determining taxable profit | 4.96 | 28.50 |
| Different tax rates of other tax jurisdictions | 6.30 | (32.27) |
| Tax pertaining to prior years | (25.76) | (5.38) |
| Change in corporate tax rate | 12.35 | - |
| Others | (2.24) | (1.74) |
| Income tax expense recognised in the statement of profit and loss | 138.11 | 116.37 |

Deferred tax assets and liabilities are attributable to the following (₹ in million)

| | Deferred tax assets | | Deferred tax (Liabilities) | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | As at December 31, 2019 | As at December 31, 2018 | As at December 31, 2019 | As at December 31, 2018 |
| Deferred tax assets | | | | |
| Provision for doubtful debts | 1.99 | 6.54 | | |
| Provision for gratuity | 38.87 | 38.54 | | |
| Provision for compensated absence | 39.71 | 38.79 | 2.48 | |
| Difference on account of Revenue Recognition | - | 0.25 | | |
| Other employee benefits | 5.52 | 4.74 | 0.91 | |
| Tax Losses | 9.97 | - | | |
| Total Deferred tax assets (A) | 96.06 | 88.86 | 3.39 | - |
| Deferred tax liabilities | | | | |
| Difference on account of Revenue Recognition | - | - | (4.71) | (0.25) |
| Difference between accounting base and tax base for depreciable assets | (15.60) | (11.97) | | |
| Net gain on fair value of mutual funds | (8.57) | (4.03) | | |
| Mark to market loss / (gain) on forward contracts | (2.55) | (5.40) | | |
| Adjustment for change in the tax accounting method | (6.81) | - | | |
| Total Deferred tax Liabilities (B) | (33.53) | (21.40) | (4.71) | (0.25) |
| Net deferred tax assets / (liabilities) (A+B) | 62.53 | 67.46 | (1.32) | (0.25) |

Deferred tax

Deferred tax assets / (liabilities) as at December 31, 2019 in relation to:

| Particulars | As at January 01, 2019 | Addition through Acquisition (refer to Note 39) | Credited / (Charged) to profit and loss | Credited / (Charged) in other comprehensive income | Others | Currency translation | As at December 31, 2019 |
|--|------------------------|---|---|--|----------|----------------------|-------------------------|
| Difference between accounting base and tax base for depreciable assets | (11.97) | - | (4.31) | - | - | 0.68 | (15.60) |
| Provision for doubtful debts | 6.54 | - | (4.58) | - | - | 0.03 | 1.99 |
| Difference on account of Revenue Recognition | - | - | (4.68) | - | - | (0.03) | (4.71) |
| Provision for gratuity | 38.54 | - | (4.04) | 4.37 | - | - | 38.87 |
| Provision for compensated absence | 38.79 | - | 3.11 | - | - | 0.29 | 42.19 |
| Other employee benefits | 4.74 | - | 1.67 | - | - | 0.02 | 6.43 |
| Mark to market loss / (gain) on forward contracts | (5.40) | - | 2.85 | - | - | - | (2.55) |
| Net gain on fair value of mutual funds | (4.03) | - | (4.54) | - | - | - | (8.57) |
| Tax Losses | - | - | 9.90 | - | - | 0.07 | 9.97 |
| Adjustment for change in the tax accounting method | - | (8.00) | 1.35 | - | - | (0.16) | (6.81) |
| Total | 67.21 | (8.00) | (3.27) | 4.37 | - | 0.90 | 61.21 |

Deferred tax assets / (liabilities) as at December 31, 2018 in relation to:

| Particulars | As at January 01, 2018 | Addition through Acquisition | Credited / (Charged) to profit and loss | Credited / (Charged) in other comprehensive income | Others | Currency translation | As at December 31, 2018 |
|--|------------------------|------------------------------|---|--|---------------|----------------------|-------------------------|
| Difference between accounting base and tax base for depreciable assets | (21.16) | - | 3.37 | - | - | 5.82 | (11.97) |
| Provision for doubtful debts | 2.40 | - | 4.10 | - | - | 0.04 | 6.54 |
| Difference on account of Revenue Recognition | - | - | - | - | - | - | - |
| Provision for gratuity | 32.80 | - | 5.47 | 0.27 | - | - | 38.54 |
| Provision for compensated absence | 30.73 | - | 7.45 | - | - | 0.61 | 38.79 |
| Other employee benefits | 4.70 | - | 0.04 | - | - | - | 4.74 |
| Mark to market loss / (gain) on forward contracts | - | - | (5.40) | - | - | - | (5.40) |
| Net gain on fair value of mutual funds | (0.45) | - | (3.58) | - | - | - | (4.03) |
| Tax Losses | 3.39 | - | (3.60) | - | - | 0.21 | - |
| MAT credit entitlement | 5.84 | - | - | - | (5.84) | - | - |
| Total | 58.25 | - | 7.85 | 0.27 | (5.84) | 6.68 | 67.21 |

The Group has not recognised deferred tax assets on the following:

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|-------------------------|-------------------------|
| Unused tax losses of foreign jurisdiction * | 1,744.48 | 1,689.35 |

*The unused tax losses will be expired based on tax laws of the relevant jurisdictions.

The Group has a unit at Greater Noida registered as Special Economic Zone (SEZ) unit which is entitled to a tax holiday under Section 10AAA of the Income Tax Act, 1961.

A significant portion of the profits of the Group's operations are exempt from income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated Special Economic Zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

27. Earnings per share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

| Particulars | Year ended | |
|--|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| Net profit after tax (₹ in million) | 581.24 | 510.45 |
| Weighted average number of equity shares for calculating Basic EPS | 120,577,253 | 123,238,808 |
| Weighted average number of equity shares resulting from assumed exercise of employee stock options | 24,493 | 31,934 |
| Weighted average number of equity shares for calculating Diluted EPS | 120,601,747 | 123,270,742 |
| Earnings per share [Nominal value of shares ₹ 1 (Previous year: ₹ 1)] | | |
| Basic (₹) | 4.82 | 4.14 |
| Diluted (₹) | 4.82 | 4.14 |

28 a. Financial instruments

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

| Particulars | Note reference | Basis of measurement | As at December 31, 2019 | | As at December 31, 2018 | | Fair value hierarchy |
|--|----------------|----------------------|-------------------------|-----------------|-------------------------|-----------------|----------------------|
| | | | Carrying value | Fair value | Carrying value | Fair value | |
| Assets | | | | | | | |
| Investments in other equity instruments | 4 | FVTPL | 0.03 | 0.03 | 0.03 | 0.03 | Level 3 |
| Investments in mutual funds | 4 | FVTPL | 342.45 | 342.45 | 199.50 | 199.50 | Level 1 |
| Trade receivables | 7 | Amortised cost | 1,323.97 | 1,323.97 | 1,365.45 | 1,365.45 | |
| Cash and cash equivalents | 8a | Amortised cost | 1,103.11 | 1,103.11 | 841.17 | 841.17 | |
| Other bank balances | 8b | Amortised cost | 366.08 | 366.08 | 518.70 | 518.70 | |
| Mark-to-market gain on derivative instruments | 9 | FVTPL | 13.29 | 13.29 | 22.59 | 22.59 | Level 2 |
| Other financial assets (Other than derivative instruments) | 5,9 | Amortised cost | 629.01 | 629.01 | 698.65 | 698.65 | |
| Total | | | 3,777.94 | 3,777.94 | 3,646.09 | 3,646.09 | |
| Liabilities | | | | | | | |
| Borrowings (including finance lease obligation) | 13 | Amortised cost | 62.08 | 62.08 | 19.97 | 19.97 | |
| Trade payables | | Amortised cost | 253.39 | 253.39 | 270.02 | 270.02 | |
| Other Financial liabilities | | | | | | | |
| a) Deferred payment compensation for business acquisition | 17 | FVTPL | - | - | 22.29 | 22.29 | Level 3 |
| b) Contingent consideration for business acquisition | 14 | FVTPL | 116.23 | 116.23 | - | - | Level 3 |
| c) Other financial liabilities | 14,17 | Amortised cost | 378.48 | 378.48 | 189.42 | 189.42 | |
| Total | | | 810.18 | 810.18 | 501.70 | 501.70 | |

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

28 b. Fair value measurement using significant Unobservable Inputs (Level 3)

The following table presents the changes in level 3 items for the year ended December 31, 2019 and December 31, 2018

| Particulars | Investments in other equity instruments | Deferred payment compensation for business acquisition | Contingent consideration for business acquisition |
|--|---|--|---|
| As at January 1, 2018 | 0.03 | 45.47 | - |
| Other Fair value (gain)/losses recognised in profit and loss | - | (26.10) | - |
| FCTR losses recognised in other comprehensive income | - | 2.92 | - |
| As at December 31, 2018 | 0.03 | 22.29 | - |
| Addition through Acquisition (refer to Note 39) | - | - | 102.76 |
| Interest on Fair value of contingent consideration | - | - | 10.91 |
| Amount Paid during the year | - | (22.40) | - |
| FCTR losses recognised in other comprehensive income | - | 0.11 | 2.56 |
| As at December 31, 2019 | 0.03 | - | 116.23 |

28 c. Valuation inputs and relationships to fair value of Contingent Consideration

| Particulars | Fair value | | Significant unobservable inputs | Probability-weighted range | | Sensitivity |
|--|-------------------------|-------------------------|---------------------------------|----------------------------|-------------------------|---|
| | As at December 31, 2019 | As at December 31, 2018 | | As at December 31, 2019 | As at December 31, 2018 | |
| Contingent consideration for business acquisition (refer to Note 39) | 116.23 | - | Expected cash outflows | 135.99 | - | If expected cash flows were 10% lower, the FV would decrease by ₹. 11.62 mn. |
| | | | Discount rate | 10.40% | - | A change in discount rate by 100 bps would increase / decrease the FV by ₹ 1.64 mn. /1.60 mn. |

29. Financial risk management

Financial risk factors and risk management objectives

The Group's activities expose it to foreign currency risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Foreign currency risk

The Group operates globally with its operations spread across various geographies and consequently the Group is exposed to foreign exchange risk where the currency in which revenue is generated is different from the currency in which expenses being incurred. A significant portion of the Group's revenue are in USD and Euro whereas the costs are incurred in INR or other local currencies. The Group holds plain vanilla forward contracts against expected future sales in USD and EURO to mitigate the risk of changes in exchange rates primarily against INR.

Derivative financial instruments

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on certain foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has recognised mark-to-market gain of ₹ 13.29 million (Previous year gain of ₹ 22.59 million) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2019.

The following table gives details in respect of outstanding foreign currency forward contracts:

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|----------------------------|----------------------------|----------------------------|
| USD | | |
| Foreign currency (million) | 20.30 | 16.80 |
| Average rate | 73.19 | 71.50 |
| Rupees (million) | 1,485.69 | 1,201.20 |
| EURO | | |
| Foreign currency (million) | 4.05 | 3.15 |
| Average rate | 83.63 | 86.43 |
| Rupees (million) | 338.72 | 272.24 |

The following table analyses Group's foreign currency exposure from non-derivative financial instruments as of December 31, 2019 and December 31, 2018:

| | [₹ in million] | | | |
|---|----------------|-------------|---------------------------|--------------|
| As at December 31, 2019 | USD | EURO | Others [#] | Total |
| Trade receivables | 473.24 | 203.68 | 26.77 | 703.69 |
| Other financial assets | 1.20 | 1.56 | 0.09 | 2.85 |
| Cash and cash equivalents and bank balances | 342.34 | 43.49 | 3.39 | 389.22 |
| Trade and other payables | 67.69 | 17.86 | 2.10 | 87.65 |
| As at December 31, 2018 | USD | EURO | Others[#] | Total |
| Trade receivables | 471.40 | 161.32 | 27.34 | 660.06 |
| Other financial assets | 1.24 | 0.06 | 2.30 | 3.60 |
| Cash and cash equivalents and bank balances | 222.89 | 28.18 | 8.41 | 259.48 |
| Trade and other payables | 57.97 | 7.59 | 5.84 | 71.40 |

[#] Others include currencies such as SGD, GBP, CAD, CHF etc.

Foreign currency sensitivity analysis

For the year ended December 31, 2019 and December 31, 2018, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would decrease / increase Group's profit before tax margin by approximately 1.06% and 0.69%, respectively.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk arises from deposits held with banks, investments with financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers: (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|------------------------------|----------------------------|----------------------------|
| Revenue from top customer | 480.61 | 433.92 |
| Revenue from top 5 customers | 1,650.54 | 1,643.33 |

No customer accounted for more than 10% of the revenue for the year ended December 31, 2019 and December 31, 2018.

Investments including bank deposits

Credit risk on cash and bank balance is limited as the Group generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating. The Group does not expect any losses from non-performance by the counterparties.

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus cash is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current requirements.

As at December 31, 2019, the Group had a working capital of ₹ 2,657.38 million including cash and cash equivalents and current fixed deposits of ₹ 1,286.29 million and current investments of ₹ 342.45 million. As at December 31, 2018, the Group had a working capital of ₹ 2,616.36 million including cash and cash equivalents and current fixed deposits of ₹ 1,356.92 million and current investments of ₹ 199.50 million. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities: (₹ in million)

| Particulars | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| Less than 1 year | | |
| Borrowings (including accrued interest) | 9.00 | 4.06 |
| Trade payables | 253.39 | 270.02 |
| Other financial liabilities | 374.49 | 208.75 |
| More than 1 year | | |
| Borrowings (including accrued interest) | 53.08 | 15.91 |
| Other financial liabilities | 120.22 | 2.96 |

30. Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective, when managing capital, is to maintain an optimal structure so as to maximise shareholder value. The capital structure is as follows:

| Particulars | (₹ in million) | |
|---|----------------------------|----------------------------|
| | As at December 31, 2019 | As at December 31, 2018 |
| Total equity attributable to the equity share holders of the Group | 3,382.34 | 3,229.03 |
| As percentage of total capital | 98.20% | 99.39% |
| Term loans for motor vehicles (including current maturities) | 13.20 | 9.36 |
| Finance lease obligations (including current maturities) | 48.88 | 10.61 |
| Total borrowings | 62.08 | 19.97 |
| As percentage of total capital | 1.80% | 0.61% |
| Total capital (equity and borrowings) | 3,444.42 | 3,249.00 |

The Group is predominantly equity financed which is evident from the capital structure table. Further, the Group always has surplus cash and bank balances invested in fixed deposit with banks, commercial deposits and liquid mutual funds.

31. Segment information

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided. The CODM has identified the following as its reportable segments.

- a) Information technology services
- b) Business process outsourcing services

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities of the Group are used interchangeably between segments and the CODM does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

Geographic segments are based on the areas in which the major customers of the Group operate and / or the area in which the assets are located. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, North America, South East Asian countries, Europe and Other areas.

The following table provides required information for reportable segments for the year ended December 31, 2019 and December 31, 2018: (₹ in million)

| Particulars | Information technology services | | Business process outsourcing services | | Eliminations | | Corporate and others | | Total | |
|----------------------------------|---------------------------------|-------------------|---------------------------------------|-------------------|-------------------|-------------------|----------------------|-------------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 | Year ended | | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| | | | | | December 31, 2019 | December 31, 2018 | | | | |
| REVENUE | | | | | | | | | | |
| External sales | 7,406.43 | 6,286.48 | 687.32 | 712.41 | | | | | 8,093.75 | 6,998.89 |
| Inter-segment sales | | | 30.88 | 23.18 | 30.88 | 23.18 | | | | |
| Total revenue | 7,406.43 | 6,286.48 | 718.20 | 735.59 | 30.88 | 23.18 | | | 8,093.75 | 6,998.89 |
| RESULT | | | | | | | | | | |
| Segment result | 689.98 | 528.52 | 57.93 | 108.83 | | | | | 747.91 | 637.35 |
| Unallocated corporate expenses | | | | | | | (98.03) | (88.92) | (98.03) | (88.92) |
| Operating profit | | | | | | | | | 649.88 | 548.43 |
| Finance costs | | | | | | | (15.65) | (2.65) | (15.65) | (2.65) |
| Interest income | | | | | | | 60.46 | 64.06 | 60.46 | 64.06 |
| Other unallocable income | | | | | | | 24.66 | 16.98 | 24.66 | 16.98 |
| Tax expense | | | | | | | (138.11) | (116.37) | (138.11) | (116.37) |
| Net profit after tax | | | | | | | | | 581.24 | 510.45 |
| Other segment Information | | | | | | | | | | |
| Depreciation and amortisation | 139.47 | 125.84 | 7.78 | 8.00 | | | 1.61 | 1.64 | 148.86 | 135.48 |

Geographical information:

The following is the distribution of the Group's revenue by geographical area in which customers are located:

| Particulars | Year ended | |
|-----------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 |
| India | 121.55 | 115.03 |
| North America | 5,278.21 | 4,223.68 |
| South East Asia | 1,373.15 | 1,321.03 |
| Europe | 1,212.10 | 1,255.45 |
| Others | 108.74 | 83.70 |
| Total | 8,093.75 | 6,998.89 |

Please refer to Note 28 on financial risk management for information on revenue from major customers.

32. Related Party Disclosures

Names of related parties (refer to Note 1 for 'R Systems Group')

(i) Key management personnel

| Sl. No. | Name of person | Designation | Company |
|---------|---------------------------------|---|--|
| 1 | Satinder Singh Rekhi | Managing Director | R Systems International Limited, India |
| | | Director | R Systems, Inc., USA (RSI) |
| | | Director | R Systems (Singapore) Pte Ltd, Singapore |
| | | Director | R Systems Technologies Ltd. USA |
| | | Director | Computaris International Limited, UK |
| | | Director | RSYS Technologies Ltd., Canada |
| | | Director | IBIZ Consulting Pte. Ltd, Singapore |
| 2 | Lt. Gen. Baldev Singh (Retd.) | President and Senior Executive Director | R Systems International Limited, India |
| 3 | Avirag Jain | Director & Chief Technology Officer | R Systems International Limited, India |
| 4 | Ruchica Gupta | Non-Executive Independent Director | R Systems International Limited, India |
| | | Director | R Systems, Inc., USA |
| 5 | Kapil Dhameja | Non-Executive Independent Director | R Systems International Limited, India |
| 6 | Aditya Wadhwa | Non-Executive Independent Director | R Systems International Limited, India |
| 7 | Sartaj Singh Rekhi | Director | R Systems, Inc., USA |
| | | Director | ECnet Ltd, Singapore |
| | | Director | R Systems Technologies Ltd. USA |
| | | Director | RSYS Technologies Ltd., Canada |
| 8 | Chan Kum Ming | Director | ECnet Limited, Singapore |
| | | Director | R Systems (Singapore) Pte Ltd, Singapore |
| 9 | Raluca Marina Rusu | Director | Computaris International Limited, UK |
| 10 | Joydeep Sen Chaudhuri | Director | R Systems (Singapore) Pte Ltd, Singapore |
| 11 | Gunalan Kalairajan | Director (appointed w.e.f. May 01, 2018) | IBIZ Consulting Pte. Ltd, Singapore |
| 12 | Ramasubramanian Balasubramanian | Director (resigned on May 01, 2018) | IBIZ Consulting Pte. Ltd, Singapore |
| 13 | Ramneet Singh Rekhi | Vice President | R Systems, Inc., USA |
| 14 | Nand Sardana | Chief Financial Officer | R Systems International Limited, India |
| 15 | Bhasker Dubey | Company Secretary & Compliance Officer (appointed w.e.f. February 10, 2018) | R Systems International Limited, India |
| 16 | Ashish Thakur | Company Secretary & Compliance Officer (resigned on February 10, 2018) | R Systems International Limited, India |

(ii) Relatives of Key management personnel

- Amrita Kaur Rekhi, (related to Satinder Singh Rekhi),
- Mandeep Singh Sodhi, (related to Lt. Gen. Baldev Singh (Retd.)), Chief Operating Officer – R Systems USA Operations
- Kuldeep Baldev Singh (related to Lt. Gen. Baldev Singh (Retd.))
- Harpreet Rekhi, (related to Satinder Singh Rekhi)
- Anita Behl, (related to Satinder Singh Rekhi)

(iii) Enterprises where key management personnel or their relatives exercise significant influence

- RightMatch Holdings Limited, Mauritius (refer to Note 36)
- Satinder and Harpreet Rekhi Family Trust, USA

Details of transactions with related parties for the year ended December 31, 2019 and December 31, 2018:

| | (₹ in Millions) | |
|---|---------------------------------|---------------------------------|
| | Year ended December 31, 2019 | Year ended December 31, 2018 |
| Remuneration to key management personnel | | |
| Short term employee benefits | 190.98 | 178.57 |
| Post-employment benefits | 0.37 | 2.14 |
| Other long-term employee benefits | (0.20) | 0.40 |
| Shared based payments | 0.67 | 1.40 |
| Sitting fee to independent directors | 0.83 | 0.75 |
| Total | 192.65 | 183.26 |
| Shares buyback | | |
| Satinder & Harpreet Rekhi Family Trust, USA | 21.62 | - |
| RightMatch Holdings Limited, Mauritius | 16.10 | - |
| Sartaj Singh Rekhi | 35.12 | - |
| Ramneet Singh Rekhi | 29.97 | - |
| Satinder Singh Rekhi | 5.58 | - |
| Mandeep Singh Sodhi | 1.08 | - |
| Lt. Gen. Baldev Singh (Retd.) | 0.21 | - |
| Harpreet Rekhi | 2.68 | - |
| Amrita Kaur Rekhi | 1.59 | - |
| Nand Sardana | 0.22 | - |
| Total | 114.17 | - |
| Dividend paid | | |
| Satinder & Harpreet Rekhi Family Trust, USA | - | 7.29 |
| RightMatch Holdings Limited, Mauritius | - | 5.44 |
| Sartaj Singh Rekhi | - | 9.00 |
| Ramneet Singh Rekhi | - | 7.65 |
| Satinder Singh Rekhi | - | 1.36 |
| Mandeep Singh Sodhi | - | 0.36 |
| Lt. Gen. Baldev Singh (Retd.) | - | 0.07 |
| Kuldeep Baldev Singh | - | 0.00* |
| Anita Behl | - | 0.00* |
| Harpreet Rekhi | - | 0.59 |
| Amrita Rekhi | - | 0.35 |
| Chan Kum Ming | - | 0.00* |
| Nand Sardana | - | 0.08 |
| Avirag Jain | - | 0.00* |
| Total | - | 32.20 |
| Travel and other expenses reimbursed to the Company by | | |
| RightMatch Holdings Limited, Mauritius | 0.54 | - |
| Total | 0.54 | - |
| Rent | | |
| Satinder Singh Rekhi | 13.89 | 13.57 |
| Total | 13.89 | 13.57 |

* Dividend paid to: (a) Kuldeep Baldev Singh ₹ 3,648; (b) Anita Behl ₹ 1,018; (c) Chan Kum Ming ₹ 4,800; (d) Avirag Jain ₹ 60.

Outstanding balances of related parties as at December 31, 2019 and December 31, 2018:

(₹ in Millions)

| Balance outstanding | As at December 31, 2019 | As at December 31, 2018 |
|--|----------------------------|----------------------------|
| Other current financial assets | | |
| RightMatch Holdings Limited, Mauritius | 0.54 | - |
| Total | 0.54 | - |
| Balance payable to key management personnel | | |
| Satinder Singh Rekhi | 10.71 | 10.47 |
| Lt. Gen. Baldev Singh (Retd.) | 2.02 | 1.88 |
| Avirag Jain | 1.11 | 1.61 |
| Raluca Marina Rusu | 2.85 | 1.32 |
| Joydeep Sen Chaudhuri | 0.46 | 2.38 |
| Total | 17.15 | 17.66 |

33. Capital and other commitments

(₹ in million)

| | As at December 31, 2019 | As at December 31, 2018 |
|---|----------------------------|----------------------------|
| (i) Capital commitments: | 11.47 | 14.44 |
| Estimated amount of unexecuted capital contracts [net of advances of ₹ 10.75 million (as at December 31, 2018 : ₹ 40.64 million)] | | |
| (ii) Other commitments: | | |
| For commitments relating to lease arrangements, refer note 34. | | |

34. Leases

a) Finance Lease - Group as lessee

The Group has finance leases for furniture and fixture, computer hardware and computer software. 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:

| | (₹ in million) | | | |
|--|----------------------------|-------------------------|----------------------------|-------------------------|
| | As at December 31, 2019 | | As at December 31, 2018 | |
| | MLP | Present value of MLP | MLP | Present value of MLP |
| Not later than one year | 8.22 | 3.92 | 1.44 | 0.2 |
| After one year but not more than five years | 32.36 | 17.97 | 6.13 | 1.49 |
| More than five years | 41.88 | 26.99 | 13.90 | 8.92 |
| Total minimum lease payments | 82.46 | 48.89 | 21.47 | 10.61 |
| Less: amounts representing finance charges | 33.57 | - | 10.86 | - |
| Present value of minimum lease payments | 48.89 | 48.89 | 10.61 | 10.61 |

b) Operating Lease - Group as lessee

The Group has operating lease for office premises and vehicle. Lease payments recognised as expense during the year ended December 31, 2019 and December 31, 2018 is ₹ 144.25 million and ₹ 122.21 million, respectively.

The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

| | (₹ in million) | |
|---|----------------------------|----------------------------|
| | As at December 31, 2019 | As at December 31, 2018 |
| Not later than one year | 105.59 | 82.22 |
| Later than one year but not later than five years | 157.82 | 61.12 |
| Later than five years | 219.86 | - |

The operating lease arrangements extend for a maximum period of 7 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

c) Operating Lease - Group as lessor

The Group has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. Lease rentals recognised as income during the year ended December 31, 2019 and December 31, 2018 is ₹ 6.72 million and ₹ 6.78 million, respectively.

The operating lease arrangement extends for a maximum period of 3 years and has price escalation clause of 5% for every subsequent 3 years of the extended term. The lease is cancellable and there are no restrictions imposed on lease agreements.

35. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Companies incorporated in India under the Group are required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based upon the information and the supplier profile available with the Companies incorporated in India under the Group, the management believes that there are no dues to such suppliers.

| Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 | As at December 31, 2019 | As at December 31, 2018 |
|--|------------------------------------|------------------------------------|
| 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 |

36. During the Subject to necessary approvals of Shareholders, creditors, Stock Exchanges, National Company Law Tribunal or any other appropriate authority, the Board of Directors of the Company at its meeting held on October 25, 2019 has approved the Scheme of Amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between RightMatch Holdings Limited ('RightMatch') and the Company and their respective shareholders and creditors ("Scheme"). RightMatch forms part of the promoter and promoter group of the Company. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of the Company.

As per the proposed Amalgamation, RightMatch will be amalgamated into the Company. 8,828,489 equity shares of the Company as held by RightMatch will get cancelled and equivalent number of equity shares of the Company will be issued and allotted to the equity shareholders of RightMatch in the same proportion of their respective shareholding in RightMatch. The appointed date for the purpose of Scheme is January 1, 2020. The Company has applied to relevant authorities for their necessary directions and sanctions.

37. The Board of Directors of the Company at its meeting held on December 14, 2019 has declared an interim dividend for the year 2019 at the rate ₹ 1.50/- per equity share of face value of ₹ 1 each. As at December 31, 2019, the Company transferred the interim dividend amount to a separate bank account. The aforesaid interim dividend has been paid on January 06, 2020.
38. The Company has received an approval from Department of Commerce, Ministry of Commerce & Industry, Government of India on September 23, 2019 for setting up a new 'Special Economic Zone' (SEZ - Unit II) unit located at Greater Noida West (NCR) having area of 30,706 sq. ft. Subsequent to the year end, the Company has commenced its operation in SEZ Unit II on February 04, 2020.
39. R Systems, Inc. (a wholly owned subsidiary of the Company) has completed the acquisition of 100% interest in Innovizant LLC, (Innovizant) effective January 1, 2019. Innovizant is engaged in providing IT Services focused on advanced analytics, data engineering, and digital connected systems.

In accordance with agreement, the R Systems, Inc. has paid ₹ 69.78 million (USD 1 million) at closing of the transaction and accrued contingent consideration of ₹ 132.92 million (USD 1.91 million) payable over the next three years on fulfillment of certain conditions. Further, R Systems, Inc. has paid an additional amount of ₹ 26.04 million (USD 0.37 million) as working capital adjustment as per the agreement.

| Particulars | ₹ in Million |
|--|---------------|
| Initial consideration | 69.78 |
| Adjustment of working capital | 26.04 |
| Contingent consideration* | 102.76 |
| Total purchase consideration (Total A) | 198.58 |
| Assets, liabilities and Intangible Assets recognised on acquisition are as follows: | |
| Identifiable Assets | |
| Non-Compete Agreement | 68.62 |
| Cash and cash equivalents | 16.66 |
| Trade receivables | 33.29 |
| Other current financial assets | 3.01 |
| Total Identifiable Assets (Total B) | 121.58 |
| Identifiable Liabilities | |
| Trade payables | 3.99 |
| Other current financial liabilities | 6.99 |
| Other current liabilities | 3.03 |
| Current tax liability (net) | 1.72 |
| Deferred tax liabilities (net) | 8.00 |
| Total Identifiable Liabilities (Total C) | 23.73 |
| Net Identifiable assets acquired D = (B-C) | 97.85 |
| Goodwill E = (A-D) | 100.73 |

* Contingent consideration is payable on achievement of pre-determined business target. As at December 31, 2019, Management has estimated that these targets will be achieved and valued the consideration by applying a discount rate of 10.40% p.a.

All profits / losses relating to Innovizant subsequent to the date of acquisition are included in these consolidated financial statements

40. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements

| S. No. | Entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--------|--|--|------------------|-------------------------|-------------------------------------|-------------------------------------|---|-------------------------------------|---|
| | | December 31, 2019 | Amount in ₹ (Mn) | December 31, 2019 | As % of consolidated profit or loss | December 31, 2019 | As % of consolidated other comprehensive income | December 31, 2019 | As % of consolidated comprehensive income |
| | Parent Entity | | | | | | | | |
| 1 | R Systems International Limited, India | 59.11 | 2,746.92 | 87.85 | 514.95 | 100.00 | (8.33) | 87.68 | 506.62 |
| | Subsidiaries | | | | | | | | |
| | Indian Subsidiaries | | | | | | | | |
| 1 | IBIZ Consultancy Services India Private Limited., India | 0.05 | 2.29 | 1.30 | 7.63 | - | - | 1.32 | 7.63 |
| | Foreign Subsidiaries | | | | | | | | |
| 1 | R Systems (Singapore) Pte Limited, Singapore | 9.88 | 459.16 | (0.43) | (2.53) | - | - | (0.44) | (2.53) |
| 2 | R Systems, Inc., USA | 14.59 | 677.94 | 0.60 | 3.50 | - | - | 0.61 | 3.50 |
| 3 | R Systems Technologies Ltd., USA | (0.09) | (4.27) | 0.82 | 4.88 | - | - | 0.84 | 4.88 |
| 4 | ECnet Limited, Singapore | 2.41 | 112.02 | (7.69) | (45.07) | - | - | (7.79) | (45.07) |
| 5 | ECnet (M) Sdn. Bhd., Malaysia | 0.57 | 26.65 | 1.82 | 10.66 | - | - | 1.84 | 10.66 |
| 6 | ECnet, Inc., USA (Liquidated on January 22, 2019) | - | - | - | - | - | - | - | - |
| 7 | ECnet (Hong Kong) Limited, Hong Kong | 0.05 | 2.19 | 0.30 | 1.75 | - | - | 0.30 | 1.75 |
| 8 | ECnet Systems (Thailand) Co. Limited, Thailand | (0.20) | (9.41) | 1.42 | 8.34 | - | - | 1.44 | 8.34 |
| 9 | ECnet Kabushiki Kaisha, Japan | (0.75) | (34.89) | 0.10 | 0.56 | - | - | 0.10 | 0.56 |
| 10 | ECnet (Shanghai) Co. Limited, People's Republic of China | (1.12) | (51.96) | (1.66) | (9.72) | - | - | (1.68) | (9.72) |
| 11 | Comutaris International limited, UK | 5.29 | 245.72 | 1.35 | 7.90 | - | - | 1.37 | 7.90 |
| 12 | Comutaris Romania Srl, Romania | 5.08 | 235.97 | 8.11 | 47.55 | - | - | 8.23 | 47.55 |
| 13 | Comutaris Polska Sp. z o.o., Poland | 0.99 | 46.00 | 1.86 | 10.88 | - | - | 1.88 | 10.88 |
| 14 | ICS Comutaris International Srl, Moldova | 0.47 | 21.79 | 1.15 | 6.74 | - | - | 1.17 | 6.74 |
| 15 | Comutaris Malaysia Sdn. Bhd., Malaysia | 0.13 | 6.09 | 0.32 | 1.90 | - | - | 0.33 | 1.90 |
| 16 | Comutaris Philippines Pte. Ltd. Inc., Philippines | 0.21 | 9.58 | (0.13) | (0.79) | - | - | (0.14) | (0.79) |
| 17 | Comutaris Suisse Sarl, Switzerland | 0.05 | 2.28 | (0.17) | (1.02) | - | - | (0.18) | (1.02) |
| 18 | RSYS Technologies Ltd., Canada | 0.19 | 8.91 | (0.02) | (0.12) | - | - | (0.02) | (0.12) |
| 19 | IBIZ Consulting Pte. Ltd., Singapore | 1.85 | 86.18 | 3.75 | 21.98 | - | - | 3.80 | 21.98 |

| S. Entity No. | Net Assets, i.e., total assets minus total liabilities | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | | | |
|---------------|--|---------------------------------|------------------|-------------------------------------|------------------|---|------------------|---|------------------|
| | | December 31, 2019 | | December 31, 2019 | | December 31, 2019 | | | |
| | | As % of consolidated net assets | Amount in ₹ (Mn) | As % of consolidated profit or loss | Amount in ₹ (Mn) | As % of consolidated other comprehensive income | Amount in ₹ (Mn) | As % of consolidated comprehensive income | Amount in ₹ (Mn) |
| 20 | IBIZ Consulting Services Pte Ltd., Singapore | 0.65 | 30.21 | 0.09 | 0.50 | - | - | 0.09 | 0.50 |
| 21 | IBIZ Consulting Services Sdn. Bhd., Malaysia | 0.22 | 10.15 | [0.15] | [0.87] | - | - | [0.15] | [0.87] |
| 22 | PT. IBIZCS Indonesia., Indonesia | 0.79 | 36.62 | 3.10 | 18.17 | - | - | 3.14 | 18.17 |
| 23 | IBIZ Consulting Service Limited, Hong Kong | 0.03 | 1.43 | [0.02] | [0.13] | - | - | [0.02] | [0.13] |
| 24 | IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China | [1.00] | [46.69] | 0.92 | 5.41 | - | - | 0.94 | 5.41 |
| 25 | IBIZ Consulting [Thailand] Co. Ltd, Thailand (Incorporated on June 21, 2019) | 0.15 | 7.20 | - | - | - | - | - | - |
| 26 | Innovizant LLC, USA (Subsidiary w.e.f. January 01, 2019) | 0.40 | 18.46 | [4.59] | [26.91] | - | - | [4.66] | [26.91] |
| | Sub total | 100.00 | 4,646.54 | 100.00 | 586.14 | 100.00 | [8.33] | 100.00 | 577.81 |
| | Adjustment arising out of consolidation | | [1,264.20] | | [4.90] | | 35.62 | | 30.72 |
| | Total | | 3,382.34 | | 581.24 | | 27.29 | | 608.53 |

| S. No. | Entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--------|--|--|------------------|-------------------------------------|------------------|---|------------------|---|------------------|
| | | December 31, 2018 | | December 31, 2018 | | December 31, 2018 | | December 31, 2018 | |
| | | As % of consolidated net assets | Amount in ₹ (Mn) | As % of consolidated profit or loss | Amount in ₹ (Mn) | As % of consolidated other comprehensive income | Amount in ₹ (Mn) | As % of consolidated comprehensive income | Amount in ₹ (Mn) |
| | Parent Entity | | | | | | | | |
| 1 | R Systems International Limited, India | 64.60 | 2,695.53 | 67.89 | 310.14 | 100.00 | (0.50) | 67.86 | 309.64 |
| | Subsidiaries | | | | | | | | |
| | Indian Subsidiaries | | | | | | | | |
| 1 | IBIZ Consultancy Services India Private Limited, India | (0.13) | (5.35) | (0.40) | (1.84) | - | - | (0.40) | (1.84) |
| | Foreign Subsidiaries | | | | | | | | |
| 1 | R Systems (Singapore) Pte Limited, Singapore | 10.69 | 446.11 | 5.89 | 26.91 | - | - | 5.90 | 26.91 |
| 2 | R Systems, Inc., USA | 15.81 | 659.86 | 5.45 | 24.91 | - | - | 5.46 | 24.91 |
| 3 | R Systems Technologies Ltd., USA | (0.22) | (9.02) | 1.34 | 6.13 | - | - | 1.34 | 6.13 |
| 4 | ECnet Limited, Singapore | 3.67 | 153.29 | 10.38 | 47.47 | - | - | 10.39 | 47.47 |
| 5 | ECnet (M) Sdn. Bhd., Malaysia | 0.37 | 15.34 | (0.30) | (1.39) | - | - | (0.30) | (1.39) |
| 6 | ECnet, Inc., USA | (5.31) | (221.40) | - | (0.02) | - | - | - | (0.02) |
| 7 | ECnet (Hong Kong) Limited, Hong Kong | 0.05 | 2.16 | 0.33 | 1.49 | - | - | 0.33 | 1.49 |
| 8 | ECnet Systems (Thailand) Co. Limited, Thailand | (0.39) | (16.44) | (0.12) | (0.54) | - | - | (0.12) | (0.54) |
| 9 | ECnet Kabushiki Kaisha, Japan | (0.81) | (33.86) | 0.41 | 1.88 | - | - | 0.41 | 1.88 |
| 10 | ECnet (Shanghai) Co. Limited, People's Republic of China | (1.00) | (41.70) | (1.59) | (7.27) | - | - | (1.60) | (7.27) |
| 11 | Computaris International limited, UK | 5.69 | 237.35 | (0.32) | (1.48) | - | - | (0.32) | (1.48) |
| 12 | Computaris Romania Srl, Romania | 3.50 | 146.11 | 4.10 | 18.72 | - | - | 4.10 | 18.72 |
| 13 | Computaris Polska Sp. z o.o., Poland | (0.04) | (1.68) | 8.84 | 40.36 | - | - | 8.84 | 40.36 |
| 14 | ICS Computaris International Srl, Moldova | 0.36 | 14.96 | (0.88) | (4.03) | - | - | (0.88) | (4.03) |
| 15 | Computaris Malaysia Sdn. Bhd., Malaysia | 0.06 | 2.42 | (0.02) | (0.10) | - | - | (0.02) | (0.10) |
| 16 | Computaris USA, Inc., USA (Liquidated on October 22, 2018) | - | - | (0.39) | (1.80) | - | - | (0.39) | (1.80) |
| 17 | Computaris Philippines Pte. Ltd. Inc., Philippines | 0.23 | 9.80 | (0.90) | (4.12) | - | - | (0.90) | (4.12) |
| 18 | Computaris Suisse Sarl, Switzerland (Incorporated w.e.f. April 27, 2018) | 0.02 | 0.87 | (0.12) | (0.54) | - | - | (0.12) | (0.54) |
| 19 | RSYS Technologies Ltd., Canada | 0.20 | 8.44 | (3.85) | (17.58) | - | - | (3.85) | (17.58) |
| 20 | IBIZ Consulting Pte. Ltd., Singapore | 1.48 | 61.74 | (0.03) | (0.13) | - | - | (0.03) | (0.13) |

| S. No. | Entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--------|--|--|------------------|-------------------------------------|------------------|---|------------------|---|------------------|
| | | December 31, 2018 | | December 31, 2018 | | December 31, 2018 | | December 31, 2018 | |
| | | As % of consolidated net assets | Amount in ₹ (Mn) | As % of consolidated profit or loss | Amount in ₹ (Mn) | As % of consolidated other comprehensive income | Amount in ₹ (Mn) | As % of consolidated comprehensive income | Amount in ₹ (Mn) |
| 21 | IBIZ Consulting Services Pte Ltd., Singapore | 0.69 | 28.69 | 0.24 | 1.08 | - | - | 0.24 | 1.08 |
| 22 | IBIZ Consulting Services Sdn. Bhd., Malaysia | 0.26 | 10.71 | 0.41 | 1.88 | - | - | 0.41 | 1.88 |
| 23 | PT. IBIZCS Indonesia, Indonesia | 1.41 | 59.02 | 3.35 | 15.31 | - | - | 3.36 | 15.31 |
| 24 | IBIZ Consulting Service Limited, Hong Kong | 0.04 | 1.52 | 0.20 | 0.90 | - | - | 0.20 | 0.90 |
| 25 | IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China | (1.23) | (51.45) | 0.09 | 0.39 | - | - | 0.09 | 0.39 |
| | Sub total | 100.00 | 4,173.02 | 100.00 | 456.73 | 100.00 | (0.50) | 100.00 | 456.23 |
| | Adjustment arising out of consolidation | | (943.99) | | 53.72 | | 94.05 | | 147.77 |
| | Total | | 3,229.03 | | 510.45 | | 93.55 | | 604.00 |

41. The financial statements have been approved by the Board of Directors at its meeting held on February 09, 2020.

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-

SATINDER SINGH REKHI

Managing Director

DIN: 00006955

Place : Frankfurt, Germany

Date : February 09, 2020

Sd/-

LT. GEN. BALDEV SINGH (RETD.)

President & Senior Executive Director

DIN: 00006966

Place : NOIDA

Date : February 09, 2020

Sd/-

NAND SARDANA

Chief Financial Officer

Place : NOIDA

Date : February 09, 2020

Sd/-

BHASKER DUBEY

Company Secretary &

Compliance Officer

Place : NOIDA

Date : February 09, 2020

FORM AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

| (₹ in million, except exchange rate) | | | | | | | | | | | | | | | |
|---------------------------------------|---|---|--|--|---------------|--------------------|--------------|-------------------|---|----------|------------------------|------------------------|-----------------------|-------------------|-------------------|
| S. No. | Name of the Subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency for the relevant Financial year in the case of foreign subsidiaries | Exchange rate as on the last date of the relevant Financial year | Share Capital | Reserves & Surplus | Total assets | Total Liabilities | Investments (other than subsidiary and fellow associates) | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of Shareholding |
| 1 | R Systems (Singapore) Pte Limited, Singapore | December 31, 2019 | Singapore Dollar | 53.05 | 404.82 | 54.34 | 485.37 | 26.21 | - | 373.24 | (2.55) | 0.06 | (2.61) | - | 100.00% |
| 2 | R Systems, Inc., USA | December 31, 2019 | US Dollar | 71.39 | 109.76 | 568.18 | 962.35 | 284.42 | - | 1,713.46 | 14.43 | 10.88 | 3.55 | - | 100.00% |
| 3 | R Systems Technologies Ltd., USA | December 31, 2019 | US Dollar | 71.39 | 17.40 | (21.67) | 10.85 | 15.11 | - | 134.80 | 6.90 | 1.94 | 4.96 | - | 100.00% |
| 4 | ECnet Limited, Singapore ⁽¹⁾ | December 31, 2019 | Singapore Dollar | 53.05 | 4,591.45 | (4,479.43) | 169.58 | 57.56 | - | 237.54 | (45.37) | 1.06 | (46.43) | - | 99.75% |
| 5 | ECnet (M) Sdn. Bhd., Malaysia ⁽²⁾ | December 31, 2019 | Malaysian Ringgit | 17.42 | 71.40 | (44.74) | 111.59 | 84.92 | - | 244.06 | 10.95 | - | 10.95 | - | 99.75% |
| 6 | ECnet, Inc., USA ^{(2) & (10)} | December 31, 2019 | US Dollar | 71.39 | - | - | - | - | - | - | - | - | - | - | 99.75% |
| 7 | ECnet (Hong Kong) Limited, Hong Kong ^{(2) & (4)} | December 31, 2019 | Hong Kong Dollar | 9.14 | 0.00 | 2.19 | 4.34 | 2.16 | - | 8.09 | 1.81 | 0.03 | 1.79 | - | 99.75% |
| 8 | Hong Kong ^{(2) & (4)} ECnet Systems (Thailand) Co. Limited, Thailand ⁽²⁾ | December 31, 2019 | Thai Baht | 2.40 | 4.80 | (14.21) | 73.64 | 83.05 | - | 116.55 | 8.86 | - | 8.86 | - | 99.75% |
| 9 | ECnet Kabushiki Kaisha, Japan ⁽²⁾ | December 31, 2019 | Japanese Yen | 0.66 | 6.60 | (41.49) | 1.64 | 36.53 | - | 1.71 | 0.58 | 0.01 | 0.58 | - | 99.75% |
| 10 | ECnet (Shanghai) Co. Limited, People's Republic of China ⁽²⁾ | December 31, 2019 | Chinese Yuan | 10.12 | 16.92 | (68.88) | 23.43 | 75.39 | - | 31.11 | (9.77) | - | (9.77) | - | 99.75% |
| 11 | Computaris International Limited, UK | December 31, 2019 | Euro | 80.10 | 0.06 | 245.66 | 323.40 | 77.68 | - | 519.12 | 6.95 | (1.10) | 8.04 | - | 100.00% |
| 12 | Computaris Romania Srl, Romania ⁽³⁾ | December 31, 2019 | Romania leu | 16.76 | 47.79 | 188.18 | 361.07 | 125.10 | - | 794.52 | 56.64 | 8.63 | 48.00 | - | 100.00% |
| 13 | Computaris Polska Sp. z o.o., Poland ⁽³⁾ | December 31, 2019 | Polish Zloty | 18.84 | 37.68 | 8.32 | 112.92 | 66.93 | - | 225.38 | 11.39 | 0.21 | 11.18 | - | 100.00% |
| 14 | ICS Computaris International Srl, Moldova ⁽³⁾ | December 31, 2019 | Moldovan leu | 4.20 | 0.02 | 21.77 | 30.53 | 8.74 | - | 71.13 | 11.19 | 4.20 | 6.99 | - | 100.00% |
| 15 | Computaris Malaysia Sdn. Bhd., Malaysia ⁽³⁾ | December 31, 2019 | Malaysian Ringgit | 17.42 | 1.67 | 4.42 | 12.29 | 6.20 | - | 22.43 | 2.75 | 0.80 | 1.95 | - | 100.00% |
| 16 | Computaris Philippines Pte. Ltd. Inc., Philippines ⁽³⁾ | December 31, 2019 | Philippine Peso | 1.40 | 14.00 | (4.42) | 52.59 | 43.01 | - | 40.35 | (2.00) | (1.19) | (0.81) | - | 100.00% |
| 17 | Computaris Suisse Sarl, Switzerland ^{(3) & (9)} | December 31, 2019 | Swiss Franc | 73.84 | 3.91 | (1.63) | 2.73 | 0.45 | - | - | (1.04) | 0.02 | (1.06) | - | 100.00% |
| 18 | RSYS Technologies Ltd., Canada | December 31, 2019 | Canadian Dollar | 54.79 | 60.27 | (51.36) | 38.92 | 30.01 | - | 112.09 | (0.12) | - | (0.12) | - | 100.00% |
| 19 | IBZ Consultancy Services India Private Limited., India ^{(5) & (8)} | December 31, 2019 | Indian Rupee | 1.00 | 0.50 | 1.79 | 8.84 | 6.55 | - | 20.73 | 10.74 | 3.11 | 7.63 | - | 100.00% |

| S. No. | Name of the Subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency for the relevant financial year in the case of foreign subsidiaries | Exchange rate as on the last date of the relevant Financial year | Share Capital | Reserves & Surplus assets | Total Liabilities | Investments (other than subsidiary and fellow associates) | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of Shareholding |
|--------|---|---|--|--|---------------|---------------------------|-------------------|---|----------|------------------------|------------------------|-----------------------|-------------------|-------------------|
| 20 | IBIZ Consulting Pte. Ltd., Singapore ⁽⁶⁾ | December 31, 2019 | Singapore Dollar | 53.05 | 61.06 | 25.12 | 215.84 | 129.65 | 335.53 | 22.65 | - | 22.65 | - | 100.00% |
| 21 | IBIZ Consulting Services Pte Ltd., Singapore ⁽⁷⁾ | December 31, 2019 | Singapore Dollar | 53.05 | 76.92 | [46.71] | 32.32 | 2.11 | 81.64 | 0.57 | 0.06 | 0.52 | - | 100.00% |
| 22 | IBIZ Consulting Services Sdn. Bhd., Malaysia ⁽⁷⁾ | December 31, 2019 | Malaysian Ringgit | 17.42 | 8.71 | 1.45 | 53.07 | 42.92 | 95.06 | [0.24] | 0.65 | [0.89] | - | 100.00% |
| 23 | PT. IBIZCS Indonesia, Indonesia ⁽⁸⁾ | December 31, 2019 | Indonesia Rupiah | 0.01 | 12.87 | 23.75 | 64.85 | 28.23 | 73.33 | 23.29 | 4.52 | 18.77 | - | 100.00% |
| 24 | IBIZ Consulting Service Limited, Hong Kong ⁽⁷⁾ | December 31, 2019 | Hong Kong Dollar | 9.14 | 0.09 | 1.34 | 56.45 | 55.02 | 4.48 | [0.14] | - | [0.14] | - | 100.00% |
| 25 | IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China ⁽⁸⁾ | December 31, 2019 | Chinese Yuan | 10.12 | 4.90 | [51.59] | 41.02 | 87.71 | 38.73 | 5.44 | - | 5.44 | - | 100.00% |
| 26 | IBIZ Consulting (Thailand) Co. Ltd., Thailand ^{(7) & (11)} | December 31, 2019 | Thai Baht | 2.40 | 214.17 | [0.08] | 214.09 | - | - | [0.08] | - | [0.08] | - | 100.00% |
| 27 | Innovizant LLC, USA ⁽¹²⁾ | December 31, 2019 | US Dollar | 71.39 | 0.62 | - | 0.91 | 0.29 | 4.69 | [0.77] | 0.15 | [0.92] | - | 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 ₹ 12 /- [2 ordinary shares of HKD 1 each].
- R Systems International Limited w.e.f. July 01, 2019 has acquired IBIZ Consultancy Services India Private Limited from its wholly owned subsidiary IBIZ Consulting Pte. Ltd., Singapore. Consequent to the said acquisition, IBIZ Consulting Services India Private Limited, which was earlier a step down subsidiary, has become a direct wholly owned subsidiary of the Company.
- 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.
- ECnet, Inc., USA was liquidated on January 28, 2019.
- IBIZ Consulting (Thailand) Co. Ltd, Thailand was incorporated on June 21, 2019.
- Innovizant LLC, a Limited Liability Company, was acquired by R Systems, Inc., USA effective January 1, 2019. Share capital represents the membership interest in LLC.
- INR numbers are derived by converting respective reporting currency using closing rate.

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
 Managing Director
 DIN: 00006955

Place : Frankfurt, Germany
 Date : February 09, 2020

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
 President & Senior Executive Director
 DIN: 00006966

Place : NOIDA
 Date : February 09, 2020

Sd/-
NAND SARDANA
 Chief Financial Officer

Place : NOIDA
 Date : February 09, 2020

Sd/-
BHASKER DUBEY
 Company Secretary & Compliance Officer

Place : NOIDA
 Date : February 09, 2020

NOTICE

R SYSTEMS INTERNATIONAL LIMITED

NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]

Registered Office: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi -110019, India
 Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
 Tel.: +91 – 120 – 4303500; Fax: +91 – 120 – 4082699
 Website: www.rsystems.com; Email: rsil@rsystems.com

NOTICE is hereby given that Twenty Sixth Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the "Company"/ "R Systems") will be held on Tuesday, June 30, 2020 at 9:00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

AS ORDINARY BUSINESS

- To receive, consider and adopt audited financial statements (including consolidated financial statements) of the Company for the financial year ended December 31, 2019 and the Reports of the Board of Directors and the Auditors thereon.
- To confirm the interim dividend of INR 1.50 per equity share, declared and paid for the financial year ended December 31, 2019.
- 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.

AS SPECIAL BUSINESS

- To consider and approve the continuation of Mr. Satinder Singh Rekhi (DIN: 00006955), as Managing 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, 203 and other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder read with Schedule V of the Act (including any modification or re-enactment thereof for the time being in force) and applicable provisions under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with the Articles of Association of the Company, approval of the members of the Company be and is hereby granted for the continuation of Mr. Satinder Singh Rekhi, who will attain the age of seventy years on January 08, 2021, as Managing Director of the Company, not liable to retire by rotation, till the expiry of the present term of his office i.e. December 31, 2023.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or

expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of Directors, Director or any other Key Managerial Personnel of the Company on such conditions as the Board may prescribe."

- To consider and approve the re-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 the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder read with Schedule V of the Act (including any modification or re-enactment thereof for the time being in force) and applicable provisions under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Articles of Association of the Company, the consent of the Members of the Company be and is hereby granted for the reappointment and payment of remuneration of Mr. Avirag Jain (DIN: 00004801) as Whole-time Director designated as Director & Chief Technology Officer of the Company, liable to retire by rotation, for a period of three years i.e. w.e.f August 03, 2020 to August 02, 2023 on the following terms and conditions:

- Fixed Gross annual salary of ₹ 5,950,000/- (Rupees Fifty Nine Lakhs Fifty Thousand Only) to be paid by the Company and/or its subsidiaries.
- He will be entitled for a variable performance incentive up to a maximum of ₹ 4,050,000/- (Rupees Forty Lakhs Fifty Thousand Only) as per laid down criteria by the Company.
- He will be eligible for Company maintained car, Group Medclaim, 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 falling due on January 01, 2021, January 01, 2022 and January 01, 2023.

5. He shall perform such duties and functions as would be commensurate with his position as the Director & Chief Technology Officer of the Company and as may be delegated to him by the Board from time to time subject to superintendence, control and directions of the Board.

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 the minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary, alter and modify the terms and conditions of appointment including roles & responsibilities and remuneration structure of Mr. Avirag Jain, Director & Chief Technology Officer, within the limits set out above.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of directors, the Managing Director of the Company on such conditions as the Board may deem fit.”

6. To consider the appointment of Mr. Ramneet Singh Rekhi for holding office or place of profit, and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (the “Act”) read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015 (“Listing Regulations”), (including any modification or re-enactment thereof for the time being in force) and such approvals as may be required, the consent of the members of the Company be and is hereby accorded to appoint Mr. Ramneet Singh Rekhi, (son of Mr. Satinder Singh Rekhi, Managing Director of the Company), for holding the office or place of profit in the Company and/or its subsidiaries under the designation as President – R Systems at an annual base salary of USD 110,000/- and applicable sales commission plan as approved/ to be approved by the Nomination and Remuneration Committee of the Company from time to time, to be paid by the Company or together with any of the subsidiary of the Company, along with a maximum annual increment of up to 10% on his base salary each year becoming due on every 01st January.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary, alter and modify the terms and conditions of appointment including designation, roles & responsibilities and remuneration structure of Mr. Ramneet Singh Rekhi within the limits set out above.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of directors or any other principal officer of the Company on such conditions as the Board may deem fit.”

By Order of the Board
For R Systems International Limited

Place : NOIDA
Date : June 01, 2020 (Company Secretary & Compliance Officer)

Sd/-
Bhasker Dubey

NOTES

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Since, the AGM is being conducted through VC/OAVM, there is no provision for appointment of proxies. Accordingly, appointment of proxies by the members will not be available.
3. Corporate members intending to attend the AGM through authorised representatives are requested to send a scanned copy of duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to sanjaygrover7@gmail.com with a copy marked to investors@rsystems.com.
4. The register of members and share transfer books of the Company shall remain closed from Friday, June 26, 2020 to Tuesday, June 30, 2020 (both days inclusive) for the purpose of Annual General Meeting.
5. Members holding shares in electronic form are advised to notify the changes, if any, in their address/ bank details/ mandate to their respective depository participants.
6. Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Link Intime India Private Limited ("RTA") for any change in their addresses and bank mandate.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the RTA.
8. The statutory 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 all documents referred to in the Notice and accompanying explanatory statements will be available for inspection by members in electronic mode. Members can inspect the same by sending an email to investors@rsystems.com.
9. Pursuant to the provisions of Section 72 of the 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 RTA or can be downloaded from the following URL: <https://www.rsystems.com/investors-info/corporate-governance/>.
10. Pursuant to provisions of Section 124 of the 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 RTA 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.
11. 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 12, 2020 and May 23, 2020 of IEPF Authority on its website at the following link: <https://www.rsystems.com/investors-info/unpaid-and-unclaimed-dividend/>.
12. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, the Annual Report including audited financial statements for the financial year 2019 including notice of 26th AGM is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 26th AGM and the Annual Report for the year 2019 and all other communication sent by the Company, from time to time, can get their email address registered with the RTA at the following link: https://linkintime.co.in/EmailReg/Email_Register.html.

13. The Annual Report for the year December 31, 2019 and Notice for convening the Twenty Sixth Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. <https://www.rsystems.com/investors-info/annual-reports/>.
14. Members who have not registered their e-mail addresses and holding shares in demat form and physical form can get their e-mail ID registered with the RTA at the following link: https://linkintime.co.in/EmailReg/Email_Register.html.
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. Additional information, pursuant to Regulation 36 (3), of the Listing Regulations, in respect of directors reappointing at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 04 to 06 of the Notice is appended hereto and forms part of this Notice.
17. In compliance with the provisions of Regulation 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty Sixth Annual General Meeting of the Company through remote e-voting services being provided by Central Depositories Services (India) Limited ("CDSL").

18. THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The Remote e-voting period begins on Friday, June 26, 2020 at 10:00 a.m. and ends on Monday, June 29, 2020 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, June 23, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form

| | |
|--|--|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which will be sent separately. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> (R Systems International Ltd.) on which you choose to vote.

- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
- (xx) **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**
- Members holding the shares in physical and demat form who have not registered their e-mail addresses with the Company/ RTA can obtain the Notice of AGM and Annual Report and/ or can attend the AGM through VC/ OAVM by updating their e-mail address and Bank Account details with the RTA at the following link: https://linkintime.co.in/EmailReg/Email_Register.html.
 - RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.
- (xxi) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer viz: sanjaygrover7@gmail.com and to the Company at the email address viz; investors@rsystems.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.
- 19. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**
- a) Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
 - b) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
 - c) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

- d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - e) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investos@rsystems.com latest by June 28, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
 - f) Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM till 15 minutes thereafter and will be available for Members on first come first served basis upto 1000 members. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 26th AGM without any restriction on account of first-come first served principle.
- d) Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
 - e) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.
21. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Tuesday, June 23, 2020.
 22. M/s. Sanjay Grover & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting during AGM in a fair and transparent manner.
 23. The Scrutinizer shall after the conclusion of voting at the AGM, will unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 24. The results of remote e-voting and voting during AGM on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.

20. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
 - b) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
 - c) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
25. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. www.rsystems.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.
 26. Details as required in Regulation 36 [3] of the Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI, in respect of the Directors seeking re-appointment at the AGM is enclosed as Annexure-A to this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 04

Mr. Satinder Singh Rekhi aged above 69 years founded R Systems in 1993. Mr. Rekhi is a technocrat with over 37 years of experience in the information technology industry. Prior to R Systems, Mr. Rekhi held senior management positions with HCL Technologies and DISC (now Synergex) in the United States, Singapore and India. Mr. Satinder Singh Rekhi received a Bachelor of Technology from IIT, Kharagpur, India and a Masters in Business Administration from California State University, Sacramento. He has also attended several senior management programs from University of Berkeley and Harvard Business School.

The Members of the Company by passing necessary resolution through postal ballot on December 21, 2018 have approved the re-appointment of Mr. Satinder Singh Rekhi as Managing Director of the Company till December 31, 2023 by way of ordinary resolution.

As per Section 196 read with Part I of the Schedule V of the Companies Act, 2013, approval of the shareholders is required by way of Special Resolution to continue the employment of any person as Managing Director or Whole-time Director where such person has attained the age of seventy year.

In the coming months, Mr. Rekhi will attain the age of seventy years. As Managing Director, Mr. Rekhi is responsible for overall business development and working of the Company and his presence is crucial for the effective and efficient operations of the business. Therefore, on the recommendation of the Nomination & Remuneration Committee of the Company, the Board of Directors of the Company recommend to the shareholders of the Company to approve the resolution for continuation of Mr. Satinder Singh Rekhi as Managing Director of the Company as contained in Item No. 04 in the notice.

A brief profile of Mr. Satinder Singh Rekhi 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.

Except Lt. Gen. Baldev Singh (Retd.) being the relative of Mr. Satinder Singh Rekhi, none of the Directors or Key Managerial Personnel of your Company or any of their relatives is concerned or interested, financially or otherwise, in the said Resolution, but to the extent of their shareholding in the Company.

The Board recommends the resolution at Item No. 04 in relation to the continuation of appointment of Mr. Satinder Singh Rekhi as Managing Director of the Company for the approval by the shareholders by way of Special Resolution.

Item No. 05

The Shareholders of R Systems International Limited ("the Company"/ "R Systems") through special resolution dated May 25, 2018 appointed Mr. Avirag Jain as Director & Chief Technology Officer of the Company and to hold office till August 02, 2020.

Mr. Avirag Jain, aged about 54 years has more than 27 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 22 years. Mr. Avirag 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 present term of his appointment is valid till August 02, 2020 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, and other authorities, if applicable, has reappointed him for a further period of three years i.e. w.e.f. August 03, 2020 to August 02, 2023.

As on the date of this notice, Mr. Avirag Jain holds 100 equity shares of ₹ 1/- each being negligible percentage of the total paid up share capital of the Company. Apart from the employment benefits as Director & Chief Technology Officer of R Systems, he does not have any pecuniary or other relationship with the Company. Further, he does not hold any office of director/ member in other company's board/ committee.

Mr. Avirag Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and he has given consent to be reappointed 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 as per the details mentioned in note.

Except Mr. Avirag Jain, being appointee, none of the Directors and Key Managerial Personnel of the Company or any of their relatives are concerned or interested, financially or otherwise, but to the extent of their shareholding in the Company, in the resolutions set out at item No. 05.

The Board recommends the resolution at Item No. 05 in relation to the reappointment 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 Sixth Annual General Meeting of R Systems International Limited

I GENERAL INFORMATION

1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology related services and knowledge services.

2) Date or expected date of commencement of commercial production:

The Company is already in existence and is in operation since May 14, 1993.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

4) Financial performance based on given indicators:

Financial performance of the Company for last 3 years is as follows:

| Particulars | Financial year ended | | |
|---|----------------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Total revenue | 3,917.69 | 3,172.13 | 2,637.53 |
| Profit before depreciation, exceptional items and tax | 717.49 | 478.45 | 416.23 |
| Less : Depreciation & amortisation | 85.91 | 73.01 | 73.74 |
| Profit before tax | 631.58 | 405.44 | 342.49 |
| Less : Current tax (net of MAT credit) | 104.22 | 99.35 | 127.57 |
| Less : Deferred tax charge / (credit) | 12.41 | (4.05) | (13.16) |
| Profit after tax | 514.95 | 310.14 | 228.08 |
| Other comprehensive income | (8.33) | (0.50) | 8.04 |
| Total comprehensive income for the year | 506.62 | 309.64 | 236.12 |
| Statement of change in Retained Earnings | | | |
| Opening Balance | 2,124.85 | 1,900.20 | 1,672.12 |
| Add: Profit for the current year | 514.95 | 310.14 | 228.08 |
| Less: Appropriation | 216.51 | 85.49 | - |
| Closing Balance | 2,423.29 | 2124.85 | 1,900.20 |

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 this notice, R Systems has following subsidiaries:

1. R Systems, Inc. ("RSI") (wholly owned subsidiary of Company), has one subsidiary.
2. R Systems Technologies Limited (wholly owned subsidiary of the Company).
3. RSYS Technologies Ltd. (wholly owned subsidiary of the Company).
4. Computaris International Limited (wholly owned subsidiary of the Company), has six subsidiaries.

5. ECnet Limited (subsidiary of the Company), has five subsidiaries.
 6. R Systems (Singapore) Pte Limited (wholly owned subsidiary of the Company), has one subsidiary which has further six step down subsidiaries.
 7. IBIZ Consulting Services India Private Limited (wholly owned subsidiary of the Company).
- 6) Export performance and net foreign exchange collaborations:

R Systems has investments from non-residents and foreign bodies corporate. Foreign exchange earnings and outgo of the Company for last 3 years is as follows:

| | | (₹ in million) | | |
|-------------|-----------------------------|----------------------|-------------------|-------------------|
| Particulars | | Financial year ended | | |
| | | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| (a) | Earnings (Accrual Basis) | 3,837.70 | 3,104.51 | 2,586.04 |
| (b) | Expenditure (Accrual Basis) | 537.80 | 456.94 | 343.98 |
| (c) | CIF value of imports | 84.90 | 54.65 | 26.68 |

INFORMATION ABOUT THE APPOINTEE

- 1) Background details:

Mr. Avirag Jain has more than 27 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 22 years. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Laws from the Asian School of Cyber Laws, Pune, apart from several certifications on diverse technology and management subjects.

- 2) Past remuneration:

Remuneration paid during the last three financial year

| | | (in ₹) | |
|--------------------|---------------------------|-----------|--|
| For the year ended | Total Cost to the Company | Per Month | |
| December 31, 2019 | 7,875,433 | 656,286 | |
| December 31, 2018 | 7,592,535 | 632,711 | |
| December 31, 2017* | 2,871,587 | 574,317 | |

* Mr. Avirag Jain was appointed as Director & Chief Technology Officer w.e.f. August 3, 2017. Hence his salary details for the financial year ended December 31, 2017 has been taken from August 03, 2017 to December 31, 2017.

- 3) Recognition or awards:

Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Laws from the Asian School of Cyber Laws, Pune, apart from several certifications on diverse technology and management subjects.

- 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 22 years. Mr. Avirag Jain has more than 27 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Laws from the Asian School of Cyber Laws, Pune, apart from several certifications on diverse technology and management subjects.

He is with R Systems since 1997. Since then he is continuously providing his guidance and support to the Company and his presence is crucial for the effective and efficient operations of the business. R Systems will benefit from his capabilities and therefore the Board wishes to re-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:

- a) Fixed Gross annual salary of ₹ 5,950,000/- (Rupees Fifty Nine Lakhs Fifty Thousand Only) to be paid by the Company and/or its subsidiaries.
- b) He will be entitled for a variable performance incentive up to a maximum of ₹ 4,050,000/- (Rupees Forty Lakhs Fifty Thousand Only) as per laid down criteria by the Company.
- c) He will be eligible for Company maintained car, Group Medclaim, Personal Accident Insurance, Term Insurance and other employment benefits as per the policy of the Company.
- d) He will be entitled up to a maximum annual increment of 10% per annum on his gross annual salary of the immediate preceding year falling due on January 01, 2021, January 01, 2022 and January 01, 2023.

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 (negligible percentage of the total paid up share capital in R Systems). Apart from the employment benefits as Director & Chief Technology Officer of R Systems, he does not have any pecuniary or other relationship with the Company. As on the date of this notice, he has no Stock Options.

III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits:

The Company has made a reasonable profit during the last financial year ended on December 31, 2019. R Systems total revenue increased to ₹ 3,917.69 mn. as against ₹ 3,172.13 mn. during the same period in the previous year. Profit after tax for the year ended on December 31, 2019 was ₹ 514.95 mn. as against ₹ 310.14 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) Disclosures in the Board of Directors' report under the heading 'Corporate Governance' has been attached to the Annual Report in respect of the:

- (i) All elements of remuneration package such as salary, benefits, stock options, pension etc. of all the directors;
- (ii) Details of fixed component and performance linked incentives along with the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Item No. 06

Mr. Ramneet Singh Rekhi, son of Mr. Satinder Singh Rekhi, Managing Director of the Company was appointed in R Systems Inc., wholly owned subsidiary of the R Systems International Limited ("Company"), vide shareholders resolution dated May 04, 2012.

Further, Mr. Ramneet Singh Rekhi is aged about 36 years and has done MBA in Finance & Strategy from Carnegie Mellon University, Tepper School of business, and Masters of Arts in Economics from New York University.

On the recommendation/ approval of Nomination and Remuneration Committee and Audit Committee of the Company, the Board of Directors in its meeting held on February 09, 2020 had decided to appoint, subject to approval of the shareholders of the Company, Mr. Ramneet Singh Rekhi for holding the place of profit under the designation of President- R Systems and to pay remuneration to him at an annual base salary of USD 110,000/- (US Dollor One Lakh Ten Thousand Only) and applicable sales commission plan as approved/ to be approved by the Nomination and Remuneration Committee of the Company, from time to time, to be paid by the Company or through one or more subsidiary(ies), pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013 and rules made thereunder.

Information required under explanation 3 to rule 3 of Companies (Meeting of Board and its Power) Rules, 2014 is as under:

- (a) Name of the related party - Mr. Ramneet Singh Rekhi
- (b) Name of the director or key managerial personnel who is related, if any – Mr. Satinder Singh Rekhi, Managing Director of R Systems International Limited
- (c) Nature of relationship - Mr. Ramneet Singh Rekhi is the son of Mr. Satinder Singh Rekhi.
- (d) Nature, material terms, monetary value and particulars of the contract or arrangements - His annual base salary will be USD 110,000/- (US Dollor One Lakh Ten Thousand Only) and applicable sales commission plan approved/ to be approved by the Nomination and Remuneration Committee of the Company, from time to time. Further, Mr. Ramneet Singh Rekhi will also be entitled for a maximum annual increment of up to 10% on his base salary, each year becoming on every 01st January.
- (e) Any other information relevant or important for the members to take a decision on the proposed resolution - Nil

Since, the above proposed remuneration exceeds the limits prescribed under Section 188 of the Companies Act 2013, the appointment will require prior approval of the shareholder's vide an Ordinary Resolution. The Board accordingly recommends the passing of the resolution no. 06 as contained in the notice for approval of the Members as an Ordinary Resolution.

Except Mr. Ramneet Singh Rekhi, Mr. Satinder Singh Rekhi and their relatives, none of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, but to the extent of their shareholding in the Company, in the proposed resolution set out at item No. 06.

By Order of the Board
For R Systems International Limited

Place : NOIDA
Date : June 01, 2020

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 June 30, 2020 (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standard – 2 issued by Institute of Companies Secretaries of India

| Name of Director | Mr. Satinder Singh Rekhi | Lt. Gen. Baldev Singh (Retd.) | Mr. Avirag Jain |
|--|--|---|---|
| Date of Birth | January 08, 1951 | September 21, 1940 | March 28, 1966 |
| Date of Appointment | May 14, 1993 | September 01, 1997 | August 3, 2017 |
| Qualifications | Bachelors Degree in Technology from the prestigious IIT – Kharagpur, Masters in Business Administration from California State University, Sacramento. He has also attended several senior management programs from University of Berkeley and Harvard Business School. | Masters in Military Sciences- Madras University | Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. Postgraduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects. |
| Expertise in specific functional area | Mr. Rekhi is a technocrat with over 37 years of experience in the information technology industry. Prior to R Systems, Mr. Rekhi held senior management positions with HCL Technologies and DISC (now Synergex) in the United States, Singapore and India. | Lt. Gen. Baldev Singh (Retd.) has more than 53 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 27 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 | 11* | Nil | Nil |
| Memberships/ Chairmanships in Committees of other companies as on date | Nil | Nil | Nil |
| Number of shares held in Company [#] | 3,062,207 equity shares | 48,527 equity shares | 100 equity shares |
| Relationships between Directors inter-se | Mr. Satinder Singh Rekhi is related to Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of the Company. | Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company. | Nil |

* All the Companies are incorporated and based outside India.

As on June 01, 2020



www.rsystems.com

R SYSTEMS INTERNATIONAL LIMITED

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

Corporate Office: C - 40 Sector - 59,
Noida (U.P.) - 201 307 (INDIA)



R SYSTEMS INTERNATIONAL LIMITED

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

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

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

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

REF: SECT/02/2020/08

FEBRUARY 09, 2020

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

Dear Sir,

SUB: DECLARATION IN RESPECT OF UNMODIFIED OPINION ON AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2019 UNDER SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

This is with reference to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”). It is hereby declared that the Statutory Auditors of the Company i.e. M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (FRN - 117366W/W-100018), have issued audit report with unmodified opinion on Standalone and Consolidated Financial Results of the Company for the financial year ended December 31, 2019.

This is for your information and record.

Thanking you.

Yours faithfully,

For R Systems International Limited

Bhasker Dubey
(Company Secretary & Compliance Officer)

