R SYSTEMS

DELIVERING DIGITAL **SUCCESS STORIES...**

ANNUAL REPORT 2018

Cautionary Statement Regarding Forward-Looking Statement

This document contains statements about expected future events and financial and operating results of R Systems International Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in R Systems International Limited Annual Report 2018.

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DELIVERING **DIGITAL SUCCESS STORIES...**

THIS YEAR'S ANNUAL REPORT IS DEDICATED TO MANY SUCH SUCCESS STORIES, WHEREIN OUR ETHOS WAS ACTIVATED, THE PROBLEMS AND DIFFICULTIES WERE SOLVED AND THE WINNER WAS THE CUSTOMER.

Technology has been bringing paradigm changes in the business world. However, as the technology helps in resolving many age-old problems, at the same time, it brings in new challenges, most of which are unheard of, earlier by the businesses. R Systems has been a pioneer in digital solutions, helping the customers with some of the most acute issues and providing agile solutions, using cutting edge technology.

We have partnered with customers since past 26 years, to offer the state-of-the-art solutions to resolve the most difficult issues during the most pressing times and are proud to achieve excellent results. Success is the by-product, we receive when our customers overcome their business challenges using our digital solutions. We have practised, what we preach – Going all in where required, putting in that extra mile, just to strengthen our customer's operations, are some of the ethos we live with. And we have been rewarded with more than just revenues and profits – Great Relationships and Contagious Happiness!

Imagine, being stuck in a very testing situation. If there is inaction / delay, you may face a big consequence. Life seems to be stuck in that particular scenario. However, some old mate appears from nowhere and provides his expertise to resolve the issue. You are sceptical at the outset. However, your mate is confident. You both team-up and work towards resolving the problem. Ultimately, the issue is resolved – to such an extent that bystanders feel whether such issue existed. Have you ever experienced such a miracle? Our customers have often witnessed similar situations. These were the moments, where we stepped in, partnered with the customers and resolved the issues. This year's Annual Report is dedicated to many such success stories, wherein our ethos was activated, the problems and difficulties were solved and the winner was the customer. R Systems invites our valued stakeholders in witnessing these success stories…

FROM THE DESK OF
THE MANAGING DIRECTOR

Dear Fellow Shareholders,

It gives me immense pleasure to present the 2018 Annual Report of your company. In the year 2018, we witnessed R Systems' revenues grow by over 18.10% to Rs. 6,999 million (US $102 million), against Rs. 5,926 million (US $91 million) in 2017. Your company has once again crossed the USD 100 million revenue landmark during the year 2018 after a successful transformation into a digital enterprise from a product engineering company. We reported improved margin as EBITDA grew by 71% to 8.25% of revenue from 5.68% of revenue in the year 2017. The shareholder's funds and cash balance has also grown to Rs 3,229 million and Rs 1,998 million, respectively. We have a strong balance sheet to continue our digital investment for future growth.

Over the last two years, we have witnessed an interesting era whereby technology has touched every corner of our daily life. We utilize technology to learn, to communicate, to conduct business and to make life easier. This has mandated businesses to build strategies for their digital transformation to be relevant and meaningful. R Systems, has also transformed itself from a product engineering company to a niche player in the digital arena; navigating customers in their digital transformation journey. During 2018, R Systems generated approx. 39% of its revenue from digital offerings.

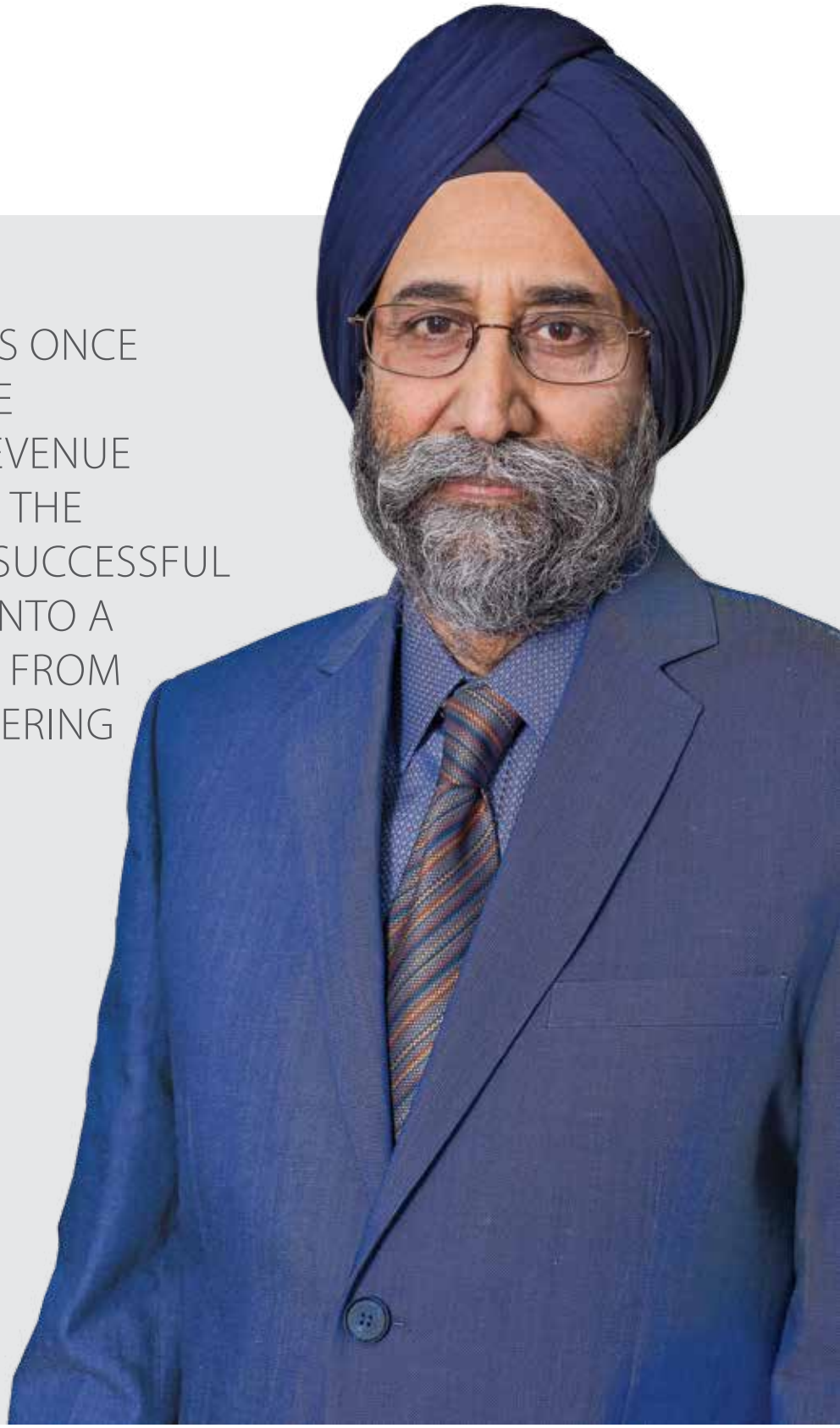
We have been committed to our digital transformation endeavours by creating an ecosystem to support our customers in realizing the full benefits of digital transformation. This includes realigning various internal functions such as, sales, marketing, people practice, IT infrastructure and delivery by adapting breakthrough digital technologies like, Cloud, RPA, ML, AI, Analytics, etc. We have further strengthened and specialized our digital offering in key industry verticals, i.e. Telecom, Technology, Healthcare & Life Science, Finance & Insurance, Retail & e-commerce.

At R Systems, our most precious assets are our employees who have gone through a phenomenal transformation over the last few years by not only adapting digital technologies but have also created unmatched digital success stories. These success stories now represent our capability of satisfying our customer needs by delivering futuristic digital solutions and are a great collateral to nurture digital growth. Kudos to our great team for their willingness and commitment to spearhead digital transformation, our customers hold us to a high bar and we strive to raise that bar every day.

In 2018, we added 18 plus key customers out of which 4 have the potential to be USD $ million plus accounts. We served 21 USD million plus accounts during 2018. We added 400 plus associates globally during 2018. We have also started a new USA facility in Milpitas, CA. And, a new entity in Switzerland to be closer to our customers in order to understand their fast changing business needs.

We have started the year 2019 on a further positive note by expanding our SEZ facility by adding 28,000 square feet to cater to a strong sales pipe line. We have also concluded an acquisition of Chicago-based, Innovizant LLC, which strengthens our digital competencies in data analytics and enhanced our marque client base in the financial services sector. We continue to be guided by our mission to "Become an end-to-end digital transformation partner for our clients". I am confident that our proven digital competencies driven by new technologies and AI/Analytics will fuel our growth in the coming years.

As an organization, we continue to take responsibility for social wellness through our focused CSR efforts. We have continued to work closely in promoting education, welfare and sports, especially for girls, to spread happiness in the society. Our CSR philosophy remains, that happy



YOUR COMPANY HAS ONCE AGAIN CROSSED THE USD 100 MILLION REVENUE LANDMARK DURING THE YEAR 2018 AFTER A SUCCESSFUL TRANSFORMATION INTO A DIGITAL ENTERPRISE FROM A PRODUCT ENGINEERING COMPANY.

people are successful people, they become better citizens to productively serve their community.

As I conclude this message, once again, I thank you - Our Shareholders, Our Customers and Our Associates at R Systems across the globe for your continuing support, affection and for inspiring us to do our best. Let us all continue to keep up the good work to make R Systems a truly remarkable organization.

With Warm Regards,

Satinder Singh Rekhi

FROM THE DESK OF **SARTAJ REKHI**

Dear Shareholders,

First, I would like to congratulate the R Systems Team for another great year! Not only have we performed in numbers, but, we have also created a visible and long lasting impact through our digital transformation success stories. These success stories include:

- Enabling a leading USA gift card provider to digitally transform its in-house legacy enterprise applications to a cloud environment that provided a highly secured infrastructure along with reduced operation cost.

- In another interesting project, R Systems' interaction analytics platform Anagram helped a UK based manufacturer of household appliances to analyse trends, predicting future events, and monitoring results which enhanced their ROI with improved customer engagement.

It gives us enormous satisfaction when we see our customers realizing their digital transformation objectives and build into a referable customer pool.

During the year 2018, we have grown profitably and added 400 associates to R Systems' talent pool. All business units have enhanced their performance by yielding the benefits of digital investment over last few years. We are also committed to continue our investment in building digital competences across key industry verticals, i.e. Telecom, Technology, Healthcare & Life Science, Finance & Insurance, Retail & e-commerce. We have also partnered with leading technology companies, i.e. Microsoft, Infor, Salesforce, AWS, Automation Anywhere, JDA, QlikView, etc. to stay ahead of technology shifts. These technology partnerships help to deal with technology changes and increase agility.

To enhance our sales team productivity, we have strengthened our onsite sales team in the USA, Canada, and Europe so that they can work closely with customers to understand their digital transformation challenges. We also invested in equipping them with technology to enhance their reach and cultivate a top performing sales team.

Our recent acquisition of Innovizant LLC has further strengthened our digital practice with niche data analytics competencies. Also, the Innovizant facility in Chicago will be used as R System's Centre of Excellence (CoE) to strengthen our on-shore/near shore delivery capabilities to serve our US Central and East Coast clients.

We are on the right path in delivering successful digital stories, cultivating a motivated talent pool and to deliver more value to our Stakeholders in order to help R Systems become a stronger organization every day.

Best Regards,

Sartaj Rekhi

WE ARE ON THE RIGHT PATH IN DELIVERING SUCCESSFUL DIGITAL STORIES, CULTIVATING A MOTIVATED TALENT POOL AND TO DELIVER MORE VALUE TO OUR SHAREHOLDERS IN ORDER TO HELP R SYSTEMS BECOME A STRONGER ORGANIZATION EVERY DAY.

INDUSTRY-LEADING CERTIFICATIONS

CMMI	PCMM	ISO	ISO	PCI	HIPAA
LEVEL 5	**Level 5**	**27001:2013**	**9001:2015**	DSS	**Compliant**

KNOW
YOUR COMPANY

R Systems is a global technology, AI/ Analytics services and knowledge services leader. We deliver AI-driven solutions to clients across industries, thus delivering on the promise of digital transformation. We have continued to empower enterprises with cutting edge technologies for 25+ years, with 16 delivery centres, 2700 plus tech-maestro and 25+ offices worldwide

Narrative

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

Mission Statement

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

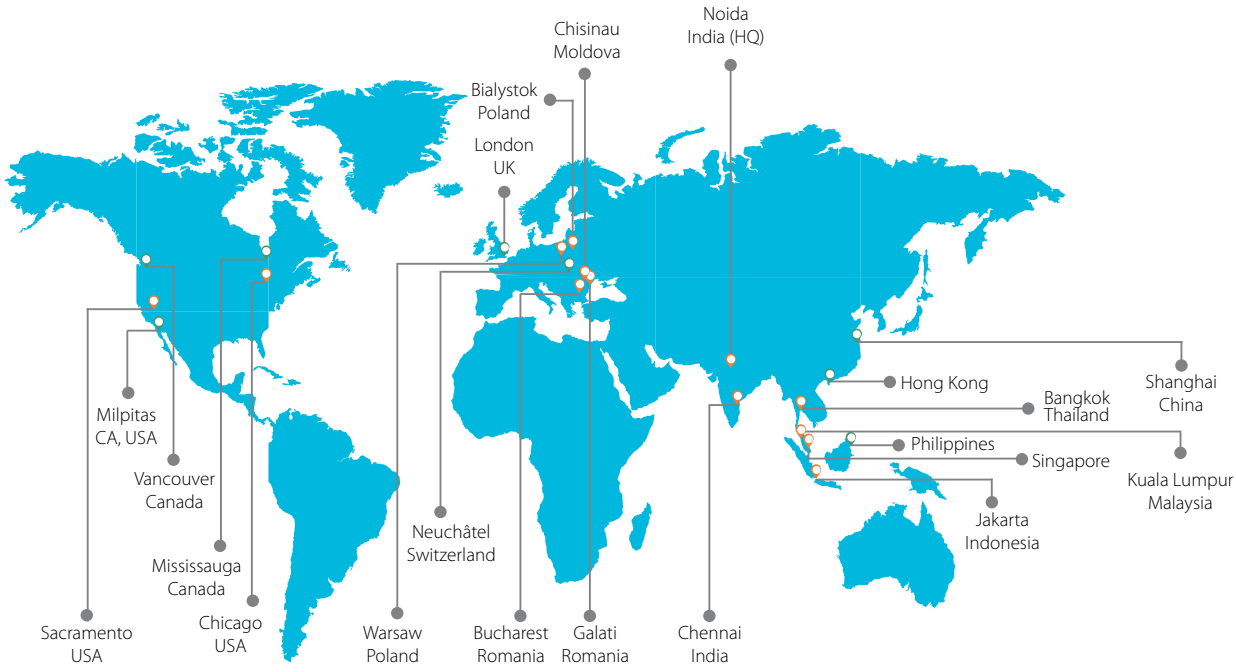
Vision

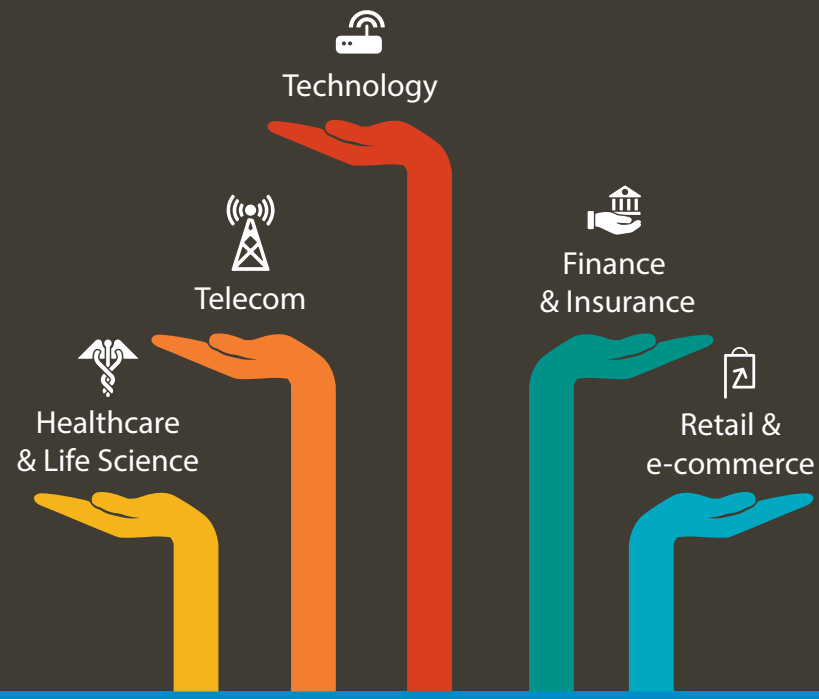
Become an end-to-end digital transformation partner for our clients.

Values

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

OUR GLOBAL PRESENCE





INDUSTRY VERTICALS SERVED

R SYSTEMS' DIFFERENTIATOR TO **DELIVER SUCCESS STORIES**

OUR COMPREHENSIVE PORTFOLIO OF SERVICES INCLUDES:

Technology

- Product Engineering
- Cloud Enablement
- QA Testing
- Digital Platforms and Solutions

AI, Data & Analytics

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

Design

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

Knowledge Services

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

TECHNOLOGY

SUCCESS STORIES

Partnered with a leading provider of Association Management product for member-centric organizations for its digital transformation

Solution:

- Transformed digital value chain using predictive insights
- Digitally transforming a classic product, to a dynamic product, which provides digital agility to the organization
- Digitized channels and update business models to stay ahead of the competition by developing four generations of product versions

Benefits:

- Cut down the cost of product upgrade cycle substantially by 80%
- 90% reduction in defects
- Improved insight, maximize engagement and Increased revenue
- 30K staff, daily use CRM application to manage constituent data and interactions

A leading solution provider transforming unstructured organizational content into actionable intelligence engaged R Systems for its digital initiatives

Solution:

- Delivered Professional services in Enterprise Content Management (ECM) System
- Flexible platform with configurable workflows
- Content standardization to improve fulfilment of public service request
- Provided advance management capabilities

Benefits:

- Large volume of digital preservation of content, from erstwhile unstructured data
- Improved performance to enable smooth file processing
- Reduced business processing costs by automating conversion workflows

TELECOM

SUCCESS STORIES

A US-based Tier-1 telecom operator was looking for cloud migration

Solution:

- Delivered automated testing of operator applications in migration to cloud and 5G technology
- Provided fast, efficient and reliable validation of product changes in context of 5G and migration to cloud

Benefits:

- 40% deployment cost reduction with automated testing as compared to manual approach
- Short time to market – fast, efficient and reliable validation of product changes in the context of 5G and migration to cloud
- Provided coverage of telecom protocols and allowed simulation for most of telco application

A leading IPTV operator optimized its Ad revenue using R Systems IPTV expertise with business analytics

Solution:

- Dynamic advertisement insertion for live streaming
- High quality seamless replacement of the TV advertisements dynamically achieved based on the subscribers demographic with the regional advertisement at proper splicing points
- Reporting of Ad Metrics such as advertisement viewership information to the operator which plays key role in business analytics

Benefits:

- Enables operator to broadcast local advertisements in different regions to maximize the advertisement impact on local population
- Significant business growth for the operator by generating additional revenues
- Highly scalable & quality product

HEALTHCARE & **LIFE SCIENCE**

SUCCESS STORIES

A UK based chain of hospitals offering complete range of healthcare services engaged R Systems to digitalize its practice management system for enhanced patient experience

Solution:

- Seamlessly integrated diverse processes
- Delivered End-to-End CRM solution where all the facilities are maintained
- Re-engineered current architecture that includes an improved & intuitive end-user UI

Benefits:

- Enhanced patient experience & operational efficiencies
- Improved accuracy, efficiency & quality of data recorded in EHR system
- Efficiency raised nearly up to 60%
- Cost reduction associated with maintenance of legacy system

A leading healthcare technology company, helping healthcare organizations reduce costs and improve health outcomes.

Solution:

- Transitioned from paper-based practices to efficient and secure electronic practices
- Reengineered the application to make it more effective and optimized
- Standardized the claims process and automated tasks through electronic transactions
- Deployed extensible and scalable digital application

Benefits:

- Increased accuracy of Medicaid claims payment and enabled efficient auditing
- Achieved 90 - 95% posting rate results where manual posting was reduced hence cost effective for the client
- Cutting the paperwork, errors and staff requirements of traditional claim submissions
- Reduced postage, supplies and mailing expenditures

FINANCE & INSURANCE

SUCCESS STORIES

A leading provider of end-to-end services, solutions and financial industry has partnered with R Systems for its digital enablement

Solution:

- Developed mobile application to cater all types of transactions
- Tablet based application was developed to empower interaction with ATMs
- Enabled a seamless communication experience between the customer and the teller
- Developed a contactless card reader for NFC-based ATM withdrawals

Benefits:

- Seamless integration with next generation platform
- Improved efficiency and effectiveness
- Successful approval of the provided feature is 100%, with 95% code acceptance ratio
- Improved user experience
- Increased loyalty among customers

R Systems navigated a global financial institution providing a full suite of products and services in empowering digital banking.

Solution:

- Implemented product engineering of core banking solutions
- Leveraged emerging technologies & intelligent automation to minimize risks and enhance security
- Enabled zero data entry on boarding
- Facilitated retail users to get on board quickly through a seamless and paperless manner

Benefits:

- Reduced operational costs and improved efficiency
- Real-time visibility into eligibility and availability of services
- Enhanced customer experience by eliminating duplicate efforts in reaching out to same customer
- Accessing customer data anytime & anywhere
- Optimized user journeys to gain actionable insights

RETAIL & E-COMMERCE

SUCCESS STORIES

A UK based leading manufacturer of household appliances engaged R Systems to transform its call centre data into an actionable business decision

Solution:

- Interaction analytics services to analyze trends, predicting future events, and monitoring results
- Deployed an AI-based Speechbot to automate product ordering calls
- Used advance analytical techniques like Big Data mining, Machine Learning & AI, etc.
- Empowered the client to generate ROI on their investment

Benefits:

- 90% of all order related calls were handled by the SpeechBot
- Offered real-time updates as Bot Works 24/7
- 6% Reduction in overall cost of order processing & associated administration
- 2x faster order status sharing
- 32% increase in business ROI
- 12% increase in customer engagement

An Asian retail specialist focussing on growing market share of its accessible luxury lifestyle brands mandated R Systems (IBIZ Business Unit) to streamline and automate its operations

Solution:

- Deployed Microsoft Dynamics NAV, hosted in the cloud, combined with Loyalty Plus and LS Retail modules
- Orchestrated management dashboard to improve business process visibility

Benefits:

- Streamlined operations, improves customer service and triples store outlets with new ERP Solution
- Facilitated rapid expansion, increased from 16 to 42 stores
- Matched staffing levels to maximize customer service
- Improved offers and customer loyalty program
- POS data integrated with HQ, in near real-time, has resulted in a more proactive culture

OUR CLIENT'S **TESTIMONIALS**

A LEADING IPTV OPERATOR

"AFTER THE RECENT DELIVERY, THE TARGETED ADVERTISING IN LIVE TV IS NOW BEING ROLLED-OUT. WITH THIS, WE UNLOCKS AN INVENTORY OF 1.4M SET-TOP BOXES THAT CAN BE "ADDRESSED" IN LIVE, PAUSE-LIVE, REPLAY AND START-OVER. THIS IS THE LARGEST AND MOST SOPHISTICATED DEPLOYMENT IN CONTINENTAL"

A LEADING PROVIDER OF END-TO-END SERVICES AND SOLUTIONS FOR BANKING AND FINANCIAL INDUSTRY

"I VERY MUCH ENJOY THE RELATIONSHIP THAT WE HAVE WITH R SYSTEMS INTERNATIONAL. WE CONTINUE TO GET HIGHLY COMPETENT TEAM MEMBERS THAT CONTRIBUTE EFFECTIVELY TO OUR GOALS. I LOOK FORWARD TO THE WORK AHEAD"

A USA BASED PROVIDER OF DIGITAL SOLUTION FOR SMART SCHOOLS

"I GOTTA SAY, THIS IS SERIOUSLY EPIC! SEEING THE FRAMEWORK FOR THIS STUFF IS MOUTHWATERING"

A US BASED TRADITIONAL FINANCIAL INSTITUTION

"I APPRECIATE THE RESPONSIVENESS OF THE TEAM, THE ATTENTION TO DETAIL AND THE COMMUNICATION. THESE ARE THE KEYS TO OUR ON-GOING SUCCESS AND PARTNERSHIP"

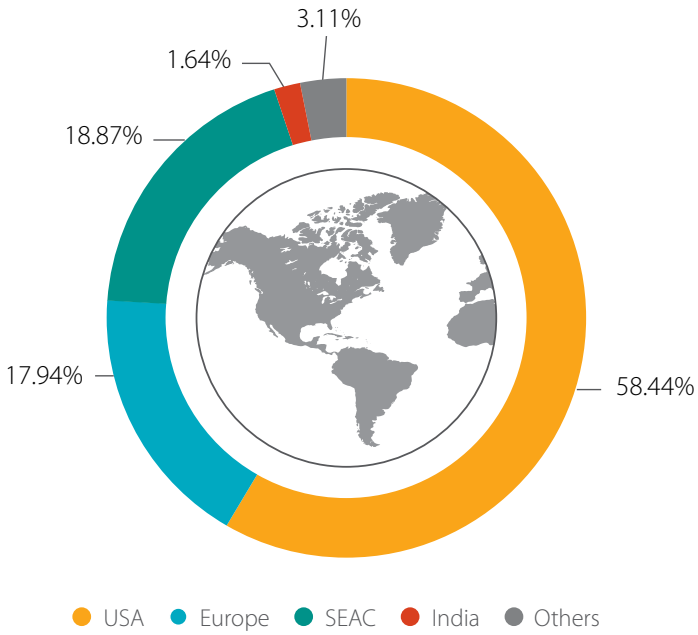
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

Revenue	Digital Revenue	EBIDTA
$ 102.47 mn. Year 2018	39.06% Year 2018	8.25% Year 2018
$ 91.01 mn. Year 2017	36.74% Year 2017	5.68% Year 2017

Net Profit	Shareholders Fund	Cash Balance
$ 7.48 mn. Year 2018	$ 46.28 mn. Year 2018	$ 28.64 mn. Year 2018
$ 3.46 mn. Year 2017	$ 42.41 mn. Year 2017	$ 25.47 mn. Year 2017

Revenue by Geography 2018



Our Clients

170+ Active Clients	5 3+ million USD Clients
21 1+ million USD Clients	90% Repeat Business

Global Reach

16 Development and Service Centres	25+ Offices Worldwide
3 Continents	2700+ Associates

OUR DIGITAL **WORKFORCE**

WE STRIVE TO CREATE A CAREER PATH WHICH INCLUDES THE PROFESSIONAL DEVELOPMENT AS WELL AS INTERPERSONAL SKILLS FOR THE EMPLOYEES.

Human Capital plays a pivotal role in the character of any company. We have a glorious history, with a core belief for values in our vision and tradition. We believe in appointing the right person for the right task.

We continuously strive to enhance employee satisfaction levels. We strongly feel providing our employees with professional development sessions and making them attend professional trainings, conferences and seminars, shall help to bring out the best in them. To enrich team building, we celebrate all the festivals. Celebrations create a very pleasant, positive and fun vibe in the office. A good time together makes everyone happy and joyful and goes a long way in team building efforts.

We have special team building events, as a part of our social gatherings. We have board games, night outs, breakfast and cake day celebrations, to instill team spirit among employees. Sporting events, such as RSI Cricket League and Indoor games like table tennis, chess and carom are other activities, which our Human Resources team organize for incorporating a work-life balance.

Quarterly awards like best buddy, best mentor, best internal trainer help in utilizing the true potential of employees. On the welfare front, we organize weekly general physician visits, free health check-up camps, Women's day celebrations, health talk & zumba sessions.

We are increasing the quality of our new joinees, with focus on efficiency. We are developing an e-learning strategy and policy, aligned with business development plans. We have digitalized the company's onboarding and orientation process with focus on specific steps for an effective integration of the new employees.

We provide meaningful recognition and reward to our employees, as this will inspire them to excel their performance. This brings a new zeal in the employees as their morale is high. We strive to create a career path which includes the professional development as well as interpersonal skills for the employees.

We firmly believe in keeping our human capital in high spirits, in order to rise to the desired levels of success, through persistence and perseverance.

OUR COMMITMENT FOR **A SUSTAINABLE FUTURE**

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

Our CSR activities are at the heart of our vision. We firmly believe that success is multiplied, when shared with others and we are especially keen in sharing our success with the lesser privileged members of the society. We thus focus our efforts in making a meaningful difference in the lives of these beneficiaries – only then would our CSR activities would be truly meaningful.

2018 CSR Initiatives by R Systems

Partner: Army Public School

- R Systems has partnered with Army Public School, and is providing continuous support in education and welfare of children from weaker sections.

Partner: Prakash Padukone Badminton Academy

- R Systems has partnered with Prakash Padukone Badminton Academy to promote Badminton and support & encourage young aspirants to reach their full potential and perform at National & International levels.

Partner: Rajya Anand Sansthan

- R Systems has also associated with Rajya Anand Sansthan, to educate people about the science of happiness and provide them with tools and techniques which would enable them to lead a balanced life.

Partner: Missionaries of Charity, Jeevan Jyoti Home, Delhi

- Continuing the journey of working for the well-being of society, R Systems has supported socially isolated and economically deprived, crippled and homeless children in association with Missionaries of Charity, Jeevan Jyoti Home, Delhi.

Partner: Various organizations in Europe

- Our European subsidiary, Computaris is also carrying various CSR programme viz. Donation for Children's Hospital Oncology, Donation for clothes and toys, Recycling Programme etc.

Mr. Satinder Singh Rekhi and Mrs. Harpreet Rekhi alongwith team members of Prakash Padukone Badminton Academy

A visit by R System's Team to Missionaries of Charity, Jeevan Jyoti Home, Delhi

CORPORATE INFORMATION

Board of Directors (As on May 02, 2019)

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

Chief Financial Officer

Mr. Nand Sardana

Company Secretary and Compliance Officer

Mr. Bhasker Dubey

Committees of the Board of Directors

Audit Committee

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

Stakeholders Relationship Committee

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

Nomination & Remuneration Committee

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

Compensation Committee

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

Corporate Social Responsibility Committee (CSR Committee)

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

Registered Office

GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 (w.e.f. April 23, 2019)

Corporate Office

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

Statutory Auditors

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

Registrar & Share Transfer Agent

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

Bankers to the Company

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

Listed At

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

Subsidiaries of R Systems International Limited

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

Subsidiary of R Systems (Singapore) Pte Limited

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

Subsidiary of R Systems, Inc.

8. Innovizant, LLC, USA

Subsidiaries of IBIZ Consulting Pte. Ltd., Singapore

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

Subsidiaries of ECnet Limited

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

Subsidiaries of Computaris International Limited

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

DIRECTORS' REPORT

Dear Shareholders,

Your directors take great pleasure in presenting the Twenty Fifth Annual Report on the business and operations of R Systems International Limited ("R Systems" or the "Company") together with the audited financial statements of accounts for the year ended December 31, 2018.

1. Financial Results

The financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS'). In accordance with the notification issued by Ministry Corporate Affairs, the Company has adopted Ind AS as notified under the Companies (India Accounting Standards) Rules, 2015. These are the Company's first Ind AS financial statement. The date of transition is January 01, 2017, accordingly, figures for the financial year 2017 has been restated in accordance with Ind AS.

a. Standalone financial results of R Systems

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2018	31.12.2017
Total Revenue	**3,172.13**	**2,637.53**
Profit before depreciation, exceptional items and tax	478.45	416.23
Less : Depreciation and amortisation expense	73.01	73.74
Profit before tax	**405.44**	**342.49**
Less : Current tax	**99.35**	**133.41**
Less: MAT credit entitlement	-	(5.84)
Less : Deferred tax (credit) / expense	(4.05)	(13.16)
Profit after tax	**310.14**	**228.08**
Other comprehensive income	(0.50)	8.04
Total comprehensive income for the year	309.64	236.12
Surplus in the statement of profit and loss		
Balance as per last financial statement	1,900.20	1,672.12
Add: Profit for the current year	310.14	228.08
Less : Dividend paid	85.49	-
Net surplus in statement of profit and loss	**2,124.85**	**1,900.20**
EPS-Basic	2.52	1.85

b. Consolidated financial results of R Systems and its Subsidiaries

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2018	31.12.2017
Total Revenue	**6,998.89**	**5,926.38**
Profit before depreciation, exceptional items and tax	762.30	488.24
Less : Depreciation and amortisation expense	135.48	134.80
Profit before tax	**626.82**	**353.44**
Less : Current tax	124.22	149.89
Less: MAT credit entitlement	-	(5.84)
Less : Deferred tax (credit) / expense	(7.85)	(15.95)
Profit after tax	**510.45**	**225.34**
Other comprehensive income	93.55	(6.40)
Total comprehensive income for the year	604.00	218.94
Surplus in the statement of profit and loss		
Balance as per last financial statement	2,007.25	1,781.91
Add: Profit for the current year	510.45	225.34
Less : Dividend paid	85.49	-
Net surplus in statement of profit and loss	**2,432.21**	**2,007.25**
EPS-Basic	4.14	1.83

2. Results of Operations

Standalone Accounts

- Total income during the year 2018 was Rs. 3,172.13 mn. as compared to Rs. 2,637.53 mn. during the year 2017, an increase of 21.27%.
- Profit after tax was Rs. 310.14 mn. during the year 2018 as compared to Rs. 228.08 mn. during 2017, an increase of 35.98%.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 2.52 for the year 2018 as compared to Rs. 1.85 for the year 2017, an increase of 35.92%.

Consolidated Accounts

- Consolidated total income during the year 2018 was Rs. 6,998.89 mn. as compared to Rs. 5,926.38 mn. during the year 2017, an increase of 18.10%.
- Profit after tax was Rs. 510.45 mn. during the year 2018 as compared to Rs. 225.34 mn. during 2017, an increase of 126.52%.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 4.14 for the year 2018 as compared to Rs. 1.83 for the year 2017, an increase of 126.43%.

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

3. Appropriations and Reserves

Dividend

The members may also note that during the year 2018, the Board of Directors had declared an interim dividend of Re. 0.60 per equity share of Re. 1/- each i.e. 60% at its meeting held on May 04, 2018. The said Dividend was paid to shareholders on June 01, 2018. The Board of Directors (the "Board") has not recommended any final dividend for the financial year ended December 31, 2018.

The register of members and share transfer books shall remain closed from May 24, 2019 to May 28, 2019 both days inclusive.

Transfer to Reserves

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

4. Business

R Systems is a global technology, AI/ Analytics services and knowledge services leader. We deliver AI-driven solutions to clients across industries, thus delivering on the promise of digital transformation. Our technology offerings include product engineering, cloud enablement, QA testing and digital platforms and solutions. This includes solution offerings i.e. Microsoft , Infor, JDA and QlikView etc. through our IBIZ and ECnet subsidiaries in South East Asia. AI/ Analytics services include advanced analytics, machine learning / artificial intelligence, business analytics and automation. R Systems' design services include UX engineering, visual design and mobile user experience. Our knowledge service offerings cover revenue cycle management, back office service, technical support and customer care using multi-lingual capabilities and global delivery platform.

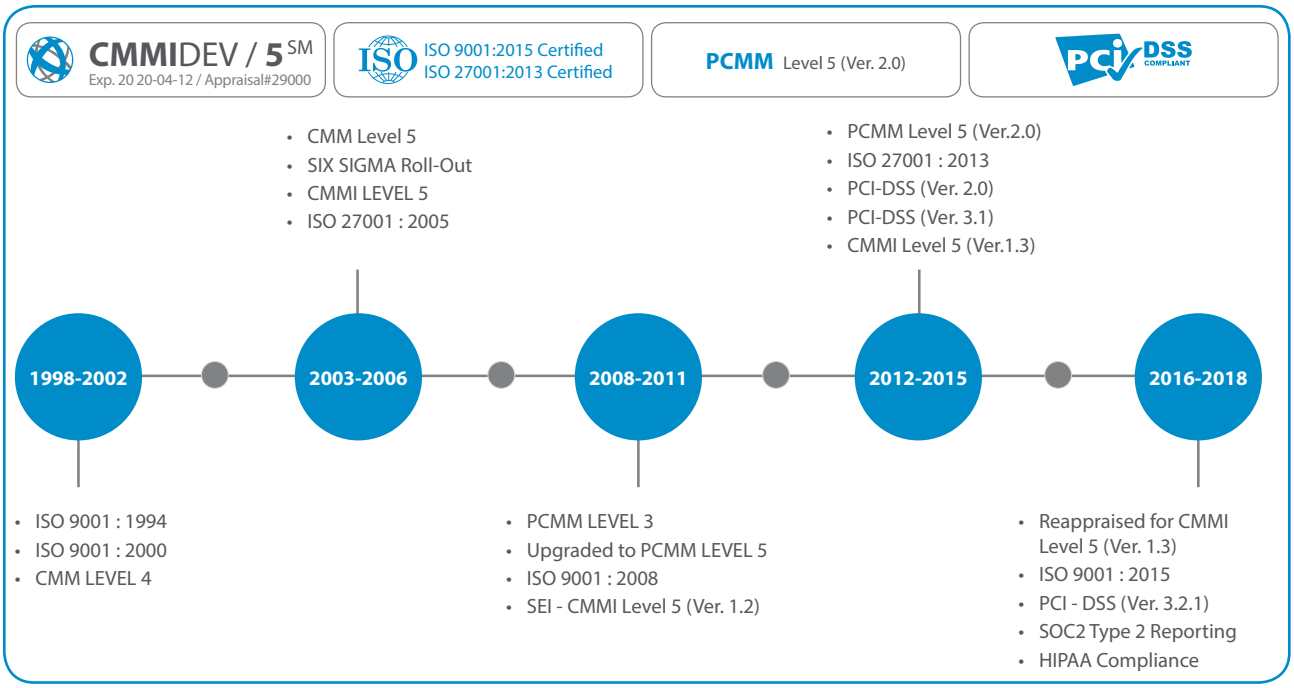
R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Telecom, Technology, Healthcare & Life Science, Finance & Insurance and Retail & e-commerce and has served twenty one million dollar plus customer during the year 2018. R Systems maintains sixteen development and service centres to serve customers in USA, Europe and the Far East.

There were no changes in the nature of the Company's business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries during the year under review. For details of Company's subsidiaries please refer note number 15 relating to subsidiaries.

During the year under review, on November 20, 2018, the Company has received approval from Department of Commerce, Ministry of Commerce & Industry, Government of India for expansion of existing 'Special Economic Zone' (SEZ) facility located at Greater Noida West (NCR) by addition of approx. 28,105 sq. ft. located at Greater Noida West (NCR).

5. Quality

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



During the year 2018, The IT & BPO Division has been re-certified with ISO 27001:2013 standard.

In Addition, for BPO division, R Systems has got SOC2 Type 2 Reporting for one of the major healthcare clients. HIPAA also has been implemented and tested with zero non-compliance in one of the major clients in Healthcare Domain. The BPO division has migrated their QMS into ISO 9001:2015 version from the existing ISO 9001:2008 version. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope has got PCI DSS Certification on latest version V3.2.1.

As of the date of this report, Noida IT center is CMMI level 5 (Ver.1.3), PCMM Level 5, ISO 9001:2015, ISO 27001:2013 certified. Noida BPO center is PCMM Level 5, ISO 27001:2013 certified and also for specific client(s) it is SOC2 Type 2, HIPAA compliant and PCI-DSS (ver.3.2.1) certified for (IT Infrastructure along with the projects/process/applications in scope).

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

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

6. Directors & Key Managerial Personnels (KMP)

Mr. Avirag Jain was appointed as Whole-time Director (Designated as Director and Chief Technology Officer) of the Company for a period of three years commencing from August 03, 2017 at the 24th Annual General Meeting of the Company held on May 25, 2018.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 ("Act") read with Articles of Association of the Company, Mr. Avirag Jain, Director and Chief Technology Officer, is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment.

The brief profile of Mr. Avirag Jain proposed to be re-appointed forms part of the Corporate Governance Report and Notice for convening the AGM.

During the year under review, the Board of Directors appointed Mr. Bhasker Dubey as Company Secretary & Compliance Officer w.e.f. February 10, 2018 upon resignation of Mr. Ashish Thakur.

Further, on December 19, 2018, shareholders approval was accorded for re-appointment of Mr. Satinder Singh Rekhi as Managing Director for a period of 5 years w.e.f. January 01, 2019.

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

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

7. Employees Stock Option Plans / Schemes

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

- R Systems International Ltd. Employees Stock Option Plan Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001): Initially formulated for the employees of Indus Software Private Limited which got amalgamated with R Systems and the plan continued as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Mumbai. As on December 31, 2018, no stock options are in force under this plan.
- R Systems International Limited Employee Stock Option Scheme 2007: For the employees of R Systems and its subsidiaries. As on December 31, 2018, there are 75,000 stock options in force under this plan.

The aforesaid plans are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefit Regulations") and there has been no material changes to these Plans during the Financial Year 2018. The summary information of aforesaid Employee Stock Option Plans/ Schemes of the Company is provided under Notes to Accounts of Standalone Financial Statements of this Annual Report. Refer to Notes to accounts of the Standalone Financial Statements of this Annual Report for details on accounting policy. Disclosure as required under Employee Benefits Regulations read with SEBI circular no. CIR/CFD/POLICYCELL/2/2015 dated June 16, 2015 are available on the Company's website: https://www.rsystems.com/investors-info/annual-reports/.

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

8. Liquidity and Borrowings - Consolidated Financial Statement

The consolidated cash and cash equivalent as at December 31, 2018 were Rs. 841.17 mn. as against Rs. 929.02 mn. as on December 31, 2017. Net cash generated from operating activities were Rs. 311.22 mn. for the year ended December 31, 2018 compared to Rs. 365.24 mn. for the year ended December 31, 2017. Cash used in investing activities were Rs. 350.45 mn. for the year ended December 31, 2018 and comprised of Investment in long term deposit with bank Rs. 293.84 mn. (net), purchase of fixed assets of Rs. 165.87 mn. and Investment in liquid mutual fund Rs. 140 mn. as offset by proceeds from redemption of debenture Rs. 175.12 mn., interest income Rs. 64.62 mn., rental income from investment property Rs. 6.56 mn. and sale of fixed assets Rs. 2.96 mn. Cash used in financing activities were Rs. 87.86 mn. for the year ended December 31, 2018 and mainly consist of Rs. 85.49 mn. on account of payment of dividend (including CDT) (net).

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

R Systems has a credit facility from the Axis Bank Limited amounting to Rs. 380 mn. (including non-fund based credit limit of Rs. 180 mn. for currency derivatives). As at December 31, 2018, the total credit balance was nil under fund based line of credit. Loan payable as at December 31, 2018 comprises of loan for motor vehicles purchased amounting to Rs. 9.36 mn. and finance lease obligation of Rs. 10.61 mn. for SEZ premises.

9. Changes in the Capital Structure

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

At the beginning of the financial year ended December 31, 2018, the share capital structure of the Company was as follows:

Particulars	Equity Shares of Re. 1/- each
Authorised Share Capital	200,000,000
Issued, Subscribed and Paid up share Capital	123,952,925

During the year under review, the Company had issued 37,500 equity shares of Re. 1/- each pursuant to exercise of employees stock options granted under the R Systems International Limited Employees Stock Option Scheme - 2007. Consequent to the said allotment the issued and paid up share capital of the Company was enhanced to Rs. 123,990,425/- divided into 123,990,425 equity shares of face value of Re. 1/- each.

Further, pursuant to the Scheme of Amalgamation between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited ("Company") as approved by the Hon'ble National Company Law Tribunal ("NCLT") vide order dated December 07, 2018, the following changes took place in the share capital of the Company:

1. Authorised Share Capital of the Company was enhanced with the Authorised Capital of GM Solutions i.e. by Rs. 6,000,000/- (Rupees Sixty Lakhs only).
2. The Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 to the shareholders of GM Solutions in proportion to there respective shareholding in GM Solutions and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions upon aforesaid allotment.

Therefore, as on December 31, 2018, the share capital structure of the Company is as follows:

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

During the financial year ended December 31, 2018, the Company has not issued any shares with differential voting rights or any sweat equity shares. Therefore, disclosure pursuant to Section 43(a)(ii) & Section 54(1)(d) of the Act are not applicable. Further, no disclosure is required under Section 67 (3) (c) of the Act, in respect of voting rights not exercised directly by employees of the Company as the provisions of the said section are not applicable.

10. Scheme of Amalgamations and Arrangements

a. During the year under review, the Company has received the order of the Hon'ble National Company Law Tribunal ("NCLT") dated December 07, 2018 approving the Scheme of Amalgamation between GM Solutions Private Limited and R Systems International Limited and their respective Shareholders and Creditors. The appointed date of the scheme was January 01, 2018. The said order was filed with the Registrar of Companies, NCT of Delhi & Haryana on December 21, 2018.

b. Subsequent to the year ended December 31, 2018, the Company has withdrawn the Scheme of Arrangement for re-organization and reduction of equity share capital of the Company under Section 230 of the Act between R Systems International Limited and its Shareholders and Creditors and the Hon'ble National Company Law Tribunal, New Delhi has allowed the Company to withdraw the Scheme vide order dated January 03, 2019;

11. Buyback

Subsequent to the year ended December 31, 2018, the Board of Directors of the Company at its meeting held on January 15, 2019 approved the Buyback of up to 3,690,000 (Thirty Six Lakhs Ninety Thousand) fully paid-up equity shares of face value of Re. 1/- each ("Equity shares"), representing 2.98% of the total paid-up equity share capital of the Company, from all the equity shareholders of the Company as on the record date i.e. Friday, February 01, 2019, on a proportionate basis, through the "tender offer" route, at a price of Rs. 65/- (Rupees Sixty Five only) per equity share for an aggregate amount of up to Rs. 239,850,000 (Rupees Twenty Three Crores Ninety Eight Lakhs Fifty Thousand Only).

The Corporate Action for extinguishment of aforesaid 3,690,000 equity shares has been completed on April 15, 2019.

12. Registered Office

Subsequent to the year ended December 31, 2018, the registered office of the Company has been sifted from B 104A, Greater Kailash, Part-I, New Delhi-110048 to GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 on April 23, 2019.

13. Material changes affecting the financial position of the Company

Except as detailed elsewhere in this report, there was no other significant event subsequent to the balance sheet date till the date of this report which would materially affect the financial position of the Company.

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

The particulars as prescribed under Section 134 (1) (m) of the Companies Act, 2013, read with rule 8 of Companies (Accounts) Rules, 2014 for the year ended December 31, 2018 are as follows:

A. Conservation of Energy

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

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

During the year ended December 31, 2018, R Systems adopted various energy conservation options / technologies and took measures to reduce energy consumption by using energy efficient equipment and devices, replacing existing CFL fittings with LEDs fittings to reduce power consumption, timely preventive maintenance of all major and minor equipment. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas.

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

cost, therefore, the financial impact of these measures is not material.

B. Technology absorption

1. Efforts made towards technology absorption

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

2. Benefits derived as a result of the above efforts

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

3. Technology imported during the last 3 years

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

4. Expenditure incurred on Research and development

   Driven by our core value of innovation, we believe that innovation is not just a practice but an essential component embedded within R Systems organizational DNA. We are now operating in a digital world. Digital transformation is one of our core areas where we partner with businesses to make them competitive and successful in today's hyper-changing environment. Over the year ended December 31, 2018, your Company has invested in research and development in the area of digital technologies like Cloud, Analytics, RPA etc. in addition to strengthening and up-grading proprietary solutions and frameworks.

C. Foreign Exchange Earnings and Outgo (Accrual Basis)

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

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

(Rs. in Millions)

S. No.	Particulars	Financial Year ended	
		31.12.2018	31.12.2017
(a)	Earnings (Accrual Basis)	3,104.51	2,586.04
(b)	Expenditure (Accrual Basis)	456.94	343.98
(c)	CIF value of imports	54.65	26.68

15. Subsidiaries

As on December 31, 2018, R Systems has twenty five subsidiaries. The name and country of incorporation of those subsidiaries are as follows:

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

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

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

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

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

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

$ Liquidated w.e.f. January 28, 2019.

During the year ended December 31, 2018, the Company has invested CAD 1,000,000 (Canadian Dollar One Million only) in RSYS Technologies Limited towards equity contribution. Computaris Suisse Sarl, Switzerland, wholly-owned subsidiary of Computaris International Limited, was incorporated on April 27, 2018. Computaris USA Inc., U.S.A., wholly-owned subsidiary of Computaris International Limited, was liquidated on October 22, 2018.

Subsequent to the financial year ended December 31, 2018, R Systems Inc., USA, wholly-owned subsidiary of the Company, acquired, 100% interest in Innovizant LLC, a Chicago (USA) w.e.f. January 01, 2019.

Further, Subsequent to the year ended, ECnet Inc., USA, wholly-owned subsidiary of the ECnet Ltd., was dissolved w.e.f. January 28, 2019.

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

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

The Board of Directors of the Company regularly reviews the affairs of these subsidiaries. Policy for determining material subsidiaries of the Company is available on the website of the Company at https://www.rsystems.com/investors-info/corporate-governance/ As per the Listing Regulations, the Company has two unlisted material subsidiary namely, R Systems, Inc., U.S.A. and Computaris International Limited, U.S.A.

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

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

16. Particulars of employees

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

17. Directors' responsibility statement

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

1) In the preparation of the annual accounts for the financial year ended December 31, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

2) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended December 31, 2018 and of the profit and loss of the Company for that period;

3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the directors had prepared the annual accounts for the financial year ended December 31, 2018 on a going concern basis;

5) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

6) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/ W-100018], were appointed as the Statutory Auditors of your Company in the Annual General Meeting held on May 15, 2017 for a term of five years until the conclusion of the 28th AGM of the Company to be held in the year 2022. The Ministry of Corporate Affairs vide notification dated May 07, 2018 has obliterated the requirement of seeking Members' ratification at every AGM on appointment of statutory auditors during their tenure of five years. M/s. Deloitte Haskins

& Sells LLP have confirmed that they are not disqualified from continuing as Auditors of the Company.

Further, the auditors' report and Financial Statements being self-explanatory, do not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer. During the year 2018, the Auditors has not reported any matter under Section 143(12) of the Act.

19. Audit committee

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

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

Detailed description of the Audit Committee has been given in Corporate Governance Report. The terms of reference and role of the Committee are as per the guidelines set out in the Listing Regulations and Section 177 of the Act and rules made thereunder and includes such other functions as may be assigned to it by the Board from time to time.

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

20. Prevention and prohibition of sexual harassment of women at work place

At R Systems, it is our desire to promote a healthy and congenial working environment irrespective of gender, caste, creed or social class of the employees. We value every individual and are committed to protect the dignity and respect of every individual. The Company has always endeavored for providing a better and safe environment free of sexual harassment at all its work places. Consequent to the enactment of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Management of R Systems International Limited has constituted an Internal Complaints Committee (ICC) to deal with any complaints or issues that may arise, in the nature of sexual harassment of women employees. The Company has also prepared and implemented Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the year ended December 31, 2018, there was 1 (one) case reported to ICC of sexual harassment, which was dully investigated and resolved by the ICC.

21. Corporate Governance

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

22. Deposits

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

23. Customer relations

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

24. Stakeholder's relations

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

25. Management discussion and analysis report

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

26. Secretarial Report and Compliance with the Secretarial Standards

M/s. Chandrasekaran Associates, Company Secretaries, has been appointed by the Board of Directors of the Company to carry out the Secretarial Audit under the provision of Section 204 of the Act for the financial year ended December 31, 2018. The Secretarial Audit report for financial year ended on December 31, 2018 is enclosed as **Annexure F**.

Further, the Secretarial auditors' report being self-explanatory, does not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the financial year ended December 31, 2018.

During the year 2018, the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

27. Maintenance of Cost Records

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

28. Vigil Mechanism / Whistle Blower Policy

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

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

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

30. Meetings of the Board

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

31. Board Evaluation

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

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

During the year ended December 31, 2018, the Company has invested CAD 1,000,000 (Canadian Dollar One Million only) in RSYS Technologies Limited by way of acquisition of additional shares.

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

33. Related Party Disclosure

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

34. Risk Management

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

35. Corporate Social Responsibility

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

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

The detailed terms of reference of the CSR Committee has been provided in the Corporate Governance Report. In pursuit of the responsibilities entrusted to the CSR Committee, a policy on Corporate Social Responsibility has been prepared and adopted by the Board which is available at the website of the Company at following link: https://www.rsystems.com/investors-info/corporate-governance/ Annual Report on CSR activities of the Company in format prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure H** and forms part of this report.

36. Extract of Annual Return

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

37. Internal Control System and Internal Financial Controls

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating, accounting procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions

thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

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

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

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

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

39. Acknowledgments

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

On behalf of the Board
For R Systems International Limited

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

Place : Singapore
Date : May 02, 2019

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

Place : NOIDA (U.P.)
Date : May 02, 2019

Annexure 'A' to the Directors' Report

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

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

Sr. No.	Name of the Director	Category	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Satinder Singh Rekhi	Executive Director	48.61
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	9.17
3.	Mr. Avirag Jain	Executive Director	9.29
4.	Mrs. Ruchica Gupta	Non-Executive Independent Director	N.A.
5.	Mr. Kapil Dhameja	Non-Executive Independent Director	N.A.
6.	Mr. Aditya Wadhwa	Non-Executive Independent Director	N.A.

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

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

Sr. No.	Name of the Director/CFO/ CS/Manager	Category	% increase in remuneration in the financial year
1.	Mr. Satinder Singh Rekhi	Executive Director	17.43
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	13.11
3.	Mr. Avirag Jain	Executive Director	12.94
4.	Mrs. Ruchica Gupta	Non-Executive Independent Director	N.A.
5.	Mr. Kapil Dhameja	Non-Executive Independent Director	N.A.
6.	Mr. Aditya Wadhwa	Non-Executive Independent Director	N.A.
7.	Mr. Nand Sardana	Chief Financial Officer	6.08
8.	Mr. Ashish Thakur (ceased w.e.f. Feb 10, 2018)	Company Secretary & Compliance Officer	N.A.
9.	Mr. Bhasker Dubey (appointed w.e.f. Feb. 10, 2018)	Company Secretary & Compliance Officer	N.A.

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

The percentage increase in the median remuneration of the employees in the financial year was 2.18%.

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

Number of permanent employees on the rolls of R Systems International Limited as at December 31, 2018 was 1,985.

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

Average increase in remuneration for employees is 8%-10% (approx.). The average increase in overall managerial remuneration is 16.18%.

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

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

On behalf of the Board
For R Systems International Limited

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

Place : Singapore
Date : May 02, 2019

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

Place : NOIDA (U.P.)
Date : May 02, 2019

Information as per 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended December 31, 2018

Name of the Top 10 employees employed by the Company during the year in terms of remuneration drawn by them

A. Employed throughout the year

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Ashok Bhatia	Vice President - Client Operations	B.Sc, PGDMM and Certified Project Manager (SAPM) from Stanford University, USA	52	December 11, 2000	27	16,628,504	ACT Inc., Vice President - Marketing
2	Damian Clinton	Sr. Sales Director @	MBA MSITS and BA Economics	55	August 21, 2017	25	10,875,706	Director Sierraspen, Director Bleum
3	Harsh Verma	Vice President (Global Innovative Research) & Head, Mobility Solutions	BE (Hons) in Electrical & Electronics Engineering, MS PhD in Computer Science from BITS, Pilani, Executive Mgmt Prog from IIM, Ahmedabad, Post-Doctoral Res Prog, UC Berkeley.	59	February 19, 2007	34	9,409,638	Glocol, Inc., Vice President, R&D
4	Jefferey A Johnstone	Director- Client Services @	BA – Applied Mathematics, MBA – Marketing Management	56	April 29, 2016	26	13,163,740	TechExcel Inc, Sr. Director of Sales
5	Khosrow Hassibi	Chief Data Scientist	PhD, ECS (Electrical & Computer Science) UCLA Executive Program, UCLA Anderson School of Management	57	March 01, 2017	26	14,686,789	Altice Senior Principal, Head of Data Science
6	Mandeep Singh Sodhi $	Vice President - Sales	Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis	51	May 14, 1993	26	45,158,708	Sark Synertek Senior Marketing Engineer
7	Satinder Singh Rekhi	Managing Director	Bachelor of Technology from IIT, Kharagpur; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School	68	May 14, 1993	36	39,737,573	Digital Information Systems Corporation Senior Management Personnel

B. Employed part of the year

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Deepak Khaderabad	VP - Technology	MBA in Information technology	41	July 30, 2018	20	6,702,351	Social Interest solutions Sr. Director/Interim CIO
2	John Hudson	Director Sales @	Bachelor of Electronics	59	November 02, 2018	20	1,660,334	Infoplus VP Sales
3	Pankaj Gupta	Director- Client Services @	MBA in Information technology	38	March 01, 2018	14	12,686,719	Mindtree Director – Hi Tech

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

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

Notes:

1 None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2018, except Mr. Satinder Singh Rekhi, Managing Director of the Company, who holds 3,148,044 equity shares in the Company being 2.54% of the total equity share capital of the Company.

2 Nature of employment is contractual in all the above cases.

On behalf of the Board
For R Systems International Limited

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

Place : Singapore
Date : May 02, 2019

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

Place : NOIDA (U.P.)
Date : May 02, 2019

Annexure'C' to the Directors'Report

CORPORATE GOVERNANCE

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

I. R Systems has an optimum combination of executive and non- executive directors on its Board of Directors ("Board"). As at financial year ended December 31, 2018, the Board comprised of six directors, i.e. three executive directors out of which one is promoter director designated as Managing Director and three Non-Executive Independent Directors including one Woman Independent Director. All the existing Non-Executive Independent Directors of the Company satisfy the criteria of independence as defined under the provisions of the Act and the Listing Regulations. The total number of Independent Directors has been at least 50% of the total strength of the Board at all times during the year under review.

Further, in the opinion of the Board, the Independent Directors fulfil the conditions specified in Listing Regulations and are independent of the management of the Company.

None of the directors of the Company is a committee member or a chairperson of any committee in any other company in India. None of the Non-Executive Independent Directors of the Company hold any shares in the Company. Necessary disclosures regarding directorship and committee positions in other companies and shareholding as on financial year ended December 31, 2018 have been made by the directors. Except the Managing Director and the Independent Directors, other directors are liable to retire by rotation as per Articles of Association of the Company read with the provisions of the Act.

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

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 08 meetings held during the year	Attendance at the last AGM	No. of Directorship in other Bodies Corporate#
Mr. Satinder Singh Rekhi	Promoter & Executive Director	Managing Director	2+4*	Yes	11
Lt. Gen. Baldev Singh (Retd.)	Executive Director	President & Senior Executive Director	7	Yes	Nil
Mr. Avirag Jain	Executive Director	Director & Chief Technology Officer	7	Yes	Nil
Mrs. Ruchica Gupta	Non- Executive Independent Director	Non-Executive & Independent Director	7	Yes	1
Mr. Kapil Dhameja	Non- Executive Independent Director	Non-Executive & Independent Director	6	No	1
Mr. Aditya Wadhwa	Non- Executive Independent Director	Non-Executive & Independent Director	7	Yes	Nil

Includes the offices of CEO, President and Managing Member.

* Attendance by teleconference.

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

As on financial year ended December 31, 2018, out of total six directors, two directors namely, Mr. Satinder Singh Rekhi, Managing Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director are relatives of each other as latter is former's sister's husband.

II. Board Functioning & Procedures

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

The minutes of the Board meetings and Committee meetings are circulated to all directors and committee members, respectively, in compliance with the Secretarial Standard-1 issued by the Institute of Company Secretaries of India (ICSI) for their review, consideration and records. During the financial year ended December 31, 2018, the Board met eight times i.e. on February 09, 2018, April 04, 2018, April 18, 2018, May 04, 2018, May 25, 2018, July 27, 2018, October 30, 2018 and December 21, 2018. The necessary quorum was present for all meeting. The gap between any two consecutive Board meetings did not exceed one hundred and twenty days. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company.

III. Code of Conduct

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

The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended December 31, 2018.

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

CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director of R Systems International Limited, to the best of my knowledge and belief, hereby declare that all the Board members and senior management personnel have affirmed compliance with the Company's Code of Conduct for the year ended December 31, 2018.

Sd/-

Place: Noida
Date: January 22, 2019

Satinder Singh Rekhi
(Managing Director)

IV. Appointment/ Reappointment of Directors

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

A. Mr. Avirag Jain (Director and Chief Technology Officer)

Mr. Avirag Jain (DIN: 00004801), aged about 53 years, has more than 26 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post- graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills and heading the on-site, off-site and Offshore Delivery of R Systems for more than 21 years. He Joined the Board of R Systems on August 03, 2017. As on the date of this report:-

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

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

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

3.1 Audit Committee

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

The Audit Committee met Seven times during the year on February 09, 2018, April 04, 2018, April 18, 2018, May 04, 2018, July 27, 2018, October 30, 2018 and December 21, 2018.

Composition of the Audit Committee & its meetings and attendance during the financial year ended on December 31, 2018

Composition of the Audit Committee	Category of Director	Chairperson /Member	No. of Meetings attended out of 7 meetings held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	6
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	6
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	6
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	6

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

Powers of the Audit Committee

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

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

Terms of reference of the Audit Committee

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Modified opinions, if any, in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

20. To review the utilization of loans and/ or advances from/ investment by the company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

21. To review "Internal Controls to prevent Insider Trading" and shall review compliances with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;

22. To carry any other duties as may be required under the SEBI (Listing Obligation & Disclosures Requirement) Regulations, 2015 and Companies Act, 2013 and rules made thereunder and delegated by the Board of Directors from time to time.

3.2 Nomination & Remuneration Committee Brief description and terms of reference

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

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, senior management personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Recommend to the board, all remuneration, in whatever form, payable to senior management;
7. Support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors;
8. To carry any other duties as may be required under the SEBI (Listing Obligation & Disclosures Requirement) Regulations, 2015 and Companies Act, 2013 and rules made thereunder or as may be delegated by the Board of Directors from time to time.

During the year under review, Nomination & Remuneration Committee met three times i.e. on February 09, 2018, April 04, 2018 and October 30, 2018.

Composition of the Nomination & Remuneration Committee, its meetings and attendance during the year ended December 31, 2018:

Composition of the Nomination & Remuneration Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 3 meetings held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	03
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	02
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	03

PERFORMANCE EVALUATION

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

NOMINATION AND REMUNERATION POLICY

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

B. Applicability:- The Policy is applicable to :

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

C. Definitions:

In this policy unless the context otherwise requires

a) "Act" means The Companies Act, 2013 and rules made thereunder, as amended from time to time.

b) "Company" means R Systems International Limited.

c) "Board" means Board of Directors of R Systems International Limited.

d) "Committee" means Nomination and Remuneration Committee of the Company as constituted by the Board from time to time.

e) "Key Managerial Personnel" or "KMP" means Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other persons who may be deemed to be KMP under the Companies Act, 2013.

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

D. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE :

Nomination and Remuneration Committee shall govern the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become director and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. recommend to the board, all remuneration, in whatever form, payable to senior management;
7. support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors;
8. To carry any other duties as may be required under the SEBI (Listing Obligation & Disclosures Requirement) Regulations, 2015 and Companies Act, 2013 or as may be delegated by the Board of Directors from time to time.

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

a. General Criteria

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

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

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;

- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committees' member;
- have the capacity and desire to represent the best interests of the stakeholders as a whole; and
- not be disqualified under the provisions of the Companies Act, 2013 and applicable rules and regulations.

b. Specific Criteria

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

F. REMUNERATION POLICY

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

a. Executive Directors' Remuneration

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

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

b. Remuneration for Non-Executive Directors

Non-Executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and

other applicable rules and regulations. Non-Executive directors shall not be entitled to any fixed or monthly salary or other remuneration.

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

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

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

I. the relationship of remuneration and performance benchmark is clear;

II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

III. the Company shall follow a compensation mix of fixed component and variable component. Fixed Component comprises salaries, perquisites and retirement benefits and a variable component comprises performance bonus and may include:

- Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets.
- Long-term incentives in the form of stock options, promoting a balance between short- term achievements and long-term thinking, in accordance to various applicable laws.
- Pension contributions, made in accordance with applicable laws and employment agreements.
- Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.

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

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

Brief terms of employment and details of remuneration paid to the executive directors during the year ended December 31, 2018

(Amount in Rs.)

1.	Name of the Director	Mr. Satinder Singh Rekhi
(a)	Salary, benefits and allowances (fixed)	29,319,250
(b)	Incentive (fixed)*	10,418,323
(c)	Stock options granted	Nil
(d)	Pension	As per the applicable policy for employees
(e)	Service contract	5 years
(f)	Notice period	36 months
(g)	Severance fees	Compensation in lieu of notice
(h)	Shareholding in R Systems as on December 31, 2018	3,148,044 equity shares of Re. 1/- each in his own name and 12,150,731 equity shares of Re. 1/- each jointly with Mrs. Harpreet Rekhi as a trustee of Satinder & Harpreet Rekhi Family Trust.

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

(Amount in Rs.)

2.	Name of the Director	Lt. Gen. Baldev Singh (Retd.)
(a)	Salary, benefits and allowances (fixed)	3,836,377
(b)	Incentive (fixed)$	3,361,200
(c)	Provident fund	299,520
(d)	Stock options granted	Nil
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	6 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2018	111,498 equity shares of Re. 1/- each

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

(Amount in Rs.)

3.	Name of the Director	Avirag Jain
(a)	Salary, benefits and allowances (fixed)	4,538,219
(b)	Incentive (fixed)**	2,860,000
(c)	Provident fund	194,316
(d)	Stock options granted	Nil
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	2 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2018	100 equity shares of Re. 1/- each

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

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

Details of remuneration paid to the non-executive directors during the year ended December 31, 2018

As per the remuneration policy of R Systems, non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee shall be fixed by the Board of Directors from time to time in accordance with the provisions of the Act and other applicable provisions, if any. Non-Executive Directors shall not be entitled to any fixed or monthly salary or other remuneration. The sitting fees paid to the Non-Executive Directors during the year ended December 31, 2018 is as follows:

(Amount in Rs.)

S.No.	Name of the Director	Sitting Fees Paid
1.	Mrs. Ruchica Gupta	275,000
2.	Mr. Kapil Dhameja	225,000
3.	Mr. Aditya Wadhwa	250,000
	Total	**750,000**

As on December 31, 2018, none of the existing Non-Executive and Independent Director of the Company holds any shares, options or any other convertible instruments in the Company.

3.3 Compensation Committee

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

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

Composition of the compensation committee:

Composition of the Compensation Committee	Category of Director	Chairperson /Member
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson
Mr. Kapil Dhameja	Non-Executive Independent Director	Member
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member

3.4 Stakeholders' Relationship Committee

As on December 31, 2018, the Stakeholders' Relationship Committee of R Systems comprised of three directors, with Non-Executive Independent Director as its Chairperson. Stakeholders' Relationship Committee investigates and provides for redressal of shareholders' and Investors' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters.

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

During the year under review, Stakeholders' Relationship Committee met four times i.e. on February 09, 2018, May 04, 2018, July 27, 2018 and October 30, 2018.

Composition of the Stakeholders' Relationship Committee its meetings and attendance during the year ended December 31, 2018

Composition of the Stakeholders' Relationship Committee	Category of Director	Chairperson /Member	No. of meetings out of 4 meetings held during the year
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairperson	3
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	4
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	3

The Stakeholders Relationship Team ("the Team") has also been constituted and empowered to consider, approve the request for share transfer, remat, split, consolidation etc. The team conducts its meeting as and when required. During the year under review the team met 15 times.

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

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

Shareholders grievances/ complaints received and resolved during the year

(i)	Number of shareholders' complaints received during the year ended December 31, 2018	02
(ii)	Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii)	Number of pending complaints	Nil

Share Transfers in Physical Mode

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

Please note that as per the provisions of Regulation 40(1) of the Listing Regulations, as amended, read with the press release dated December 03, 2018 issued by the Securities and Exchange Board of India, effective from April 01, 2019, only transmission or transposition requests for transfer of securities shall be processed in physical form. All other transfers shall be processed in dematerialised form only. The Registrar and Share Transfer Agent of the Company have sent reminders to shareholders holding shares in physical form to dematerialise their shares.

3.5 Corporate Social Responsibility Committee (CSR Committee)

Brief description and terms of reference

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

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

The CSR Committee of the Company shall:

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

During the year under review, CSR Committee met four times i.e. on February 09, 2018, April 04, 2018, April 18, 2018 and December 21, 2018.

Composition of the Corporate Social Responsibility Committee its meetings and attendance during the year ended December 31, 2018

Composition of the CSR Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 04 meetings held during the year
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairperson	4
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	4
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	3

4. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Act and Listing Regulations a separate meeting of the Independent Directors was held on October 30, 2018 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors reviewed the quality, content and timeliness of the flow of information between the Management, the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.

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

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

5. Subsidiary Companies

As at December 31, 2018, the Company has twenty five subsidiaries including step down subsidiaries. Subsequent to the year ended December 31, 2018, ECnet Inc., USA, a step down subsidiary of the Company was dissolved w.e.f. January 28, 2019. Further, R Systems, Inc., a wholly- owned subsidiary Company of the Company has acquired 100% interest in Innovizant LLC, a Chicago (U.S.A.) based Company w.e.f. January 01, 2019.

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

In terms of the Listing Regulations and as per the policy for determining 'Material Subsidiary', R Systems has two

material unlisted subsidiary namely R Systems, Inc., U.S.A. and Computaris International Limited, U.K. Both the subsidiaries are incorporated and based outside India.

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

6. General Body Meetings

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

AGM Date and Time	Venue	Special Resolutions passed
22nd AGM June 13, 2016 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi-110010	No Special Resolution was Passed*
23rd AGM May 15, 2017 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi-110010	No Special Resolution was Passed
24th AGM May 25, 2018 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi- 110010	(1) Re-appointment and Remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as resident and Senior Executive Director. (2) Appointment and Remuneration of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer w.e.f. August 03, 2017.

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

II. No Extra-ordinary General Meeting of the Company was held during the last three years. However, one meeting of Equity Shareholders of the Company was convened and held on Saturday, May 05, 2018 as per the order of the National Company Law Tribunal, New Delhi, dated March 08, 2018.

III. The Company has passed necessary resolutions through Postal Ballot on December 19, 2019 for approval of the following businesses as per the Postal Ballot Notice dated October 30, 2018.

Resolution 1:- Reappointment of Mr. Satinder Singh Rekhi (DIN: 00006955) as Managing Director of the Company. (Ordinary Resolution)

Resolution 2:- Payment of Remuneration to Mr. Satinder Singh Rekhi as Managing Director of the Company. (Special Resolution)

Details relating to voting pattern are as follows:

Resolution Number	Total Valid Votes (A)	Votes with assent (B)	Percentage (B/A*100)
1	64,317,262	64,314,781	99.99%
2	64,317,262	64,312,991	99.99%

The Company had appointed Mr. Sanjay Grover, Company Secretary in whole time practice as scrutinizer for the purpose of the Postal Ballot exercise.

IV. The Company has followed the procedure as prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 for conducting the postal ballot as referred hereinbefore.

V. No special resolution is proposed to be conducted through Postal Ballot at the forthcoming Annual General Meeting.

7. Disclosures

7.1 Related Party Transactions

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

Details on Related Party Transactions are shown in note number 30 in the standalone and in note number 31 in the consolidated financial results for the financial year ended December 31, 2018.

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

https://www.rsystems.com/investors-info/corporate-governance/

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

https://www.rsystems.com/investors-info/corporate-governance/

7.2 Statutory Compliance, Penalties and Strictures

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

7.3 Vigil Mechanism/ Whistle Blower Policy

Pursuant to Section 177 of the Act and rules made thereunder and the Listing Regulations, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle

Blower to the Chairman of the Audit Committee. We affirm that during the financial year ended December 31, 2018, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as Vigil Mechanism) have been available on the website of the Company at the following link:

https://www.rsystems.com/investors-info/corporate-governance/

7.4 Risk Management Policy

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

7.5 Training to Board Members

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

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

https://www.rsystems.com/investors-info/corporate-governance/

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

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

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

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

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

Disclosures with respect to demat suspense account/ unclaimed suspense account is not applicable on the Company as there are no shares which are lying in demat suspense account/ unclaimed suspense account. During the year under review, pursuant to Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 2,840 shares to the Demat account of the Investor Education and Protection Fund Authority.

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

The Board

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

Shareholders Rights

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

Modified Opinion in Audit Report

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

best practices to ensure unqualified financial statements.

Reporting of Internal Auditor

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

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

As per the requirement of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("PoSH"), your Company has a robust mechanism in place to redress complaints reported under it. The Company has complied with provisions relating to the constitution of Internal Complaints Committee ("ICC") under PoSH. The Committee is composed of internal members and an external member who has extensive experience in the field. During the year ended December 31, 2018, there was 1 (one) case reported to ICC of sexual harassment, which was investigated by the ICC and was duly resolved.

8. Means of Communication-Quarterly results

81. The quarterly and year to date audited/ unaudited financial results have been published in Financial Express and Jansatta for the first quarter ended March 31, 2018, and in Business Standard (English and Hindi) for the second quarter ended June 30, 2018, third quarter ended on September 30, 2018 and fourth quarter and year ended December 31, 2018, as statutorily required.

8.2 The financial results and other corporate information are available on R Systems' website www.rsystems.com. The website also displays official news releases from time to time announced by the Company.

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

8.4 Financial results updates are also sent to all the shareholders whose email address is registered/ made available to us.

9. General Shareholder Information

I) Annual General Meeting

Date and Time : May 28, 2019 at 9.00 A.M.
Venue : Air Force Auditorium,
Subroto Park,
New Delhi - 110 010

II) Financial year

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

III) Date of Book Closure

May 24, 2019 to May 28, 2019 (both days inclusive).

IV) Dividend Payment Date - N.A.

V) Listing on Stock Exchanges

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

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

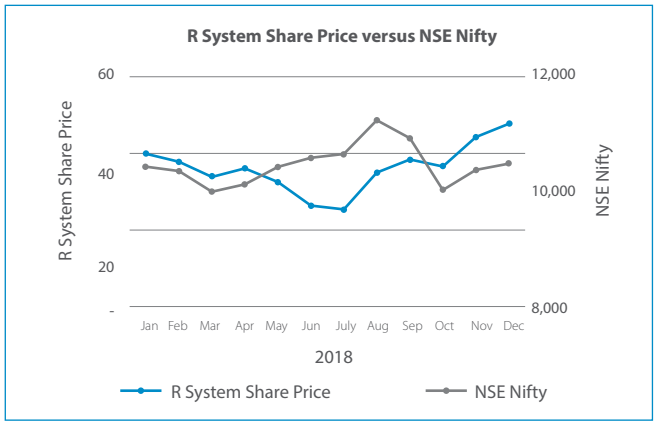
The annual listing fee for the year 2018-19 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2019-20 became due on March 31, 2019 and will be paid in the scheduled time as prescribed under the provision of Listing Regulations.

vi. Market Price Data: High, Low during each month in financial year ended December 31, 2018

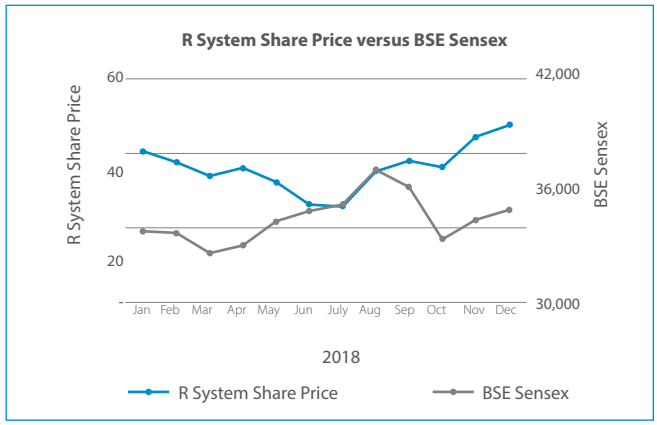
The monthly high and low quotations of R Systems'equity shares traded on NSE and BSE during each month in the financial year ended December 31, 2018, in comparison with NSE Nifty and BSE Sensex, are as follows:

Month 2018	NSE				NSE			
	SHARE PRICE		NIFTY		SHARE PRICE		SENSEX	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan	49.10	39.90	11,130.40	10,435.55	49.20	40.65	36,283.25	33,793.38
Feb	43.35	37.80	11,016.90	10,360.40	43.65	37.65	35,906.66	33,703.59
Mar	39.45	33.85	10,458.35	9,998.05	39.20	33.85	34,046.94	32,596.54
Apr	40.00	36.10	10,739.35	10,128.40	40.15	36.10	35,160.36	33,019.07
May	39.60	32.50	10,806.60	10,430.35	39.10	32.20	35,556.71	34,344.91
Jun	33.20	26.35	10,856.70	10,589.10	34.00	26.00	35,739.16	34,903.21
Jul	35.60	25.40	11,356.50	10,657.30	35.85	25.45	37,606.58	35,264.41
Aug	41.55	35.00	11,738.50	11,244.70	41.50	35.10	38,896.63	37,165.16
Sep	42.45	38.40	11,589.10	10,930.45	42.40	38.05	38,389.82	36,227.14
Oct	44.75	36.60	11,008.30	10,030.00	44.65	36.25	36,526.14	33,349.31
Nov	49.85	44.25	10,876.75	10,380.45	49.95	44.60	36,194.30	34,431.97
Dec	49.05	47.70	10,967.30	10,488.45	49.10	47.75	36,484.33	34,959.72

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



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



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

vii. Registrar and Share Transfer Agent

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

viii. Share Transfer System

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

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

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

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

Updation of KYC details

As per SEBI Circular No SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the Registrar and Share Transfer Agent of the Company has sent letters to the shareholders to record their KYC details. Shareholders are requested to update these details at the earliest.

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

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

Date of declaration	Dividend for the year	Due date for transfer to IEPF
25-May-11	2010	24-Jun-18*
4-May-12	2011	3-Jun-19
18-May-12	Interim Dividend 2012	17-Jun-19
11-May-13	2012	10-Jun-20
27-Jul-13	1st Interim Dividend 2013	26-Aug-20
25-Oct-13	2nd Interim Dividend 2013	24-Nov-20
10-May-14	2013	9-Jun-21
3-Jun-14	1st Interim Dividend 2014	3-Jul-21
26-Jul-14	2nd Interim Dividend 2014	25-Aug-21
29-Oct-14	3rd Interim Dividend 2014	28-Nov-21
20-Dec-14	4th Interim (Special) Dividend 2014	19-Jan-22
9-Jun-15	2014	9-Jul-22
23-Apr-15	1st Interim Dividend 2015	23-May-22
5-Aug-15	2nd Interim (Special) Dividend 2015	4-Sep-22
29-Oct-15	3rd Interim Dividend 2015	28-Nov-22
04-May-18	Interim Dividend 2018	3-Jun-25

* Unpaid dividend for the financial ended December 31, 2010 which was declared on May 25, 2011 has been deposited to the Investor Education and Protection fund on July 20, 2018 i.e. within a period of thirty days of such amounts becoming due to be credited to IEPF.

X) Distribution of Shareholding as on December 31, 2018

Shareholding of nominal value of (Rs.)		Shareholders		Share Capital	
		Number	% to total	Amount in Rs.	% to total
1	2,500	12,346	95.04	5,087,879	4.10
2,501	5,000	329	2.53	1,234,967	1.00
5,001	10,000	144	1.11	1,075,966	0.87
10,001	20,000	85	0.65	1,257,884	1.01
20,001	30,000	21	0.16	516,612	0.42
30,001	40,000	21	0.16	748,127	0.60
40,001	50,000	9	0.07	419,130	0.34
50,001	1,00,000	9	0.07	614,566	0.50
Above	1,00,000	26	0.20	113,035,294	91.16
	TOTAL	**12,990**	**100.00**	**123,990,425**	**100.00**

XI) Category wise Shareholding as on December 31, 2018

S.No.	Category of Shareholder	No. of shares	Percentage
(A)	**Promoters & Promoter Group**		
1	Indian	7,777	0.01
2	Foreign	63,438,053	51.16
	Sub Total (A)	**63,445,830**	**51.17**
(B)	**Public Shareholding**		
1	**Institutions**		
(a)	Mutual Funds/ UTI	0	0.00
(b)	Financial Institutions/ Banks	0	0.00
(c)	Foreign Institutional Investors/ Foreign Portfolio Investors	229	0.00
	Sub Total (B)(1)	**229**	**0.00**
2	**Non-institutions**		
(a)	Individual shareholders holding nominal share capital up to Rs. 2 lakh	11,396,534	9.19
(b)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	46,984,860	37.89
(c)	NBFCs registered with RBI	2,050	0.00
(d)	Any Other (Clearing Members)	396,147	0.32
(e)	Any Other (Bodies Corporate)	1,016,674	0.82
(f)	Any Other (Trust)	738,980	0.60
(g)	Any Other (Investor Education and Protection Fund)	9,121	0.01
	Sub Total (B)(2)	**60,544,366**	**48.83**
	Total Public Shareholding (B)(1) + (B)(2) (B)	**60,544,595**	**48.83**
	Grand Total (A+B)	**123,990,425**	**100.00**

XII) Dematerialisation of shares and liquidity Procedure for dematerialisation of shares:

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

About 99.21% of the issued and paid up share capital of the Company has been dematerialised up to financial year ended December 31, 2018. The International Securities Identification Number (ISIN) of the Company is INE411H01032. The equity shares of the Company are traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year.

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

R Systems has not issued any GDRs/ ADRs. There were no outstanding convertible warrants as on financial year ended December 31, 2018, except stock options granted under the prevailing employee stock option plans/ schemes, as detailed elsewhere in the Directors' Report.

XIV) Commodity Price Risk or foreign exchange risk hedging activities

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

XV) Offices of R Systems and its subsidiaries including Development/ Technical Support Centres

1.	**Noida Offices** - C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201 307 - SEZ Unit, 1) Ground Floor - Incubation Centre, Tower 2, IT/ITES SEZ Artha Infratech Pvt. Ltd., Plot No. 21, Sector Techzone IV, Greater Noida West (NCR) - 201306, (U.P.) India 2) Artha Infratech Pvt. Ltd. Ground Floor, Tower 2, 1st Floor, Tower-1 Plot No. 21, Sector Techzone IV, Greater Noida West-201306 (U.P.) India
2.	**Chennai Office** Plot No NP 1 and 2 , Industrial Estate, Sidco Industrial Estate, Guindy, Chennai -600032
3.	R Systems Inc. 5000, Windplay Drive, Suite# 5, El Dorado Hills, CA 95762, U.S.A.
4.	ECnet Limited 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416
5. (a) (b)	Computaris Romania SRL **Bucharest office** 5 Gheorghe Manu Str, Groundfloor, 1st Floor, 6th Floor, Room 2, Sector 1, Bucharest, 010442, Romania **Galati office** 23 Logofat Tautu Str., 800009, Galati, Romania
6. (a) (b)	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
7.	ICS Computaris International SRL Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova
8.	U.S.A. Branch Office (1) 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A. (2) 551 McCarthy Blvd, Suite 117, Milpitas CA 95035, U.S.A.
9.	R Systems Technologies Ltd. (Formely known as Indus Software, Inc.) 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.
10. (a) (b)	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée) **Vancouver-Registered Office** 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada **Ontario-Corporate Office** 2425 Matheson Blvd East Unit 778, Mississauga, Ontario L4W 5K4 Canada
11.	R Systems (Singapore) Pte Limited #04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416
12.	Innovizant LLC 1431, Opus Place, Suite 110, Downers Grove, IL 60515
13.	ECnet (M) Sdn. Bhd. Suite 5F-1, 5th Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong Selangor, Malaysia
14.	ECnet (Hong Kong) Limited Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong
15.	ECnet Systems (Thailand) Co. Ltd. 2/3 Bangna Tower-A, 2nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540
16.	ECnet Kabushiki Kaisha Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.
17.	ECnet (Shanghai) Co. Ltd. Rm H, 20 Floor, Foresight Mansion, No. 768 Xie Tu Rd, Shanghai, China
18.	Computaris International Limited 11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom
19.	Computaris Malaysia Sdn. Bhd. Lot. No. 5F-1, 5th Floor Tower 5 Puchong Financial Corporate Center Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor, Malaysia
20.	Computaris Philippines Pte. Ltd. Inc. Level 16 Tower 6789, Ayala Avenue 1206 Makati City, Philippines.
21.	Computaris Suisse Sarl, Switzerland Rue du trésor 9, c/o Me Madalina Diaconu, Etudes SPLC Avocats & Notaires, 2000 Neuchâtel
22.	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte Ltd.) 2 Jalan Kilang Barat #04-01, Singapore 159346

23.	IBIZ Consulting Services Pte Ltd. 2 Jalan Kilang Barat #04-01, Singapore 159346
24.	IBIZ Consulting Services Sdn. Bhd. Lot. No. 5F-1, 5th Floor Tower 5 Puchong Financial Corporate Center Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor, Malaysia
25.	PT. IBIZCS Indonesia Setiabudi Buidling 2, 2nd Floor, Suite 203, Jl. H.R. Rasuna Said Kav. 62 Jakarta, Selatan 12920
26.	IBIZ Consultancy Services India Private Limited Plot No NP 1 and 2 , Industrial Estate, Sidco Industrial Estate, Guindy, Chennai -600032
27.	IBIZ Consulting Services Limited Rooms 2001-2004, 20/F, 69 Jervois Street, Sheung Wang Hong Kong
28.	IBIZ Consulting Services (Shanghai) Co., Ltd Room 1721, 17F, Building A, CCIG International Plaza ,No. 331, North Caoxi Road, Xuhui District, Shanghai, China 200030

xvi. Address for correspondence

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

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

For general correspondence:
R Systems International Limited
Corporate Office
C - 40, Sector - 59,
Noida (U.P.) - 201 307, India
Phone : 0120 - 430 3500,
Fax : 0120 - 408 2699
Email : investors@rsystems.com

On behalf of the Board
For R Systems International Limited

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

Place : Singapore
Date : May 02, 2019

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

Place : NOIDA (U.P.)
Date : May 02, 2019

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

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

A. We have reviewed financial statements and the cash flow statement for the year ended on December 31, 2018 and that to the best of our knowledge and belief:

   1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   1) significant changes in internal control over financial reporting during the year;

   2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Satinder Singh Rekhi
(Managing Director/Chief Executive Officer)

Place: Noida
Date: January 22, 2019

Sd/-
Nand Sardana
(Chief Financial Officer)

Place: Noida
Date: January 22, 2019

Annexure 'D' to the Directors Report

CORPORATE GOVERNANCE CERTIFICATE

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

We have examined all relevant records of R Systems International Limited (the Company) for the purpose of certifying all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st December 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

For **Chandrasekaran Associates**
Company Secretaries

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

Date: May 02, 2019
Place: New Delhi

Annexure 'E' to the Directors Report

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

A. Industry Structure and Developments

The pace of technology disruption has reached new levels in 2018. Society, in general, and industry and government, in particular, are actively embracing digital technologies. Cutting edge technologies such as artificial intelligence (AI), Internet of things (IoT), machine learning (ML), big data analytics and robotic process automation (RPA) are providing newer opportunities like developing new products and service lines, improving efficiency, productivity, and competence levels. As per IDC Spending guide, worldwide Spending on Digital Transformation (DX) will be nearly $2 Trillion in 2022 as organizations commit to DX.

B. Company Overview

R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as "R Systems") is a global technology, AI/analytics services and knowledge services leader. The parent Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956, with its Registered Office at New Delhi and has following subsidiaries:

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

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

\# the aforesaid subsidiary have following subsidiary :

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

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

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

Name	Holding	Country of incorporation
Computaris Romania SRL	100%	Romania
Computaris Polska sp z.o.o.	100%	Poland
Computaris USA Inc. (liquidated on October 22, 2018)	100%	USA
ICS Computaris International Srl	100%	Moldova
Computaris Malaysia Sdn. Bhd.	100%	Malaysia
Computaris Philippines Pte Ltd. Inc.	100%	Philippines
Computaris Suisse Sarl (Incorporated on April 27, 2018)	100%	Switzerland

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

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

(d) Subsequent to the year-end, R Systems Inc. has acquired 100% interest in Innovizant LLC.

C. Opportunities and Threats

IDC predicts that, by 2020, 30% of G2000 companies will have allocated capital budget equal to at least 10% of revenue to fuel their digital strategies. This commitment to funding digital transformation will continue to drive spending well into the next decade.

R Systems has transformed itself from a product engineering company to a niche digital enterprise to navigate its customers in their successful digital transformation. Further, the recent acquisition of Innovizant LLC will strengthen our offering and competencies in advanced analytics, data engineering, and digital connected systems. Digital will continue to fuel R Systems growth in coming years.

Every opportunity comes up with inherent risk and challenges, however, over the years, R Systems has learnt to reckon with as well as address such risks and challenges including threats from competitors including their disruptive tactics, new technologies, intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services. At R Systems, these threat and uncertainties are managed proactively through our risk mitigation processes and strategies.

D. Segment-wise and Product-wise Performance

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

E. Performance and Outlook

R Systems' reported consolidated revenue of Rs. 6,998.89 mn during the year 2018 as against revenue of Rs. 5,926.38 mn for the year 2017. The revenue grew by 18.10% during the year 2018.

Consolidated profit after tax during the year 2018 was Rs. 510.45 mn as against net profit for year 2017 of Rs. 225.34 mn.

The basic earnings per share (based on consolidated financial statement) during the year 2018 was Rs. 4.14 per share as against Rs. 1.83 per share in 2017 of paid-up value of Re. 1 each.

R Systems maintains a strong financial position with shareholder funds of Rs. 3,229.03 mn. and cash and bank balance including bank deposits and liquid funds of Rs. 1,998.41 mn as of December 31, 2018 to invest for future growth of business.

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

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

F. Risk and Concerns

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

G. Internal Control Systems and Their Adequacy

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. The Company has an Internal Control System commensurate with the size, scale and complexity of

its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

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

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

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

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

R Systems concluded year 2018 with 2,753 associates including 374 sales and support associates.

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

Financial Position as at December 31, 2018

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

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

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Property, plant and equipment (net)	306.91	300.38	248.27	258.45
Capital work in progress	16.18	0.58	15.73	-
Goodwill on Consolidation	89.93	84.05	-	-
Other intangible assets (net)	27.64	52.82	1.69	4.44
Total	**440.66**	**437.83**	**265.69**	**262.89**

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

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Total addition to gross block- Property, plant and equipment	104.85	104.90	59.40	79.14
Total addition to gross block- Intangible assets	6.93	11.36	0.57	6.67

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

2. Investment Property

Investment Property represents the land and building in Pune given on rent. Investment Property value as at December 31, 2018 was Rs. 23.31 mn as against Rs. 24.78 mn as at December 31, 2017.

3. Non-current Investment

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Investment in subsidiaries	-	-	995.36	942.22
Other investment	0.03	0.03	0.03	0.03
8% Redeemable Debentures in Indus Software Technologies Private Limited	-	87.55	-	87.55
Total	**0.03**	**87.58**	**995.39**	**1,029.80**

4. Other non-current financial assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Security deposits	31.07	23.91	18.53	10.78
Margin money deposits	52.61	58.56	45.20	44.96
Bank deposits to be matured after 12 months from reporting date	17.37	-	-	-
Interest accrued on fixed deposits	1.58	1.64	1.57	1.64
Staff advance	0.29	0.68	0.29	0.68
Total	**102.92**	**84.79**	**65.59**	**58.06**

5. Deferred Tax Liability / Assets (net)

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

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

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Deferred Tax Assets (net)	67.46	58.51	56.90	58.42
Deferred Tax Liability (net)	0.25	0.26	-	-

6. Income tax assets / Liability

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

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Income tax assets (net)	56.95	39.99	24.54	22.51
Income tax liability (net)	52.01	47.40	18.35	36.19

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

7. Other non-current assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Capital advances	40.64	0.03	40.64	0.03
Prepaid expenses	9.46	12.52	7.32	12.41
Total	**50.10**	**12.55**	**47.96**	**12.44**

Increase represents advance given to vendor for procurement of capital assets for SEZ Unit expansion.

8. Current Investment

(Rs. in million)

Particulars	2018	2017
Investment in Liquid Mutual Fund	199.50	49.31
8% Redeemable Debentures in Indus Software Technologies Private Limited	-	87.57
Total	**199.50**	**136.88**

9. Trade receivables

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Trade receivables (gross)	1,417.30	1,253.96	639.32	575.96
Less : Allowance for doubtful debts (expected credit loss allowance)	51.85	46.32	18.19	6.77
Trade receivables (net)	**1,365.45**	**1,207.64**	**621.13**	**569.19**

10. Cash and Bank Balance

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

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Cash and cash equivalents				
Cash on hand	1.15	0.75	0.45	0.12
Balances with scheduled banks	228.75	334.05	223.95	328.69
Balances with other banks	611.27	594.22	75.79	19.87
Cash and cash equivalents (A)	**841.17**	**929.02**	**300.19**	**348.68**
Other bank balances				
Deposit with original maturity of more than 3 months but less than 12 months	515.75	579.18	172.10	389.21
Balances in unclaimed dividend account#	2.95	2.43	2.95	2.43
Other bank balances (B)	**518.70**	**581.61**	**175.05**	**391.64**
Total Cash and Bank Balance (A+B)	**1,359.87**	**1,510.63**	**475.24**	**740.32**

the Company can utilise these balances for respective dividend.

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

11. Other current financial assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Staff advance	6.87	6.42	2.81	2.62
Advance to related parties	-	-	1.04	10.48
Unbilled revenue	205.77	149.50	110.10	48.06
Securities deposit	1.68	2.22	0.68	2.00
Bank deposits with original maturity of more than 12 months	369.06	8.26	352.10	8.26
Mark-to-market gain on derivative instruments	22.59	16.33	22.59	16.33
Interest accrued	7.88	8.59	5.02	8.27
Other	4.47	3.29	0.51	0.31
Total	**618.32**	**194.61**	**494.85**	**96.33**

Increase in bank deposits represents cash generated from operations which was invested in term deposit based on treasury management.

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

12. Other current assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Balances with indirect tax authorities	24.62	18.39	24.62	18.60
VAT recoverable	4.52	12.91	-	-
Prepaid expenses	101.82	82.17	62.74	51.44
Advance to vendors	7.21	1.03	0.43	0.17
Tour and travel advance	11.93	5.32	11.93	5.30
Total	**150.10**	**119.82**	**99.72**	**75.51**

13. Share Capital

(Rs. in million)

Particulars	As at December 31,	
	2018	2017
Authorised share capital	**206.00**	200.00
Issued, subscribed and paid up capital	123.95	123.87
Add: Shares Issued under ESOP Scheme, 2007	0.04	0.08
	123.99	**123.95**
Less: advance to R Systems employee welfare trust	0.74	0.74
Total Share Capital	**123.25**	**123.21**

Pursuant to scheme of amalgamation, the Authorised Capital of GM Solutions Private Limited has been merged into the authorised capital of R Systems International Limited.

During the year ended December 31, 2018, the Company has issued 37,500 (previous year 82,500) equity shares fully paid-up equity shares of Re. 1 each under ESOP Scheme, 2007.

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

14. Other Equity

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Reserve and Surplus				
Securities premium account	278.24	275.95	278.24	275.95
Stock options outstanding	2.92	3.39	2.92	3.39
General Reserve	158.73	158.73	158.73	158.73
Capital Reserve	0.03	0.03	-	-
Retained earnings	2,432.21	2,007.25	2,124.85	1,900.20
Other Comprehensive Income				
Re-measurement of defined benefit plans	7.54	8.04	7.54	8.04
Foreign currency translation reserve	226.11	132.06	-	-
Total Other Equity	**3,105.78**	**2,585.45**	**2,572.28**	**2,346.31**

During the year ended December 31, 2018, an interim dividend of Re. 0.60 per equity share of Re. 1 each has been paid.

15. Non-controlling Interest

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

16. Borrowings (non-current portion)

(Rs. in million)

Particulars	2018	2017
Term loan for Motor Vehicles	9.36	9.58
Financial Lease Obligation	10.61	10.78
Less:		
Current maturities of term loan for motor vehicles	3.86	4.33
Current maturities of financial lease obligation	0.20	0.18
Total	**15.91**	**15.85**

17. Other non-current financial liabilities

Other non-current financial liabilities include security deposit payable after 12 months from reporting date. Security Deposit amounts to Rs. 2.96 mn as at December 31, 2018 as against Rs. 2.23 mn as at December 31, 2017.

18. Provision (Long term)

Long-term provisions represent the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to Rs. 109.60 mn as at December 31, 2018 as against Rs. 91.18 mn as at December 31, 2017.

19. Other non-current liabilities

Other non-current liabilities consist of deferred grant from government which will be recognised 12 months from the reporting date based on grant period. The deferred grant from government amounts to Rs. 0.04 mn as at December 31, 2018 as against Rs. 0.29 mn as at December 31, 2017.

20. Trade Payables

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Trade Payable	270.02	340.05	46.73	43.32

21. Other current financial liabilities

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Current maturities of term loans for motor vehicles	3.86	4.33	3.86	4.33
Current maturity of Finance lease obligation	0.20	0.18	0.20	0.18
Payable to subsidiary company			16.36	14.17
Security deposits received	9.48	9.63	9.48	9.63
Investor education and protection fund (not due) - Unclaimed dividend	2.95	2.43	2.95	2.43
Employee benefits payable	167.03	119.10	112.15	102.51
Capital creditors	2.08	0.27	2.08	0.27
Deferred payment compensation for business acquisition	22.29	45.47	-	-
Other financial liabilities	4.92	3.85	3.41	3.37
Total	**212.81**	**185.26**	**150.49**	**136.89**

22. Provision (Short term)

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Provision for employee benefits				
- Gratuity	4.80	3.59	4.80	3.59
- Compensated absence	137.83	135.98	80.89	82.64
Total	**142.63**	**139.57**	**85.69**	**86.23**

23. Other current liabilities

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Statutory dues payable				
Tax deducted at source / Witholding tax payable	22.11	15.96	14.22	10.31
PF / 401 K / other payables	37.07	25.72	14.20	11.44
GST / Service tax / VAT payable	22.53	20.34	3.35	2.20
Others	0.23	0.20	0.23	0.20
Unearned revenues	316.64	321.18	212.56	181.35
Rent received in advance	-	0.22	-	0.22
Deferred grant from Government	0.83	1.24	-	-
Total	**399.41**	**384.86**	**244.56**	**205.72**

25. Liquidity

The consolidated cash and cash equivalent as at December 31, 2018 were Rs. 841.17 mn as against Rs. 929.02 mn as on December 31, 2017.

Net cash generated from operating activities were Rs. 311.22 mn for the year ended December 31, 2018 compared to Rs. 365.24 mn for the year ended December 31, 2017.

Cash used in investing activities were Rs. 350.45 mn for the year ended December 31, 2018 comprised of Investment in long term deposit with bank Rs. 293.84 mn (net), purchase of fixed assets of Rs. 165.87 mn and Investment in liquid mutual fund Rs. 140 mn as offset by proceeds from redemption of debenture Rs. 175.12 mn, interest income Rs. 64.62 mn, rental income from investment property Rs. 6.56 mn and sale of fixed assets Rs. 2.96 mn..

Cash used in financing activities were Rs. 87.86 mn for the year ended December 31, 2018 mainly consist of Rs. 85.49 mn on account of payment of dividend (including CDT).

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

Analysis and Discussions of Operating Performance for the Year Ended December 31, 2018

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

Consolidated Statement of Profit and Loss for the year:

(Rs. in million)

Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Income					
Revenue from operations	6,998.89	97.32	5,926.38	97.34	18.10
Other income	192.49	2.68	161.87	2.66	18.92
Total income	**7,191.38**	**100.00**	**6,088.25**	**100.00**	**18.12**
Expenses					
Employee benefits expense	4,743.85	65.97	4,173.15	68.54	13.68
Finance costs	2.65	0.04	3.98	0.07	(33.42)
Depreciation and amortisation expense	135.48	1.88	134.80	2.21	0.50
Other expenses	1,682.58	23.40	1,422.88	23.37	18.25
Total expenses	**6,564.56**	**91.28**	**5,734.81**	**94.19**	**14.47**
Profit before tax	**626.82**	**8.72**	**353.44**	**5.81**	**77.35**
Tax expense	116.37	1.62	128.10	2.10	(9.16)
Net profit after tax	**510.45**	**7.10**	**225.34**	**3.70**	**126.52**
Other comprehensive income / (loss)	93.55	1.30	(6.40)	(0.11)	
Total comprehensive income	**604.00**	**8.40**	**218.94**	**3.60**	**175.87**

Standalone Statement of Profit and Loss for the year:

(Rs. in million)

Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Income					
Revenue from operations	3,172.13	97.32	2,637.53	95.07	20.27
Other income	87.28	2.68	136.76	4.93	(36.18)
Total income	**3,259.41**	**100.00**	**2,774.29**	**100.00**	**17.49**
Expenses					
Employee benefits expense	2,169.18	66.55	1,868.36	67.35	16.10
Finance costs	2.32	0.07	3.65	0.13	(36.44)
Depreciation and amortisation expense	73.01	2.24	73.74	2.66	(0.99)
Other expenses	609.46	18.70	486.05	17.52	25.39
Total expenses	**2,853.97**	**87.56**	**2,431.80**	**87.65**	**17.36**
Profit before tax	**405.44**	**12.44**	**342.49**	**12.35**	**18.38**
Tax expense	95.30	2.92	114.41	4.12	(16.70)
Net profit after tax	**310.14**	**9.52**	**228.08**	**8.22**	**35.98**
Other comprehensive income / (loss)	(0.50)	(0.02)	8.04	0.29	
Total comprehensive income	**309.64**	**9.50**	**236.12**	**8.51**	**31.14**

1. Revenue

1.1 Revenue from Operations

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

1.1.1 Based on Consolidated Financial Statement

(Rs. in million)

Particulars	Year ended December 31, 2018	%	Year ended December 31, 2017	%	change %
Information technology services	6,286.48	89.82	5,461.70	92.16	15.10
Business process outsourcing services	712.41	10.18	464.68	7.84	53.31
Total	**6,998.89**	**100.00**	**5,926.38**	**100.00**	**18.10**

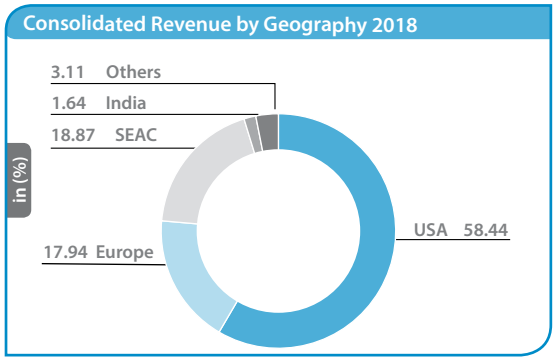
1.1.2 Based on Standalone Financial Statement

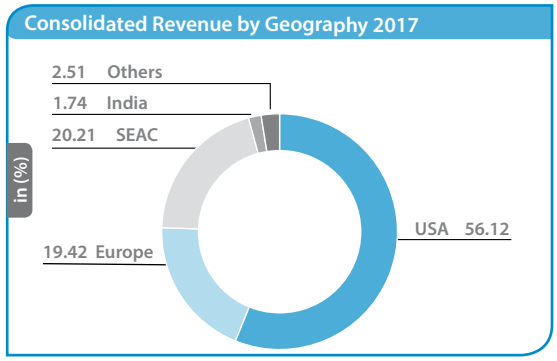
(Rs. in million)

Particulars	Year ended December 31, 2018	%	Year ended December 31, 2017	%	change %
Information technology services	2,436.54	76.81	2,153.30	81.64	13.15
Business process outsourcing services	735.59	23.19	484.23	18.36	51.91
Total	**3,172.13**	**100.00**	**2,637.53**	**100.00**	**20.27**

1.1.3 Consolidated Revenue by Geography

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

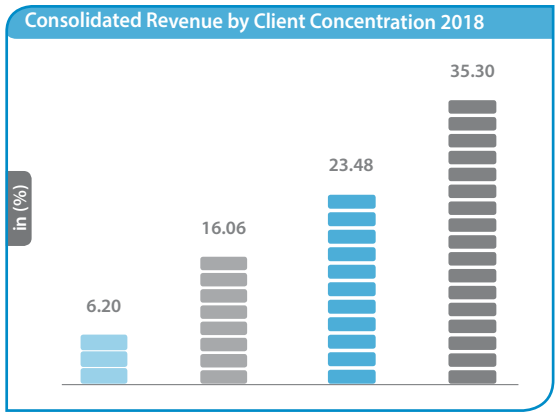


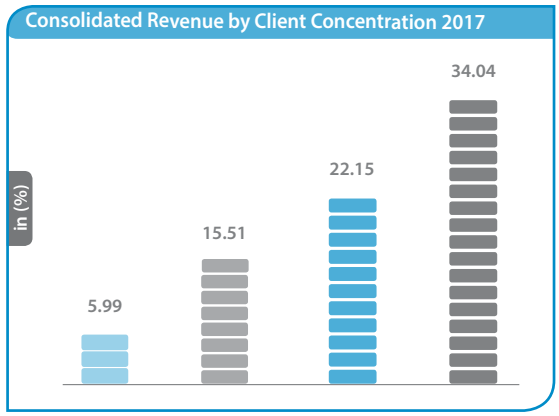


* Graphs not to scale

1.1.4 Consolidated Revenue by Client Concentration

The breakdown of R Systems consolidated revenue on the basis of client concentration for the year ended December 31, 2018 and 2017 is as follows:





* Graphs not to scale

The Largest Clients | Top 3 Clients | Top 5 Clients | Top 10 Clients

1.2 Other Income

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Interest income	64.06	61.10	57.81	60.52
Rental income from investment property	6.78	6.85	6.78	6.85
Foreign exchange fluctuation (net)	9.38	56.71	11.83	64.82
Profit on sale / discarding of PPE (net)	0.67	0.36	0.01	0.32
Liability no longer required written back	64.77	7.69	-	2.53
Fair value adjustment on deferred payment compensation for business acquisition	26.10	6.37	-	-
Miscellaneous income	10.53	21.48	0.65	0.41
Net gain arising on financial assets measured at FVTPL	10.20	1.31	10.20	1.31
Total other income	**192.49**	**161.87**	**87.28**	**136.76**

2. Expenditures

2.1 Personnel Expenses

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

2.1.1 Based on Consolidated Financial Statement:

(Rs. in million)

Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Salaries, wages and bonus	4,285.26	59.59	3,735.30	61.35	14.72
Gratuity expenses	36.50	0.51	24.91	0.41	46.53
Contribution to provident and other funds	227.63	3.17	252.48	4.15	(9.84)
Employees' share based payments expense	1.40	0.02	2.64	0.04	(47.01)
Staff welfare expenses	193.06	2.68	157.82	2.59	22.33
Total	**4,743.85**	**65.97**	**4,173.15**	**68.54**	**13.68**

2.1.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Salaries, wages and bonus	1,991.49	61.10	1,724.27	62.15	15.50
Gratuity expenses	36.50	1.12	24.91	0.90	46.53
Contribution to provident and other funds	76.72	2.35	67.76	2.44	13.22
Employees' share based payments expense	1.40	0.04	2.64	0.10	(46.97)
Staff welfare expenses	63.07	1.94	48.78	1.76	29.29
Total	**2,169.18**	**66.55**	**1,868.36**	**67.35**	**16.10**

2.2 Finance cost

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Interest expense on borrowings	2.40	2.73	2.07	2.40
Interest expense on financial instruments measured at amortised cost	0.25	0.46	0.25	0.46
Interest under income tax	-	0.79	-	0.79
Total	**2.65**	**3.98**	**2.32**	**3.65**

2.3 Depreciation and Amortisation Expense

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Depreciation and Amortisation (Rs. in Mn)	135.48	134.80	73.01	73.74
% of Total income	1.88	2.21	2.24	2.66

2.4 Operational and other expenses

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

2.4.1 Based on Consolidated Financial Statement:

(Rs. in million)

Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Power and fuel	46.86	0.65	44.83	0.74	4.53
Rent - premises	120.82	1.68	108.60	1.78	11.25
Repair and maintenance	123.52	1.72	101.63	1.67	21.54
Commission	9.46	0.13	7.13	0.12	32.68
Travelling and conveyance	294.55	4.10	235.82	3.87	24.90
Communication costs	79.10	1.10	74.85	1.23	5.68
Legal and professional fees	664.53	9.24	530.58	8.71	25.25
Cost of third party items	136.24	1.89	156.66	2.57	(13.03)
Auditors' remuneration	5.15	0.07	3.70	0.06	39.19
Provision for doubtful debts (net)	24.75	0.34	9.64	0.16	156.74
Advances written off	13.45	0.19	-	-	100.00
Contribution towards corporate social responsibility	3.96	0.06	2.46	0.04	60.98
Miscellaneous expenses	160.19	2.23	146.98	2.41	8.99
Total	**1,682.58**	**23.40**	**1,422.88**	**23.37**	**18.25**

2.4.2. Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Power and fuel	40.53	1.24	40.80	1.47	(0.66)
Rent - premises	33.06	1.01	31.94	1.15	3.51
Repair and maintenance	101.09	3.10	81.19	2.93	24.51
Commission	26.06	0.80	14.19	0.51	83.65
Travelling and conveyance	180.83	5.55	140.26	5.06	28.92
Communication costs	59.24	1.82	56.91	2.05	4.09
Legal and professional fees	78.42	2.41	54.64	1.97	43.52
Auditors' remuneration	5.15	0.16	3.70	0.13	39.19
Provision for doubtful debts (net)	15.70	0.48	6.69	0.24	134.68
Contribution towards corporate social responsibility	3.96	0.12	2.46	0.09	60.98
Miscellaneous expenses	65.42	2.01	53.27	1.92	22.81
Total	**609.46**	**18.70**	**486.05**	**17.52**	**25.39**

2.5 Tax expense

Tax expense comprises current tax and deferred tax.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Profit Before Tax	**626.82**	**353.44**	**405.44**	**342.49**
Current tax	124.22	149.89	99.35	133.41
MAT credit entitlement	-	(5.84)	-	(5.84)
Deferred tax charge / (credit)	(7.85)	(15.95)	(4.05)	(13.16)
Total Tax Expense	**116.37**	**128.10**	**95.30**	**114.41**
Effective Tax Rate (%)	**18.57**	**36.24**	**23.51**	**33.41**

Decrease in effective tax rate is due to increase in profit from SEZ unit where the Company enjoys tax holiday period along with higher contribution from USA & Singapore entities where the respective subsidiaries has past losses.

J. Key financial ratios

Ratio	Consolidated			Standalone		
	2018	2017	Variance	2018	2017	Variance
Debtors Turnover (in days)	67	68	-1.3%	68	70	-1.9%
Inventory Turnover	NA	NA	-	NA	NA	-
Interest Coverage@	164.90	49.13	235.6%	138.14	57.36	140.8%
Current Ratio	3.43	2.89	18.7%	3.46	3.18	8.8%
Debt Equity Ratio@	0.00	0.00	-18.0%	0.00	0.00	-10.5%
Operating Profit Margin #	6.2%	3.3%	89.2%	10.1%	7.9%	27.3%
Net Profit Margin #	7.3%	3.8%	91.8%	9.8%	8.6%	13.1%
Return on Net worth#	15.8%	8.3%	90.0%	11.5%	9.2%	24.6%

@ Interest coverage ratio and debt equity ratio does not have any impact on the Company as the overall debt is quite minimal.

Increase in operating profit, net profit margins and return on net worth is mainly on account of increase in revenue, efficiency in operations as coupled with rupee depreciation.

Note :

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

Interest Coverage = Operating profit / Finance cost

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

Current Ratio = Current Assets / Current Liabilities

Debt Equity Ratio = Long term Borrowings / Net worth

Operating Profit Margin = Operating profit / Revenue

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

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

On behalf of the Board
For R Systems International Limited

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

Place : Singapore
Date : May 02, 2019

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

Place : NOIDA (U.P.)
Date : May 02, 2019

Annexure 'F' to the Directors Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

To,
The Members
R SYSTEMS INTERNATONAL LIMITED
CIN: L74899DL1993PLC053579
GF-1-A, 6, Devika Tower,
Nehru Place, New Delhi-110019

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on December 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 and erstwhile Regulation 55A;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable** and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable**

(vi) The other laws, as informed and certified by the Management of the company which are specifically applicable to the Company based on the Sectors/ Industry are:

  (a) The Special Economic Zones Act, 2005 and the rules made thereunder;

  (b) Policy relating to Software Technology Parks of India and its regulations.

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

  (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

  (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

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

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

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the

Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

(a) The Company has allotted 37,500 equity shares of Re. 1/- each at an exercise price of Rs. 12.07 per share on May 04, 2018 pursuant to exercise of vested employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007;

(b) Scheme of Amalgamation between GM Solutions Private Limited ("Transferor Company") and R Systems International Limited ("Transferee Company/ Company") and their respective Shareholders and Creditors was approved by the Hon'ble National Company Law Tribunal, New Delhi vide order dated December 07, 2018;

(c) Pursuant to Scheme of Amalgamation between GM Solutions Private Limited ("Transferor Company") and R Systems International Limited ("Transferee Company/ Company") and their respective Shareholders and Creditors as approved by the Hon'ble National Company Law Tribunal, New Delhi vide order dated December 07, 2018, the Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions Private Limited upon aforesaid allotment;

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

For **Chandrasekaran Associates**

Company Secretaries

Sd/-
Lakhan Gupta
Partner
Membership No. 36583 Date: May 02, 2019
Certificate of Practice No. 13725 Place: New Delhi

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

Annexure-A

To,
The Members
R SYSTEMS INTERNATONAL LIMITED
CIN: L74899DL1993PLC053579
GF-1-A, 6, Devika Tower,
Nehru Place, New Delhi-110019

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

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

For **Chandrasekaran Associates**
Company Secretaries

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

Date: May 02, 2019
Place: New Delhi

Annexure 'G' to the Directors Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

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

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

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

Note:

1. The aforesaid disclosure is based on the materiality threshold defined in Policy for related party transactions.
2. For details of other related party transaction, please refer note No. 30 of the standalone financial statements.

On Behalf of the Board
For R Systems International Limited

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

Place : Singapore
Date : May 02, 2019

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

Place : NOIDA (U.P.)
Date : May 02, 2019

Annexure 'H' to the Directors Report

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

For the Financial Year ended December 31, 2018

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, 2018)

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

3.	**Average Net Profit of the Company for last three financial year**	Rs. 459,494,565
4.	**Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)**	Rs. 9,189,891
5.	**Details of CSR spent during the financial year:**	
	(a) Total Amount to be spent for the financial year	Rs. 9,189,891
	(b) Amount unspent, if any	Rs. 5,229,891

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / **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 (Army Public School, Beas)	15 lakhs	15 lakhs	15 lakhs	Expenses incurred directly
2.	Education Project	Education	Jabalpur (Rajya Anand Sansthan)	9 Lakhs	9 Lakhs	9 Lakhs	Expenses incurred directly
3.	Sports Project	Olympic Sports	Bangalore (Prakash Padukone Badminton Academy)	20 Lakhs	15.60 Lakhs	15.60 Lakhs	Expenses incurred directly

* Give details of implementing agency- N.A.

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

As an integral part of society, the Company is aware of its corporate social responsibility and has been engaged in community and social investment. During the financial year 2018 the Company had scaled-up its CSR activities which resulted into increased CSR spending as compared to FY 2017 i.e. from Rs. 24.60 lakhs in FY 2017 to Rs. 39.60 Lakhs in FY 2018 (increased by 61%). Further, the Company has additionally spend Rupees Six Lakhs towards various other charitable causes which are not covered within the range of the provisions of Section 135 read with Schedule VI of the Companies Act, 2013.

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

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

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

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

Place: Singapore
Date: May 02, 2019

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

Place: NOIDA (U.P.)
Date: May 02, 2019

Annexure 'I' to the Director Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on December 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	L74899DL1993PLC053579
Registration Date	:	May 14, 1993
Name of the Company	:	R Systems International Limited
Category / Sub-Category of the Company	:	Company having Share Capital
Address of the Registered office and contact details	:	GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019* Tel. No.: +91-011-32596619 E-mail: 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, 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

* Subsequent to the year ended December 31, 2018, the registered office of the Company has been sifted from B 104A, Greater Kailash, Part-I, New Delhi-110048 to GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 on April 23, 2019.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Information technology services and products	620	76.81%
2	Business process outsourcing services	620	23.19%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	R Systems (Singapore) Pte Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	100%	2(87)
2	R Systems, Inc.	5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
3	R Sysems Technologies Ltd. (Formely known as Indus Software, Inc.)	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
4	ECnet Limited	16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416	Foreign Company	Subsidiary	99.75%	2(87)
5	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	**Vancouver-Registered Office** 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada **Ontario-Corporate 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	ECnet (M) Sdn. Bhd.#	Suite 5F-1, 5th Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong Selangor, Malaysia	Foreign Company	Step Down Subsidiary	99.75%	2(87)
8	ECnet Systems (Thailand) Co. Ltd.#	2/3 Bangna Tower-A, 2nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540	Foreign Company	Step Down Subsidiary	99.75%	2(87)
9	ECnet (Shanghai) Co. Ltd.#	Rm H, 20 Floor, Foresight Mansion, No. 768 Xie Tu Rd, Shanghai, China	Foreign Company	Step Down Subsidiary	99.75%	2(87)
10	ECnet (Hong Kong) Ltd.#	Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong	Foreign Company	Step Down Subsidiary	99.75%	2(87)
11	ECnet, Inc.#**	5000 Wind Play Drive Suite #5, El Dorado Hills, CA 95762, USA	Foreign Company	Step Down Subsidiary	99.75%	2(87)
12	ECnet Kabushiki Kaisha#	Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.	Foreign Company	Step Down Subsidiary	99.75%	2(87)
13	Computaris Romania SRL*	**Bucharest office** 5 Gheorghe Manu Str, Groundfloor, 1st Floor, 6th Floor, Room 2, Sector 1, Bucharest, 010442, Romania **Galati office** 23 Logofat Tautu Str., 800009, Galati, Romania	Foreign Company	Step Down Subsidiary	100%	2(87)
14	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	Foreign Company	Step Down Subsidiary	100%	2(87)
15	ICS Computaris International Srl*	Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republic of Moldova	Foreign Company	Step Down Subsidiary	100%	2(87)

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
16	Computaris Malaysia Sdn. Bhd*	Lot. No. 5F-1, 5th Floor Tower 5 Puchong Financial Corporate Center Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor, Malaysia	Foreign Company	Step Down Subsidiary	100%	2(87)
17	Computaris Philippines Pte. Ltd. Inc.*	Level 16 Tower 6789, Ayala Avenue 1206 Makati City, Philippines.	Foreign Company	Step Down Subsidiary	100%	2(87)
18	Computaris Suisse Sarl, Switzerland*$	Rue du Trésor 9, c/o Me Madalina Diaconu, Etudes SPLC Avocats & Notaires, 2000 Neuchâtel	Foreign Company	Step Down Subsidiary	100%	2(87)
19	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte Ltd)@	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
20	IBIZ Consulting Services Pte Ltd^	2 Jalan Kilang Barat #04-01Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
21	IBIZ Consulting Services Sdn. Bhd.^	Suite 5F-1, 5th Floor, Tower 5,Puchong Financial Corporate Centre (PFCC) Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong Selangor, Malaysia	Foreign Company	Step Down Subsidiary	100%	2(87)
22	PT. IBIZCS Indonesia^	Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920	Foreign Company	Step Down Subsidiary	100%	2(87)
23	IBIZ Consultancy Services India Private Limited^	Plot No NP 1 And 2 , Industrial Estate, Sidco Industrial Estate, Guindy Chennai -600032	U72200T N2008 PTC070201	Step Down Subsidiary	100%	2(87)
24	IBIZ Consulting Services Limited ^	Rooms 2001-2004, 20/F, 69 Jervois Street, Sheung Wang Hong Kong	Foreign Company	Step Down Subsidiary	100%	2(87)
25	IBIZ Consulting Services (Shanghai) Co., Ltd%	Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, China 200030	Foreign Company	Step Down Subsidiary	100%	2(87)

Wholly-owned susbsidiary 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.

** Subsequent to the financial year ended Decemeber 31, 2018, ECnet Inc., USA (being Step down subsidiary of R Systems Interntional Limited) was dissolved w.e.f. January 28, 2019.

$ Computaris Suisse Sarl, Switzerland was incorporated on April 27, 2018

Note:

1. During the financial year ended Decemeber 31, 2018, Computaris USA, Inc., USA (being step down subsidiary of R Systems International Limited) was liquidated on October 22, 2018.
2. Refer to Note No. 15 of the Directors' Report for further details of the subsidiaries.

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

i. Catergorywise shareholding

Category of Shareholders	No. of Shares held at the begning of the year- January 01, 2018				No. of Shares held at the end of the year- December 31, 2018				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
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	29,746,353	29,746,353	24.00	0	0	0	0.00	(24.00)
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total(A)(1)	0	29,754,130	29,754,130	24.00	0	7,777	7,777	0.01	(24.00)
Foreign									
NRI Individual	0	12,105,955	12,105,955	9.77	0	42,211,104	42,211,104	34.04	24.28
Other Individual	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	9,076,218	9,076,218	7.32	0	9,076,218	9,076,218	7.32	0.00
Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (Foreign Trust)	0	12,150,731	12,150,731	9.80	0	12,150,731	12,150,731	9.80	0.00
Sub Total (A)(2)	**0**	**33,332,904**	**33,332,904**	**26.89**	**0**	**63,438,053**	**63,438,053**	**51.16**	**24.27**
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**0**	**63,087,034**	**63,087,034**	**50.90**	**0**	**63,445,830**	**63,445,830**	**51.17**	**0.27**
B. Public shareholding									
Institutions									
Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions / Banks	0	350	350	0.00	0	0	0	0.00	0.00
Central Government	0	0	0	0.00	0	0	0	0.00	0.00
State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Institutional Investors	0	6,429	6,429	0.01	0	229	229	0.00	(0.01)
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	**0**	**6,779**	**6,779**	**0.01**	**0**	**229**	**229**	**0.00**	**(0.01)**
Non-institutions									
Bodies Corporate (Indian and Overseas)	0	1,132,000	1,132,000	0.91	0	1,016,674	1,016,674	0.82	(0.09)
Individuals -									0.00
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	136,579	10,481,870	10,618,449	8.57	131,409	10,113,101	10,244,510	8.26	(0.30)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	114,000	47,888,440	48,002,440	38.73	114,000	48,022,884	48,136,884	38.82	0.10
Any Other (NBFC)	0	0	0	0.00	0	2,050	2,050	0.00	0.00
Any Other (Clearing Member)	0	360,962	360,962	0.29	0	396,147	396,147	0.32	0.03
Any Other (Trust)	738,980	0	738,980	0.60	738,980	0	738,980	0.60	0.00

Category of Shareholders	No. of Shares held at the begning of the year-January 01, 2018				No. of Shares held at the end of the year-December 31, 2018				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
Any Other (IEPF)	0	6,281	6,281	0.01	0	9,121	9,121	0.01	0.00
Sub-Total (B)(2)	**989,559**	**59,869,553**	**60,859,112**	**49.10**	**984,389**	**59,559,977**	**60,544,366**	**48.83**	**(0.27)**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**989,559**	**59,876,332**	**60,865,891**	**49.10**	**984,389**	**59,560,206**	**60,544,595**	**48.83**	**(0.27)**
TOTAL (A)+(B)	**989,559**	**122,963,366**	**123,952,925**	**100.00**	**984,389**	**123,006,036**	**123,990,425**	**100.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
TOTAL (C)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
GRAND TOTAL (A)+(B)+(C)	**989,559**	**122,963,366**	**123,952,925**	**100.00**	**984,389**	**123,006,036**	**123,990,425**	**100.00**	**0.00**

Note: 1. Pursuant to Scheme of Amalgamation between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited ("R Systems / Company") and their respective Shareholders and Creditors as approved by the Hon'ble National Company Law Tribunal, New Delhi vide order dated December 07, 2018, the Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 to the Shareholders of GM Solutions in proportion to their respective shareholding in GM Solutions and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions.

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

3. Subsequent to the year ended December 31, 2018, the Board of Directors of the Company at its meeting held on January 15, 2019, approved the Buyback of up to 3,690,000 fully paid-up equity shares of face value of Re. 1/- each ("Equity shares"), representing 2.98% of the total paid-up equity share capital of the Company, from all the equity shareholders of the Company as on the record date i.e. Friday, February 01, 2019, on a proportionate basis, through the "tender offer" route, at a price of Rs. 65/- (Rupees Sixty Five only) per equity share for an aggregate amount of up to Rs. 239,850,000 (Rupees Twenty Three Crores Ninety Eight Lakhs Fifty Thousand Only). The Corporate Action for extinguishment of 3,690,000 equity shares has been completed on April 15, 2019.

ii. Shareholding of Promoters

S. No.	Shareholder's Name	Share holding at the begning of the year - January 01, 2018			Share holding at the end of the year -December 31, 2018			% Change during the year
		Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	0.00	12,150,731	9.80	0.00	0.00
2	Mr. Satinder Singh Rekhi*#	1,281,556	1.03	0.00	3,148,044	2.54	0.00	1.51
3	RightMatch Holdings Ltd.	9,076,218	7.32	0.00	9,076,218	7.32	0.00	0.00
4	Mrs. Harpreet Rekhi*	760	0.00	0.00	1,508,452	1.22	0.00	1.22
5	GM Solutions Private Limited$	29,746,353	24.00	0.00	0	0.00	0.00	(24.00)
6	Mr. Sartaj Singh Rekhi*	5,864,656	4.73	0.00	19,800,619	15.97	0.00	11.24
7	Mr. Ramneet Singh Rekhi*	4,958,983	4.00	0.00	16,857,524	13.60	0.00	9.60
8	Mrs. Amrita Kaur Rekhi*	0	0.00	0.00	896,465	0.72	0.00	0.72
9	Mrs. Kuldeep Baldev Singh	6,080	0.00	0.00	6,080	0.00	0.00	0.00
10	Mrs. Anita Behl	1,697	0.00	0.00	1,697	0.00	0.00	0.00
	TOTAL	**63,087,034**	**50.90**	**0.00**	**63,445,830**	**51.17**	**0.00**	**0.27**

* Includes share allotted pursuant to Scheme of Amalgamation of GM Solutions Pvt. Ltd. ("GM Solutions") and R Systems International Ltd. ("R Systems") and their respective Shareholders and Creditors ("Scheme") as approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018.

$ Pursuant to said Scheme, 29,746,353 equity shares of R Systems as held by GM Solutions were cancelled & extinguished.

During the year, Mr. Satinder Singh Rekhi purchased 358,796 equity shares of the Company from Stock Exchange.

iii. Change in Promoter Holding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**GM Solutions Private Limited**				
	At the beginning of the year -January 01, 2018	**29,746,353**	**24.00**	**29,746,353**	**24.00**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. Allotment / transfer / bonus/ sweat equity etc.):				
	Less: Extinguished pursuant to Scheme of Amalgamation*	29,746,353	24.00	0	0.00
	At the End of the year-December 31, 2018			**0**	**0.00**
2	**Mr. Satinder Singh Rekhi**				
	At the beginning of the year -January 01, 2018	**1,281,556**	**1.03**	**1,281,556**	**1.03**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Purchase on August 01, 2018#	92,888	0.07	1,374,444	1.11
	Add: Purchase on August 02, 2018#	39,811	0.03	1,414,255	1.14
	Add: Purchase on August 06, 2018#	12,967	0.01	1,427,222	1.15
	Add: Purchase on August 07, 2018#	21,425	0.02	1,448,647	1.17
	Add: Purchase on August 08, 2018#	18,266	0.01	1,466,913	1.18
	Add: Purchase on August 09, 2018#	17,816	0.01	1,484,729	1.20
	Add: Purchase on August 10, 2018#	9,493	0.01	1,494,222	1.21
	Add: Purchase on August 13, 2018#	50,787	0.04	1,545,009	1.25
	Add: Purchase on August 14, 2018#	15,569	0.01	1,560,578	1.26
	Add: Purchase on August 16, 2018#	11,054	0.01	1,571,632	1.27
	Add: Purchase on August 17, 2018#	68,720	0.06	1,640,352	1.32
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	1,507,692	1.22	3,148,044	2.54
	At the End of the year-December 31, 2018			**3,148,044**	**2.54**
3	**Mr. Sartaj Singh Rekhi**				
	At the beginning of the year -January 01, 2018	**5,864,656**	**4.73**	**5,864,656**	**4.73**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	13,935,963	11.24	19,800,619	15.97
	At the End of the year-December 31, 2018			**19,800,619**	**15.97**
4	**Mr. Ramneet Singh Rekhi**				
	At the beginning of the year -January 01, 2018	**4,958,983**	**4.00**	**4,958,983**	**4.00**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	11,898,541	9.60	16,857,524	13.60
	At the End of the year-December 31, 2018			**16,857,524**	**13.60**

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	**Mrs. Harpreet Rekhi**				
	At the beginning of the year -January 01, 2018	**760**	**0.00**	**760**	**0.00**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to Scheme of Amalgamation on Decemeber 21, 2018*	1,507,692	1.22	1,508,452	1.22
	At the End of the year-December 31, 2018			**1,508,452**	**1.22**
6	**Ms. Amrita Kaur Rekhi**				
	At the beginning of the year -January 01, 2018	**0**	**0.00**	**0**	**0.00**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	896,465	0.72	896,465	0.72
	At the End of the year-December 31, 2018			**896,465**	**0.72**

* During the year ended December 31, 2018, Scheme of Amalgamation of GM Solutions Pvt. Ltd. ("GM Solutions") and R Systems International Ltd. ("R Systems") and their respective Shareholders and Creditors ("Scheme") has been approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018. Pursuant to said Scheme, the Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 to the shareholders of GM Solutions in proportion to their respective shareholding in GM Solutions and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions Private Limited upon aforesaid allotment.

Purchase from Stock Exchange.

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

Sl. No	Top Ten Share Holders (For Each of the Top 10 Shareholders)	Shareholding at the beginning of the year -January 01, 2018		Shareholding at the end of the year -December 31, 2018	
1	Bhavook Tripathi	43,861,539	35.39	44,662,112	36.02
2	R Systems Employee Welfare Trust	738,980	0.60	738,980	0.60
3	O' Neil Nalavadi	648,770	0.52	648,770	0.52
4	Mandeep Sodhi	602,819	0.49	602,819	0.49
5	Prabhakarrao Mahableshwar Bantwal	440,878	0.36	440,878	0.36
6	Arcadia Share & Stock Brokers Pvt. Ltd.	8,482	0.01	308,897	0.25
7	Adikaran Fincom Private Limited	0	0.00	249,200	0.20
8	K Mohan	343,382	0.28	0	0.00
9	Juzar Feroz Basrai	300,000	0.24	210,000	0.17
10	Mannige Vikram Rao	221,100	0.18	221,100	0.18
11	Sunita Kantilal Vardhan	198,199	0.16	204,206	0.16
12	Mohd Farooq Kamal	192,941	0.16	173,082	0.14

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

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	**Mr. Bhavook Tripathi**				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	At the End of the year-December 31, 2018				
B	**Arcadia Share & Stock Brokers Pvt. Ltd.**				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	At the End of the year-December 31, 2018				
C	**Adikaran Fincom Private Limited**				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	At the End of the year-December 31, 2018				
D	**K Mohan**				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	At the End of the year-December 31, 2018				

As per Annexure -I

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
E	**Juzar Feroz Basari**				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	At the End of the year-December 31, 2018				
F	**Sunita Kantilal Vardhan**				
	At the beginning of the year -January 01, 2018		**As per Annexure -I**		
	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, 2018				
G	**Mohd. Farooq Kamal**				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	At the End of the year-December 31, 2018				

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, 2018 (Opening Balance)		43,861,539	35.39	43,861,539	35.39
	January 05, 2018	Sale	4,228	0.00	43,857,311	35.38
	January 12, 2018	Sale	9,292	0.01	43,848,019	35.37
	January 19, 2018	Sale	7,500	0.01	43,840,519	35.37
	February 09, 2018	Sale	4,000	0.00	43,836,519	35.37
	February 16, 2018	Sale	17,500	0.01	43,819,019	35.35
	February 23, 2018	Purchase	992	0.00	43,820,011	35.35
	March 02, 2018	Sale	1,000	0.00	43,819,011	35.35
	March 09, 2018	Purchase	2,000	0.00	43,821,011	35.35
	March 16, 2018	Purchase	2,068	0.00	43,823,079	35.35
	May 11, 2018	Purchase	2,000	0.00	43,825,079	35.35
	May 18, 2018	Purchase	4,000	0.00	43,829,079	35.35
	May 25, 2018	Purchase	14,345	0.01	43,843,424	35.36
	June 01, 2018	Purchase	4,500	0.00	43,847,924	35.36
	June 08, 2018	Purchase	5,351	0.00	43,853,275	35.37
	June 22, 2018	Purchase	6,544	0.01	43,859,819	35.37
	June 30, 2018	Purchase	7,500	0.01	43,867,319	35.38
	July 06, 2018	Purchase	8,000	0.01	43,875,319	35.39
	July 13, 2018	Purchase	22,702	0.02	43,898,021	35.40
	July 20, 2018	Purchase	6,887	0.01	43,904,908	35.41
	July 27, 2018	Purchase	11,563	0.01	43,916,471	35.42
	August 03, 2018	Purchase	32,279	0.03	43,948,750	35.45
	August 10, 2018	Purchase	10,151	0.01	43,958,901	35.45
	August 17, 2018	Purchase	2,361	0.00	43,961,262	35.46
	August 24, 2018	Purchase	12,341	0.01	43,973,603	35.47
	August 31, 2018	Sale	122,000	0.10	43,851,603	35.37
	September 14, 2018	Sale	6,067	0.00	43,845,536	35.36
	September 21, 2018	Sale	165	0.00	43,845,371	35.36
	September 28, 2018	Purchase	15,514	0.01	43,860,885	35.37
	October 05, 2018	Purchase	26,031	0.02	43,886,916	35.40
	October 12, 2018	Purchase	14,667	0.01	43,901,583	35.41
	October 19, 2018	Purchase	21,051	0.02	43,922,634	35.42
	October 26, 2018	Purchase	8,191	0.01	43,930,825	35.43
	November 02, 2018	Purchase	256,616	0.21	44,187,441	35.64
	November 09, 2018	Purchase	75,694	0.06	44,263,135	35.70
	November 16, 2018	Purchase	47,192	0.04	44,310,327	35.74
	November 23, 2018	Purchase	31,151	0.03	44,341,478	35.76
	November 30, 2018	Purchase	88,408	0.07	44,429,886	35.83

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total outstanding shares of the Company	No. of Shares	% of total outstanding shares of the Company
	December 07, 2018	Purchase	48,663	0.04	44,478,549	35.87
	December 14, 2018	Purchase	131,277	0.11	44,609,826	35.98
	December 21, 2018	Purchase	21,242	0.02	44,631,068	36.00
	December 28, 2018	Purchase	27,861	0.02	44,658,929	36.02
	December 31, 2018	Purchase	3,183	0.00	44,662,112	36.02
	As At December 31, 2018 (Closing Balance)				**44,662,112**	**36.02**
B	**Arcadia Share & Stock Brokers Pvt. Ltd.**					
	As at January 01, 2018 (Opening Balance)		8,482	0.01	8,482	0.01
	January 05, 2018	Sale	600	0.00	7,882	0.01
	January 19, 2018	Purchase	1,100	0.00	8,982	0.01
	February 16, 2018	Purchase	100	0.00	9,082	0.01
	March 02, 2018	Sale	4,740	0.00	4,342	0.00
	March 16, 2018	Sale	1,500	0.00	2,842	0.00
	March 31, 2018	Sale	500	0.00	2,342	0.00
	May 18, 2018	Sale	550	0.00	1,792	0.00
	May 25, 2018	Sale	62	0.00	1,730	0.00
	June 01, 2018	Sale	250	0.00	1,480	0.00
	August 03, 2018	Sale	301	0.00	1,179	0.00
	August 31, 2018	Purchase	500	0.00	1,679	0.00
	September 21, 2018	Purchase	667	0.00	2,346	0.00
	October 05, 2018	Sale	1,599	0.00	747	0.00
	October 19, 2018	Sale	106	0.00	641	0.00
	November 02, 2018	Sale	641	0.00	0	0.00
	November 09, 2018	Purchase	288,672	0.23	288,672	0.23
	November 16, 2018	Purchase	21,530	0.02	310,202	0.25
	November 23, 2018	Purchase	1,600	0.00	311,802	0.25
	November 30, 2018	Purchase	2,700	0.00	314,502	0.25
	December 07, 2018	Sale	2,700	0.00	311,802	0.25
	December 14, 2018	Sale	5	0.00	311,797	0.25
	December 21, 2018	Sale	2,000	0.00	309,797	0.25
	December 28, 2018	Sale	900	0.00	308,897	0.25
	As At December 31, 2018 (Closing Balance)				**308,897**	**0.25**
C	**Adikaran Fincom Private Limited**					
	As at January 01, 2018 (Opening Balance)		0	0.00	0	0.00
	October 12, 2018	Purchase	100,000	0.08	100,000	0.08
	November 09, 2018	Purchase	25,000	0.02	125,000	0.10
	November 23, 2018	Purchase	53,395	0.04	178,395	0.14
	November 30, 2018	Purchase	21,603	0.02	199,998	0.16
	December 07, 2018	Purchase	49,202	0.04	249,200	0.20
	As At December 31, 2018 (Closing Balance)				**249,200**	**0.20**

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	**K Mohan**					
	As at January 01, 2018 (Opening Balance)		343,382	0.28	343,382	0.28
	January 05, 2018	Sale	159,928	0.13	183,454	0.15
	January 12, 2018	Sale	84,871	0.07	98,583	0.08
	January 19, 2018	Sale	98,583	0.08	0	0.00
	As At December 31, 2018 (Closing Balance)				**0**	**0.00**
E	**Juzar Feroz Basari**					
	As at January 01, 2018 (Opening Balance)		300,000	0.24	300,000	0.24
	February 16, 2018	Sale	25,007	0.02	274,993	0.22
	March 02, 2018	Sale	31,993	0.03	243,000	0.20
	May 04, 2018	Sale	1,951	0.00	241,049	0.19
	June 30, 2018	Sale	16,583	0.01	224,466	0.18
	July 06, 2018	Sale	37,593	0.03	186,873	0.15
	November 9, 2018	Purchase	23,127	0.02	210,000	0.17
	As At December 31, 2018 (Closing Balance)				**210,000**	**0.17**
F	**Sunita Kantilal Vardhan**					
	As at January 01, 2018 (Opening Balance)		198,199	0.16	198,199	0.16
	April 20, 2018	Purchase	6,007	0.00	204,206	0.16
	As At December 31, 2018 (Closing Balance)				**204,206**	**0.16**
G	**Mohd. Farooq Kamal**					
	As at January 01, 2018 (Opening Balance)		192,941	0.16	192,941	0.16
	December 07, 2018	Sale	6,000	0.00	186,941	0.15
	December 14, 2018	Sale	11,422	0.01	175,519	0.14
	December 21, 2018	Sale	1,381	0.00	174,138	0.14
	December 28, 2018	Sale	910	0.00	173,228	0.14
	December 31, 2018	Sale	146	0.00	173,082	0.14
	As At December 31, 2018 (Closing Balance)				**173,082**	**0.14**

Note:

1. The change in Percentage of shareholding during the year is also consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.
2. The above information is based on weekly beneficiary position (net purchase/sale) received from depositories .

(v) Shareholding of Directors and Key Managerial Personnel:

Change in Shareholding

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. Satinder Singh Rekhi**				
	At the beginning of the year -January 01, 2018	1,281,556	1.03	1,281,556	1.03
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Purchase on August 01, 2018#	92,888	0.07	1,374,444	1.11
	Add: Purchase on August 02, 2018#	39,811	0.03	1,414,255	1.14
	Add: Purchase on August 06, 2018#	12,967	0.01	1,427,222	1.15
	Add: Purchase on August 07, 2018#	21,425	0.02	1,448,647	1.17
	Add: Purchase on August 08, 2018#	18,266	0.01	1,466,913	1.18
	Add: Purchase on August 09, 2018#	17,816	0.01	1,484,729	1.20
	Add: Purchase on August 10, 2018#	9,493	0.01	1,494,222	1.21
	Add: Purchase on August 13, 2018#	50,787	0.04	1,545,009	1.25
	Add: Purchase on August 14, 2018#	15,569	0.01	1,560,578	1.26
	Add: Purchase on August 16, 2018#	11,054	0.01	1,571,632	1.27
	Add: Purchase on August 17, 2018#	68,720	0.06	1,640,352	1.32
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	1,507,692	1.22	3,148,044	2.54
	At the End of the year-December 31, 2018			**3,148,044**	**2.54**
2	**Lt. Gen. Baldev Singh (Retd.)**				
	At the beginning of the year -January 01, 2018	111,498	0.09	111,498	0.09
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	At the End of the year-December 31, 2018			**111,498**	**0.09**
3	**Mr. Avirag Jain**				
	At the beginning of the year -January 01, 2018	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, 2018			**100**	**0.00**
4	**Mrs. Ruchica Gupta**				
	At the beginning of the year -January 01, 2018	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	At the End of the year-December 31, 2018			**0**	**0.00**

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	**Mr. Kapil Dhameja**				
	At the beginning of the year -January 01, 2018	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	At the End of the year-December 31, 2018			**0**	**0.00**
6	**Mr. Aditya Wadhwa**				
	At the beginning of the year -January 01, 2018	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	At the End of the year-December 31, 2018			**0**	**0.00**
7	**Mr. Nand Sardana**				
	At the beginning of the year -January 01, 2018	88,598	0.07	88,598	0.07
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursunat to exercise of options granted under Employees Stock Option Scheme, 2007 on May 04, 2018	37,500	0.03	126,098	0.10
	At the End of the year-December 31, 2018			**126,098**	**0.10**
8	**Mr. Ashish Thakur[$]**				
	At the beginning of the year -January 01, 2018	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	At the time of his cessation as a Company Secretary i.e. February 10, 2018			**0**	**0.00**
9	**Mr. Bhasker Dubey[$]**				
	At the time of his appointment as Company Secretary -February 10, 2018	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	At the End of the year-December 31, 2018			**0**	**0.00**

* During the year ended December 31, 2018, Scheme of Amalgamation of GM Solutions Pvt. Ltd. ("GM Solutions") and R Systems International Ltd. ("R Systems") and their respective Shareholders and Creditors ("Scheme") has been approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018. Pursuant to said Scheme, the Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 to the shareholders of GM Solutions in proportion to their respective shareholding in GM Solutions and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions Private Limited upon aforesaid allotment.

Purchase from Stock Exchange.

[$] Mr. Ashish Thakur ceassed as Company Secretary & Compliance Officer w.e.f. February 10, 2018 and Mr. Bhasker Dubey was appointed as Company Secretary & Compliance Officer w.e.f. February 10, 2018.

V. INDEBTEDNESS

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

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans#	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year-January 01, 2018				
i) Principal Amount	9,565,842	10,784,034	0	20,349,876
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	65,956	0	0	65,956
Total (i+ii+iii)	**9,631,798**	**10,784,034**	**0**	**20,415,832**
Change in Indebtedness during the financial year				
Addition	4,647,000	0	0	4,647,000
Reduction	4,849,117	175,650	0	5,024,767
Net Change	**(202,117)**	**(175,650)**	**0**	**(377,767)**
Indebtedness at the end of the financial year -December 31, 2018				
i) Principal Amount	9,363,725	10,608,384	0	19,972,109
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	68,395	0	0	68,395
Total (i+ii+iii)	**9,432,120**	**10,608,384**	**0**	**20,040,504**

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Satinder Singh Rekhi (MD)	Lt. Gen. Baldev Singh (Retd.) (WTD)	Mr. Avirag Jain (WTD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,319,250	3,857,122	4,700,135	37,876,507
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0	278,775	32,400	311,175
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission -				
	as % of profit	10,418,323	0		10,418,323
	Others (Specify)	0	3,361,200 $	2,860,000 *	6,221,200
5	Others (Specify)	0	0	0	0
	Total (A)	**39,737,573**	**7,497,097**	**7,592,535**	**54,827,205**
	Ceiling as per the Act (10% of Net Profit)	40,266,000#	22,912,107	22,912,107	

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

* Incentive is based on fixed percentage of qualifying revenue.

The remuneration paid during the year ended December 31, 2018 to Mr. Satinder Singh Rekhi, Managing Director of the Company, has been approved by the Central Government.

B. *Remuneration to other Directors:*

i. *Independent Directors* (Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			
		Mrs. Ruchica Gupta	Mr. Kapil Dhameja	Mr. Aditya Wadhwa	Total Amount
1	Fee for attending board / committee meetings	275,000	225,000	250,000	750,000
2	Commission	0	0	0	0
3	Others, please specify	0	0	0	0
	Total(1)	**275,000**	**225,000**	**250,000**	**750,000**

ii. *Other Non-Executive Directors*

1	Fee for attending board / committee meetings	0	0	0	0
2	Commission	0	0	0	0
3	Others, please specify	0	0	0	0
	Total(2)	0	0	0	0
	Total B (1+2)	**275,000**	**225,000**	**250,000**	**750,000**
	Total Managerial Remuneration (A+B)				**55,577,205**
	Ceiling as per the Act (11% of Net Profit)				50, 501, 662

Note:

1 In terms of Section 197(2), (5) of the Companies Act, 2013, sitting fees for attending Board/Committee Meeting(s) amounting to Rs. 750,000/- does not form part of overall managerial remuneration.

2 Except sitting fees, no other remuneration was paid to Non- Executive Independent Directors of the Company.

3 The Shareholders had accorded their respective approvals via Special Resolution for payment of Remuneration to the Executive Directors.

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Nand Sardana (CFO)	Mr. Ashish Thakur (CS)$	Mr. Bhasker Dubey (CS)$	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,550,088	131,646	1,019,382	6,701,116
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	24,300	0	0	24,300
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	0	0	0	0
2	Stock Option*	1,398,472	0	0	1,398,472
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	as % of profit	0	0	0	0
	others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	**6,972,860**	**131,646**	**1,019,382**	**8,123,888**

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

$ Mr. Ashish Thakur ceassed as Company Secretary & Compliance Officer w.e.f. February 10, 2018 and Mr. Bhasker Dubey was appointed as Company Secretary & Compliance Officer w.e.f. February 10, 2018.

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board
For R Systems International Limited

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

Place : Singapore
Date : May 02, 2019

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

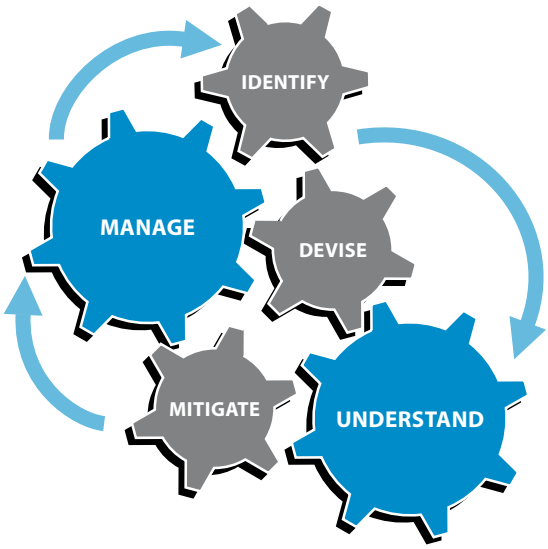
Place : NOIDA (U.P.)
Date : May 02, 2019

RISK MANAGEMENT REPORT

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

OVERVIEW

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



ENTERPRISE RISK MANAGEMENT STRUCTURE

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

RISK MANAGEMENT AT R SYSTEMS

1. Customer Concentration

R Systems revenues are dependent to a considerable extent upon relationships with a limited number of customers and retaining those customers. The percentage of total consolidated revenues during fiscal year 2018 and 2017 that R Systems derived from contracts with its top line customers is as follows:

Customer	Year Ended	
	December 31, 2018 (%)	December 31, 2017 (%)
Top 10	35.30	34.04
Top 5	23.48	22.15
Top 3	16.06	15.51
The Largest Customer	6.20	5.99

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

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

2. Geographical Concentration

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

Revenues by Geographies	Year Ended	
	December 31, 2018 (%)	December 31, 2017 (%)
U.S.A.	58.44	56.12
Europe	17.94	19.42
SEAC	18.87	20.21
India	1.64	1.74
Others	3.11	2.51
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 iPLM & PSuite with best practices, tools and methodologies for flawless execution;
- Investment in processes, talent and methodologies;
- Strong customer franchise consisting of large and mid-sized corporations;
- Strong financial position;
- Proven global delivery model;
- Our vertical focus for services and solutions;
- Industry best human resource practices to attract, develop, deploy and retain talent.

5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer perception, give rise to litigation and reduce our customer base, thereby negatively affecting R Systems revenues and profit margins. The contracts entered into by R Systems typically hold us solely responsible for maintaining satisfactory standards of personnel competency, conduct and integrity and for taking required disciplinary action.

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

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

During the year 2018, IT & BPO Division has been re-certified with ISO 27001:2013 standard In Addition, for BPO division, R System has got SOC2 Type 2 Reporting for one of the major healthcare clients. HIPAA also has been implemented and tested with zero non-compliance in one of the major clients in Healthcare Domain. The BPO division has migrated their QMS into ISO 9001:2015 version from the existing ISO 9001:2008 version. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope has got PCI DSS Certification on latest version V3.2.1.

As of the date of this report, Noida IT center is CMMI level 5 (Ver.1.3), PCMM Level 5, ISO 9001: 2015, ISO 27001: 2013 certified. Noida BPO center is PCMM Level 5, ISO 27001: 2013 certified and also for specific client(s) it is SOC2 Type 2, HIPAA compliant and PCI-DSS (ver.3.2.1) certified for (IT Infrastructure along with the projects/ process/ applications in scope). The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

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

6. Talent Acquisition & Retention

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

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

7. Key Managerial Role & Succession Planning

Succession planning is one of the most critical functions of an organization. This is the process that identifies the critical and core roles of an organization and identifies and assesses the suitable candidates for the same. The process ramps up potential candidates with appropriate skills and experiences in an effort to train them to handle future responsibilities in

their respective roles. Succession planning is applicable for all critical roles in any organization. The upper management of each practice or department is responsible for coming up with a suitable succession plan for each core position under his or her department.

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

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

8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of new products. R Systems makes investments in R&D with a view to keep pace with the latest developments in the technology space. Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

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

9. Acquisitions

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

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

10. Credit Risk

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

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

11. Foreign Currency Rate Fluctuations

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

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

12. Inflation and Cost Structure

R Systems' cost structure consists of salary and other compensation expenses, overseas travel, and other general selling and administrative costs. Rapid economic development

in India and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT & ITES services industry. This is compounded by the fact that overseas competitors may treat their India strategy as a cost centre and develop the same regardless of the cost incurred and its impact on their profitability.

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

13. Intellectual Property Rights

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

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

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

PSuite Framework

PRODUCTS FOREMOST

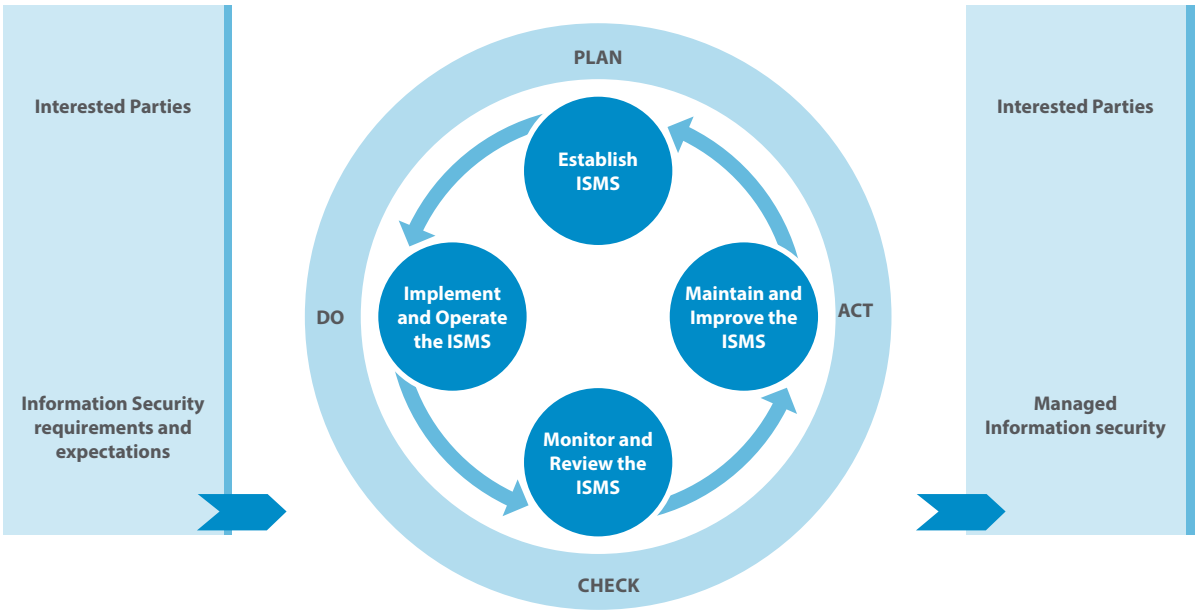
IPLM

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

14. Information Security Management

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

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



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

15. Contractual Risk

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

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

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

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

16. Execution Risk

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

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

17. Directors' and Officers' Liability Risks

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

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

18. Statutory Compliance

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

INITIATIVES: R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business activities and to ensure that R Systems is not in violation of the laws applicable. R Systems has a compliance management system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

19. Visa Regulations/ Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions for example, any major change in immigration policy of USA may put the challenge to

Indian IT Companies. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, R Systems may not be able to get a sufficient number of visas for employees or may encounter delays or additional costs all of which may affect profitability.

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

20. Political Risk

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

FINANCIAL STATEMENTS (STANDALONE)

INDEPENDENT AUDITOR'S REPORT

To The Members of R SYSTEMS INTERNATIONAL LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **R SYSTEMS INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at December 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the transition date opening balance sheet as at January 01, 2017 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended December 31, 2016 dated February 10, 2017 expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

The comparative financial information of the Company for the year ended December 31, 2017 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the standalone Ind AS financial statements is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on December 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)

Place : Noida
Date : February 08, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **R SYSTEMS INTERNATIONAL LIMITED** ("the Company") as of December 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)

Place : Noida
Date : February 08, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made. The Company has not granted any loans, given guarantees or provided any security under Section 185 and 186 of the Companies Act, 2013.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the services rendered by the Company.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Service Tax, Customs Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities and there were no undisputed amounts payable in respect of these dues outstanding as at December 31, 2018 for a period of more than six months from the date they became payable.

(b) Details of dues of Income-Tax and Value Added tax which have not been deposited as on December 31, 2018 on account of disputes are given below:

Nature of Statute	Nature of Dues	Amount* (Rs. in Millions)	Amount Unpaid (Rs. in Millions)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax demand	9.45	Nil	A/Y 2008-09	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income Tax demand	1.73	Nil	A/Y 2009-10	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income Tax demand	0.16	Nil	A/Y 2010-11	Income Tax Appellate Tribunal, New Delhi
UP VAT Act, 2008	Entry Tax demand	0.11	Nil	F/Y 2008-09	Additional Commissioner (Appeals), Noida

* amount as per demand orders including interest and penalty wherever quantified in the order.

As per records maintained by the Company, there are no dues of Service Tax, Customs Duty and Goods and Service Tax which have not been deposited as on December 31, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loan or borrowing from Government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, the term loans were applied by the Company for the purpose for which those were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)

Place : Noida
Date : February 08, 2019

STANDALONE BALANCE SHEET AS AT DECEMBER 31, 2018

(Rs. in million)

	Notes	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
ASSETS				
A. Non-current assets				
(a) Property, plant and equipment	3 (a)	248.27	258.45	246.39
(b) Capital work in progress	3 (b)	15.73	-	26.29
(c) Investment property	3 (c)	23.31	24.78	26.25
(d) Intangible assets	3 (d)	1.69	4.44	5.42
(e) Financial assets				
(i) Investments	4	995.39	1,029.80	1,100.64
(ii) Other financial assets	5	65.59	58.06	64.39
(f) Deferred tax assets (net)	24	56.90	58.42	43.67
(g) Non-current tax assets (net)		24.54	22.51	28.96
(h) Other non-current assets	6	47.96	12.44	30.76
Total non-current assets (A)		**1,479.38**	**1,468.90**	**1,572.77**
B. Current assets				
(a) Financial assets				
(i) Investments	4	199.50	136.88	87.57
(ii) Trade receivables	7	621.13	569.19	500.77
(iii) Cash and cash equivalents	8a	300.19	348.68	406.60
(iv) Other bank balances	8b	175.05	391.64	14.58
(v) Other financial assets	9	494.85	96.33	106.39
(b) Other current assets	10	99.72	75.51	58.43
Total current assets (B)		**1,890.44**	**1,618.23**	**1,174.34**
Total assets (A+B)		**3,369.82**	**3,087.13**	**2,747.11**
EQUITY AND LIABILITIES				
A. Equity				
(a) Equity share capital	11	123.25	123.21	123.13
(b) Other equity	12	2,572.28	2,346.31	2,106.64
Total equity (A)		**2,695.53**	**2,469.52**	**2,229.77**
Liabilities				
B. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	15.91	15.85	19.15
(ii) Other financial liabilities	14	2.96	2.23	9.59
(b) Provisions	15	109.60	91.18	89.42
Total non-current liabilities (B)		**128.47**	**109.26**	**118.16**
C. Current liabilities				
(a) Financial liabilities				
(i) Trade payables				
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		46.73	43.32	47.77
(ii) Other financial liabilities	16	150.49	136.89	145.92
(b) Provisions	17	85.69	86.23	78.09
(c) Current tax liability (net)		18.35	36.19	42.56
(d) Other current liabilities	18	244.56	205.72	84.84
Total current liabilities (C)		**545.82**	**508.35**	**399.18**
Total liabilities (B+C)		**674.29**	**617.61**	**517.34**
Total equity and liabilities (A+B+C)		**3,369.82**	**3,087.13**	**2,747.11**
Summary of significant accounting policies	2			
See accompanying notes to the standalone financial statements	1-37			

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 08, 2019

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Singapore
Date : February 08, 2019

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 08, 2019

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 08, 2019

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 08, 2019

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

	Notes	Year ended December 31, 2018	Year ended December 31, 2017
A Income			
(i) Revenue from operations		3,172.13	2,637.53
(ii) Other income	19	87.28	136.76
Total income		**3,259.41**	**2,774.29**
B Expenses			
(i) Employee benefits expense	20	2,169.18	1,868.36
(ii) Finance costs	21	2.32	3.65
(iii) Depreciation and amortisation expense	22	73.01	73.74
(iv) Other expenses	23	609.46	486.05
Total expenses		**2,853.97**	**2,431.80**
C Profit before tax (A-B)		**405.44**	**342.49**
D Tax expense	24		
(i) Current tax		99.35	133.41
(ii) MAT credit entitlement		-	(5.84)
(iii) Deferred tax charge / (credit)		(4.05)	(13.16)
Total tax expense / (benefit)		**95.30**	**114.41**
E Profit after tax for the year (C-D)		**310.14**	**228.08**
F Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Re-measurement gain / (loss) on defined benefit plans		(0.77)	12.29
Tax relating to re-measurement of the defined benefit plans		0.27	(4.25)
Total other comprehensive income		**(0.50)**	**8.04**
G Total comprehensive income for the year (E+F)		**309.64**	**236.12**
H Earnings per share (EPS)	25		
[Nominal value of shares Re. 1/- each (Previous year Re. 1/- each)]			
Basic		2.52	1.85
Diluted		2.52	1.85
See accompanying notes to the standalone financial statements	1-37		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 08, 2019

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Singapore
Date : February 08, 2019

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 08, 2019

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 08, 2019

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 08, 2019

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

A. Equity share capital

(Rs. in million)

Balance at January 01, 2017	123.13
Changes in equity share capital during the period (refer to Note 11)	0.08
Balance at December 31, 2017	**123.21**
Balance at January 01, 2018	123.21
Issue of shares pursuant to merger of GM Solutions Private Limited (refer to Note 35)	29.75
Cancellation of shares pursuant to merger of GM Solutions Private Limited (refer to Note 35)	(29.75)
Changes in equity share capital during the period (refer to Note 11)	0.04
Balance at December 31, 2018	**123.25**

Notes:

(1) Equity share capital is net of Rs. 0.74 million (December 31, 2017 : Rs. 0.74 million; January 01, 2017 : Rs. 0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. (See also Note 11)

B. Other equity (see also Note 12)

(Rs. in million)

Particulars	Reserves and Surplus				Other comprehensive Income	Total other equity
	Securities premium account	Stock options outstanding	General Reserve	Retained earnings	Re-measurement of defined benefit plans	
Balance at January 01, 2017	**273.17**	**2.62**	**158.73**	**1,672.12**	**-**	**2,106.64**
Net profit after tax for the year				228.08		228.08
ESOP provision for the year		2.64				2.64
Share issued against ESOP	2.78	(1.87)				0.91
Other comprehensive income for the year					8.04	8.04
Balance at December 31, 2017	**275.95**	**3.39**	**158.73**	**1,900.20**	**8.04**	**2,346.31**
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 period				310.14		310.14
Share issued against ESOP	2.29	(1.87)				0.42
Dividend paid (including CDT)				(85.49)		(85.49)
ESOP provision for the period		1.40				1.40
Other comprehensive income for the period					(0.50)	(0.50)
Balance at December 31, 2018	**278.24**	**2.92**	**158.73**	**2,124.85**	**7.54**	**2,572.28**

Notes:

(1) Interim dividend of Re. 0.60 per equity share of Re. 1 each has been paid during the year ended December 31, 2018. The shareholders' assent for the interim dividend will be taken in forthcoming Annual General Meeting.

(2) Securities premium account is net of Rs. 2.28 million (December 31, 2017 : Rs. 2.28 million; January 01, 2017 : Rs. 2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. (See also Note 11)

See accompanying notes to the standalone financial statements 1-37

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 08, 2019

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Singapore
Date : February 08, 2019

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 08, 2019

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 08, 2019

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 08, 2019

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

		Year ended December 31, 2018	Year ended December 31, 2017
A.	**Cash flows from operating activities**		
	Net profit after tax	310.14	228.08
	Adjustments for:		
	Tax expense	95.30	114.41
	Depreciation and amortisation expense	73.01	73.74
	Provision for doubtful debts (net)	15.70	6.69
	Employee share based payments expense	1.40	2.64
	Unrealised foreign exchange loss / (gain)	7.67	1.79
	Unrealised loss / (gain) on derivative instruments	(6.26)	10.09
	Interest income	(57.81)	(60.52)
	Rental income from investment property	(6.78)	(6.85)
	Net gain arising on financial assets measured at FVTPL	(10.20)	(1.31)
	Profit on sale / discarding of property, plant and equipment (net)	(0.01)	(0.32)
	Liability no longer required written back	-	(2.53)
	Interest under income tax	-	0.79
	Interest expenses	2.32	2.86
	Operating profit before working capital changes	**424.48**	**369.56**
	Movements in working capital:		
	(Increase) / Decrease in trade receivables	(74.09)	(75.93)
	(Increase) / Decrease in other assets	(77.79)	(3.17)
	Increase / (Decrease) in trade payable and other liabilities	53.57	114.58
	Increase / (Decrease) in provisions	17.11	22.19
	Cash generated from operations	**343.28**	**427.23**
	Direct taxes paid, net of refunds	(113.37)	(134.13)
	Interest on income-tax refund	-	6.11
	Net cash from / (used in) operating activities (A)	**229.91**	**299.21**
B.	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(113.93)	(53.10)
	Purchase of intangible assets	(0.57)	(6.67)
	Proceeds from sale of property, plant and equipment	1.37	2.78
	Proceeds from redemption of debentures	175.12	87.57
	Investment in mutual fund	(140.00)	(48.00)
	Investment in subsidiary	(53.14)	(16.73)
	Investment in fixed deposits with scheduled banks (net)	(126.97)	(378.27)
	Interest received	60.80	55.05
	Rental income from investment property	6.56	6.40
	Net cash from / (used in) investing activities (B)	**(190.76)**	**(350.97)**

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

		Year ended December 31, 2018	Year ended December 31, 2017
C.	**Cash flows used in financing activities**		
	Proceeds from long-term borrowings	4.65	1.72
	Repayment of long-term borrowings - current maturities	(5.02)	(5.69)
	Proceeds from other non-current assets	(0.05)	0.06
	Proceeds from issuance of equity shares	0.45	1.00
	Interest paid	(2.07)	(2.39)
	Dividends paid (including CDT)	(85.49)	-
	Net cash from / (used in) financing activities (C)	**(87.53)**	**(5.30)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(48.38)**	**(57.06)**
	Add: Cash and cash equivalents at the beginning of the year	348.68	406.60
	Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.11)	(0.86)
	Cash and cash equivalents at the end of the year (refer note 8a)	**300.19**	**348.68**

Notes:

(1) Figures in brackets indicate cash outflow.

See accompanying notes to the standalone financial statements 1-37

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 08, 2019

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Singapore
Date : February 08, 2019

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 08, 2019

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 08, 2019

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 08, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. Nature of operations

. R Systems International Limited (the 'Company') is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company's primary focus is to provide IT services and solutions, software engineering services, technical support, customer care and other IT enabled services under the umbrella of Knowledge Services. The Company's services and solutions span over seven major business verticals i.e. Telecom, Media & Entertainment, Retail & E-commerce, Banking & Finance, Manufacturing & Logistics, Technology, and Healthcare & Life Sciences.

2. Significant Accounting Policies

(a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first Ind AS financial statements. The date of transition is January 1, 2017. Previous year's numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India ("Previous GAAP") to Ind AS of Shareholders' equity as at December 31, 2017 and January 1, 2017 and of the comprehensive net income and cash flows for the year ended December 31, 2017 (refer to Note 36).

(b) Functional and presentation currency

These financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

(c) Basis of preparation and presentation

The financial statements of the Company have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

Level 3 inputs are unobservable inputs for the asset or liability.

(d) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

When part of an item of property plant and equipment has different useful lives, they are accounted for as separate items (major component) of property plant and equipment. Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

e) Depreciation

Depreciation is calculated on cost of items of Property, Plant and Equipment less their estimated residual values using the straight line method ('SLM') over the useful lives of the assets estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Category	Useful life
Buildings	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installation	10 years
Assets taken on finance lease	Lower of lease period or useful life

(f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

A summary of amortisation policies applied to the company's intangible assets are as below:

Category	useful life
Computer software	Lower of license period or 3 years

(g) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(h) Government grants

The Company enjoys exemption from payment of duty on import of goods subject to certain performance conditions being fulfilled by the Company. Such exemption is considered as a government grant. Grants from the government are recognised when there is reasonable assurance that the Company will comply with those conditions. The carrying amount of an item of property, plant and equipment is reduced by government grants i.e. the asset is accounted for on the basis of its net acquisition cost. The grant is recognised in profit or loss over the life of a depreciable asset in the form of reduced depreciation expense.

(i) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are

added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

(iii) Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a

recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

(iv) Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

(i) For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

(ii) Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

(iii) For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(k) Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as:

- Financial liabilities at amortized cost
- Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements is recognized as finance costs in the statement of profit and loss.
- Financial liabilities at fair value through profit or loss (FVTPL)

  Financial liabilities at FVTPL represented by

contingent consideration are measured at fair value with all change recognised in the statement of profit and loss.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

The Company also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial lability 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 amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii. Non-financial assets

The carrying amounts of Property, Plant and Equipment are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(m) Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(n) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(o) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company is a lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

Where the Company is a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land or building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

(p) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

(i) Income from software services

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

(iii) Dividend

Dividend income is recognized when the Company's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(q) Foreign currency transactions and balances

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non- monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the year in which they arise.

(r) Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

(i) The Company's contribution to provident fund, employee state insurance scheme and other social security plans are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees

(ii) Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the re-measurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Re-measurements are not reclassified to profit and loss subsequently.

(iii) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

The Company presents the entire Compensated absences liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(s) Employee stock compensation expenses

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(t) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the

tax holiday period is recognized in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(u) Segment reporting

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Each segment item reported is measured at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Inter segment transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

(v) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by R Systems Employee Welfare Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(w) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(x) Contingent liabilities

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

(y) Business combinations

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

(z) Cash and cash equivalents

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

(aa) Use of estimates and judgement

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

i. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Company's major tax jurisdictions is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

The Company reviews carrying amount of deferred tax assets at the end of each reporting period.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Impairment of investments

The Company reviews its carrying value of investments at each Balance Sheet date, or more frequently when there is an indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

New standards and interpretations not yet adopted

a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

b. Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

3 (a). Property, plant and equipment

(Rs. in million)

Particulars	Leasehold land[1]	Buildings and leasehold improvements[1]	Plant and equipment	Electric Installation	Furniture and fittings[2]	Computers	Vehicles[3]	Office equipment	Total
At cost									
Gross Block									
As at January 01, 2017	14.58	85.74	41.30	18.09	88.33	275.96	48.21	31.89	604.10
Additions	-	0.03	19.68	1.66	0.74	51.30	2.75	2.98	79.14
Deletions	-	-	(5.89)	-	-	(9.27)	(4.16)	(0.97)	(20.29)
As at December 31, 2017	**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**
Accumulated Depreciation									
As at January 01, 2017	2.93	21.21	24.46	16.41	69.06	186.78	14.80	22.06	357.71
Charge for the year	0.22	3.77	4.30	1.05	4.07	41.59	5.73	3.89	64.62
Deletions	-	-	(5.38)	-	-	(9.27)	(2.23)	(0.95)	(17.83)
As at December 31, 2017	**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**
Net block									
As at January 01, 2017	**11.65**	**64.53**	**16.84**	**1.68**	**19.27**	**89.18**	**33.41**	**9.83**	**246.39**
As at December 31, 2017	**11.43**	**60.79**	**31.71**	**2.29**	**15.94**	**98.89**	**28.50**	**8.90**	**258.45**
As at December 31, 2018	**11.26**	**57.01**	**27.61**	**1.79**	**15.91**	**95.61**	**30.23**	**8.85**	**248.27**

(1) Land and building acquired during year 1998 under a composite lease amounting to Rs. 21.16 million has been allocated based on relative fair values on the date of acquisition.

(2) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2018 Rs. 11.00 million (December 31, 2017 Rs. 11.00 million; January 01, 2017 Rs. 11.00 million), Depreciation charge for the year Rs. 1.10 million (previous year Rs. 1.10 million), Accumulated depreciation as at December 31, 2018 Rs. 2.24 million (December 31, 2017 Rs. 1.14 million; January 01, 2017 Rs. 0.05 million) and Net book value as at December 31, 2018 Rs. 8.76 million (December 31, 2017 Rs. 9.86 million; January 01, 2017 Rs. 10.95 million).

(3) Vehicles amounting to Rs. 20.95 million (as at December 31, 2017 : Rs. 23.77 million; as at January 01, 2017 : Rs. 27.74 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.

(4) Refer to Note 31 for capital commitment, Note 32(a) for finance lease obligation and Note 8(c) for assets pledged as security for liabilities.

3 (b). Capital work in progress

(Rs. in million)

	Amount
As at January 01, 2017	26.29
As at December 31, 2017	-
As at December 31, 2018	15.73

3(c). Investment property

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Cost of land and building given on operating lease			
Balance at beginning of the year	35.96	35.96	35.96
Additions	-	-	-
Balance at the end of year	**35.96**	**35.96**	**35.96**
Accumulated depreciation			
Balance at beginning of the year	11.18	9.71	9.71
Additions	1.47	1.47	-
Balance at the end of year	**12.65**	**11.18**	**9.71**
Net value	**23.31**	**24.78**	**26.25**

Measurement of fair values

Investment property consists of land and building situated at Pune, India and is accounted for at cost. The Company has estimated that the fair value of investment property as at December 31, 2018 was Rs. 95.50 million. The fair value has been determined based on current prices in an active market for similar properties. The fair value measurement for the investment property has been categorised as a Level 2.

3(d). Intangible assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Software (at cost)			
Gross Block			
Balance at beginning of the year	134.88	128.21	128.21
Additions	0.57	6.67	-
Deletions	(0.12)	-	-
Balance at the end of year	**135.33**	**134.88**	**128.21**
Accumulated amortisation			
Balance at beginning of the year	130.44	122.79	122.79
Charge for the year	3.32	7.65	-
Deletions	(0.12)	-	-
Balance at the end of year	**133.64**	**130.44**	**122.79**
Net value	**1.69**	**4.44**	**5.42**

4. Investments

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
A. Non-current investment			
Unquoted investments (fully paid), measured at FVTPL			
Investment in Saraswat Co-operative Bank Ltd 2,500 (December 31, 2017: 2,500; January 01, 2017: 2,500) shares of Rs. 10 each fully paid up	0.03	0.03	0.03
Total Investment measured at FVTPL	**0.03**	**0.03**	**0.03**
Unquoted investment (fully paid), measured at amortised cost			
Debentures in Indus Software Technologies Private Limited	-	87.55	175.12
Total investment measured at amortised cost	**-**	**87.55**	**175.12**
Investment in subsidiaries, measured at cost			
(i) Investment in R Systems, Inc., USA 2,150 (December 31, 2017: 2,150; January 01, 2017: 2,150) shares of "no par" value	281.17	281.17	281.17
(ii) Investment in R Systems (Singapore) Pte. Ltd., Singapore 5,780,786 (December 31, 2017: 5,780,786; January 01, 2017: 5,570,925) ordinary shares of "no par" value	274.56	274.56	257.83

4. Investments (Contd.)

(Rs. in million)

Particulars	As at December 31, 2018		As at December 31, 2017		As at January 01, 2017	
(iii) Investment in R Systems Technologies Limited, USA						
243,750 (December 31, 2017: 243,750; January 01, 2017: 243,750) common stock of US$1 each fully paid up	10.79		10.79		10.79	
Less: Provision for diminution in the value of investment	(10.78)	0.01	(10.78)	0.01	(10.78)	0.01
(iv) Investment in ECnet Limited, Singapore						
63,891,260 (December 31, 2017: 63,891,260; January 01, 2017: 63,891,260) ordinary shares of "no par" value	36.34		36.34		36.34	
Less: Provision for diminution in the value of investment	(5.53)	30.81	(5.53)	30.81	(5.53)	30.81
(v) Investment in Computaris International Limited, UK						
66,500 (December 31, 2017: 66,500; January 01, 2017: 66,500) ordinary shares of GBP 0.01 each fully paid up		350.63		350.63		350.63
(vi) Investment in RSYS Technologies Limited, Canada (refer to note below)						
200 (December 31, 2017: 200; January 01, 2017: 200) Class A common shares of CAD 1 each fully paid up						
25 (December 31, 2017: 25; January 01, 2017: 25) Class B preferred shares of CAD 3,992 each fully paid up						
250 (December 31, 2017: Nil; January 01, 2017: Nil) Class B preferred shares of CAD 4,000 each fully paid up		58.18		5.04		5.04
Total investment measured at cost		**995.36**		**942.22**		**925.49**
Aggregate carrying value of Non-current unquoted investments		**995.39**		**1,029.80**		**1,100.64**
Provision for investments		**16.31**		**16.31**		**16.31**
Note:						
During the year, the Company has made additional investment of CAD 1 million in RSYS Technologies Limited, Canada.						
B. Current Investment						
Quoted investment in mutual funds, measured at FVTPL						
18,376 (December 31, 2017: 9,237; January 01, 2017: Nil) units of SBI Premier Liquid Fund		52.64		24.66		-
14,627 (December 31, 2017: 7,349; January 01, 2017: Nil) units of HDFC Liquid Fund		52.63		24.65		-
115,669 (December 31, 2017: Nil; January 01, 2017: Nil) units of ICICI Prudential Liquid Fund		31.41		-		-
106,472 (December 31, 2017: Nil; January 01, 2017: Nil) units of Aditya Birla Sunlife Liquid Fund		31.41		-		-
15,428 (December 31, 2017: Nil; January 01, 2017: Nil) units of Axis Liquid Fund		31.41		-		-
Total investment in Mutual funds		**199.50**		**49.31**		**-**
Unquoted investment (fully paid), measured at amortised cost						
Debentures in Indus Software Technologies Private Limited		-		87.57		87.57
Total investment measured at amortised cost		**-**		**87.57**		**87.57**
Total quoted investment		**199.50**		**49.31**		**-**
Total unquoted investment		**-**		**87.57**		**87.57**
Total current investment (quoted + unquoted)		**199.50**		**136.88**		**87.57**

5. Other non-current financial assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Unsecured, considered good			
Security deposits	18.53	10.78	11.08
Margin money deposits (refer to Note 8b)	45.20	44.96	48.17
Interest accrued on fixed deposits	1.57	1.64	5.12
Staff advance	0.29	0.68	0.02
	65.59	**58.06**	**64.39**

6. Other non-current assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Unsecured, considered good			
Capital advances	40.64	0.03	10.29
Prepaid expenses	7.32	12.41	20.47
	47.96	**12.44**	**30.76**

7. Trade receivables (Unsecured)

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Considered good	621.13	569.19	500.77
Credit impaired	18.19	6.77	0.95
Less: Allowance for doubtful debts (expected credit loss allowance)	(18.19)	(6.77)	(0.95)
	621.13	569.19	500.77

See also Note 30 for related party balances.

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date.

Ageing	Expected credit loss *
Not due	0.01%
0-90 days	0.02%
90-180 days	0.15%
180-365 days	0.46%
More than 365 days	2.00%

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

(Rs. in million)

Movement in expected credit loss allowance	Year ended December 31, 2018	Year ended December 31, 2017
Balance at the beginning of the year	6.77	0.95
Provision for doubtful debts (net)	15.70	6.69
Bad debts written off	(5.75)	(0.71)
Effect of foreign exchange fluctuation	1.47	(0.16)
Balance at the end of the year	**18.19**	**6.77**

8a. Cash and cash equivalents

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(a) Cash on hand	0.45	0.12	0.17
(b) Balances with scheduled banks			
(i) in current accounts	16.91	39.66	24.03
(ii) in EEFC accounts	64.64	99.32	95.30
(iii) Deposit accounts with original maturity of less than 3 months	142.40	189.71	237.97
(c) Balances with other banks			
(i) in current accounts	75.79	19.87	49.13
Cash and cash equivalents	**300.19**	**348.68**	**406.60**

8b. Other bank balances

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(a) In other deposit accounts			
(i) original maturity more than 12 months	352.10	8.26	7.20
(ii) original maturity more than 3 months but less than 12 months	172.10	389.21	12.00
(iii) held as margin money	45.20	44.96	48.17
Deposits with banks carried at amortised costs	**569.40**	**442.43**	**67.37**
Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9	(352.10)	(8.26)	(7.20)
Less: Margin money deposit disclosed under Note 5	(45.20)	(44.96)	(48.17)
	172.10	**389.21**	**12.00**
(b) Balances with scheduled banks			
(i) in unclaimed dividend accounts	2.95	2.43	2.58
Total - Other bank balances	**175.05**	**391.64**	**14.58**

Note: For details of bank wise balances, see Note 8c.

8c. Cash and bank balances

(Rs. in million)

S. No.	Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
A	**Cash on Hand**	0.45	0.12	0.17
	Balances with scheduled banks			
B	**In current accounts**			
1	ICICI Bank Limited	4.99	7.85	3.71
2	HDFC Bank Limited	2.60	3.88	1.71
3	Oriental Bank of Commerce	3.16	5.22	7.45
4	State Bank of India	0.76	1.13	2.12
5	Axis Bank Limited	5.26	20.40	8.24
6	Bank of Baroda - NZD	-	0.37	0.49
7	Kotak Mahindra Bank Limited	0.14	0.81	0.31
		16.91	**39.66**	**24.03**
C	**In cash credit / overdraft account***			
1	Axis Bank Limited	-	-	-
D	**In EEFC accounts**			
1	ICICI Bank Limited- USD	12.90	24.76	14.54
2	State Bank of India - USD #	-	0.00	0.00
3	Kotak Mahindra Bank Limited - USD @	-	0.00	10.57
4	Axis Bank Limited-USD	44.14	71.10	62.73
5	Axis Bank Limited-EURO	5.88	2.45	6.68
6	Axis Bank Limited-GBP	0.55	0.91	0.46
7	Axis Bank Limited-CAD	1.17	0.10	0.32
		64.64	**99.32**	**95.30**
E	**In deposit accounts**			
1	State Bank of India	24.21	24.06	34.40
2	ICICI Bank Limited	57.34	159.70	18.90
3	Axis Bank Limited	399.90	298.79	153.04
4	Kotak Mahindra Bank Limited	184.61	149.59	88.00
5	HDFC Bank Limited	45.74	-	11.00
		711.80	**632.14**	**305.34**
F	**In unclaimed dividend accounts**			
1	HDFC Bank Limited	2.68	2.32	2.47
2	Kotak Mahindra Bank Limited	0.27	0.11	0.11
		2.95	**2.43**	**2.58**
	Balance with other banks			
G	**In current accounts**			
1	California Bank & Trust, USA	75.79	19.87	49.13
		75.79	**19.87**	**49.13**
	Total cash and bank balances	**872.54**	**793.54**	**476.55**
	Cash and cash equivalents (See also Note 8a)	300.19	348.68	406.60
	Deposits with banks (See also Note 8b)	569.40	442.43	67.37
	Balance in unclaimed dividend accounts (See also Note 8b)	2.95	2.43	2.58
	Total cash and bank balances	**872.54**	**793.54**	**476.55**

* Cash credit limit / bank guarantee / loan equivalent risk / letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

\# State Bank of India – USD balance as on December 31, 2018 was Rs. Nil, as on December 31, 2017 was Rs. 319 and as on January 01, 2017 was Rs. 340.

@ Kotak Mahindra Bank Limited – USD balance as on December 31, 2018 was Rs. Nil, as on December 31, 2017 was Rs. 6.

9. Other current financial assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Staff advance	2.81	2.62	2.82
Recoverable from subsidiaries	1.04	10.48	1.90
Unbilled revenue	110.10	48.06	60.79
Security deposit	0.68	2.00	1.10
Bank deposits with original maturity of more than 12 months (refer to Note 8b)	352.10	8.26	7.20
Mark-to-market gain on derivative instruments (refer to Note 27)	22.59	16.33	26.42
Interest accrued			
Fixed deposits	5.02	5.07	0.90
Compulsorily redeemable debentures	-	3.20	4.97
Others	0.51	0.31	0.29
	494.85	**96.33**	**106.39**

10. Other current assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Balances with indirect tax authorities	24.62	18.60	21.88
Prepaid expenses	62.74	51.44	31.55
Advance to vendors	0.43	0.17	1.25
Tour and travel advance	11.93	5.30	3.75
	99.72	**75.51**	**58.43**

11. Equity share capital

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Authorised			
206,000,000 (December 31 2017: 200,000,000; January 01, 2017: 200,000,000) equity shares of Re. 1 each	**206.00**	**200.00**	**200.00**
Pursuant to Scheme of Amalgamation, the authorised share capital of R Systems International Limited stands increased by the authorised share capital of GM Solutions Private Limited. (refer to Note 35)			
Issued, subscribed and fully paid up			
123,990,425 (December 31 2017: 123,952,925; January 01, 2017: 123,870,425) equity shares of Re. 1 each	123.99	123.95	123.87
Less: Shares held by R Systems Employees Welfare Trust [refer to Note g(i) below]	0.74	0.74	0.74
	123.25	**123.21**	**123.13**

11. Equity share capital (Contd.)

Notes:

(a) Reconciliation of number of shares and amount of share capital outstanding at the beginning and at the closing of the year:

Particulars	Year ended December 31, 2018		Year ended December 31, 2017	
	Number	Amount (Rs. in million)	Number	Amount (Rs. in million)
At the beginning of the year	123,952,925	123.95	123,870,425	123.87
Shares issued pursuant to merger of GM Solutions Private Limited (refer to Note 35)	29,746,353	29.75	-	-
Shares extinguished pursuant to merger of GM Solutions Private Limited (refer to Note 35)	(29,746,353)	(29.75)	-	-
Issued during the year*	37,500	0.04	82,500	0.08
Outstanding at the closing of the year	**123,990,425**	**123.99**	**123,952,925**	**123.95**

*The Company has issued 37,500 (previous year 82,500) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

(b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

The Company does not have any holding / ultimate holding company.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Aggregate number of shares bought back	3,678,155	3,678,155	3,678,155
Shares issued pursuant to scheme of merger of GM Solutions Private Limited with the Company (refer to Note 35)	29,746,353	-	-

(e) The Board of Directors of the Company at its meeting held on January 15, 2019 has approved the buyback of upto 3,690,000 fully paid up equity shares of the Company of face value of Re. 1/- each from its existing shareholders as on record date (i.e. February 01, 2019) on a proportionate basis through Tender Offer route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 at a price of Rs. 65/- per equity share, payable in cash for a total amount not exceeding Rs. 239.85 million.

(f) Details of shareholders holding more than 5% shares in the Company (also refer to Note 35)

Name of shareholder	As at December 31 2018		As at December 31, 2017		As at January 01, 2017	
	No. of shares held	% of Holding	No. of shares held	% of Holding	No. of shares held	% of Holding
GM Solutions Private Limited	-	-	29,746,353	24.00	29,746,353	24.01
RightMatch Holdings Limited	9,076,218	7.32	9,076,218	7.32	9,076,218	7.33
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	12,150,731	9.80	12,150,731	9.81
Sartaj Singh Rekhi	19,800,619*	15.97	5,864,656	4.73	5,864,656	4.73
Ramneet Singh Rekhi	16,857,524*	13.60	4,958,983	4.00	4,958,983	4.00
Bhavook Tripathi #	44,662,112	36.02	43,861,539	35.39	44,330,059	35.79

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

* Including shares allotted pursuant to the Scheme of Amalgamation of GM Solutions Private Limited and R Systems International Limited. (See also Note 35)

Not having significant influence over the Company.

11. Equity share capital (Contd.)

(g) Shares reserved for issue under options

(i) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the Plan' or 'ESOP Plan 2001')

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3.38 million. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. The Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares, 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each, then issued 1:1 bonus share to each of the then existing shareholder and further sub-divided each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each. Consequently, the total number of shares issued are now 738,980 equity shares of Re. 1 each, which are treated as Treasury Shares.

The financial statement of the R Systems Trust have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the R Systems Trust functions as an extension of the Company. Therefore, an amount of Rs. 0.74 million and Rs. 2.28 million has been adjusted against issued, subscribed and paid-up capital and Securities Premium Account, respectively.

The movement in the options (in equivalent number of shares of the Company) held by the R Systems Trust during the year ended December 31, 2018 and the year ended December 31, 2017 is set out below:

	Year ended December 31, 2018	Year ended December 31, 2017
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
At the end		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

The Board of Directors at their meeting held on May 04, 2017 had approved a Scheme of Arrangement between the Company and its Shareholder and Creditors ("Scheme") for reduction of equity shares held by the R Systems Trust. The Scheme was filed on August 18, 2017 with the National Company Law Tribunal, New Delhi (Tribunal) for necessary directions.

The Board of Directors at its meeting held on December 21, 2018, decided not to implement the Scheme in its current form and considered to modify the current scheme in the light of certain management policies and changes that would have a bearing on the Scheme. The Tribunal has allowed the Company to withdraw the Scheme vide order dated January 03, 2019.

(ii) R Systems International Limited Employee Stock Option Scheme 2007 ('the Plan' or 'ESOP Plan 2007')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

11. Equity share capital (Contd.)

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2018 and year ended December 31, 2017 is set out below:

	Year ended December 31, 2018	Year ended December 31, 2017
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	112,500	195,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	1,925,000
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	(37,500)	(82,500)
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	-	(1,925,280)
At the end		
- Grants outstanding under the plan (Re. 1 per share)	75,000	112,500
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	-
Options vested during the year	37,500	37,500

For options exercised during the year 2018, the weighted average share price at the exercise date was Rs. 38.78 (Previous year Rs. 50.40).

The weighted average remaining contractual life for the stock options as at December 31, 2018 is 88 months (as at December 31, 2017 : 100 months; as at January 01, 2017: 13 months).

Fair value of share options

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	ESOP Plan 2001	ESOP Plan 2007	
	Options granted before 2001 *	Options granted during the year ended December 31, 2007#	Options granted during the year ended December 31, 2016
Stock option fair value using Black - Scholes option pricing	Nil	50.73	49.89
Exercise price	154.00	120.70	12.07
Expected volatility (in %)	0.5	44	55.32-55.83
Expected option life	2.5 years (being half of the maximum option life)	4 years i.e. 25% vesting at the end of each year from the date of grant	4 years i.e. 25% vesting at the end of each year from the date of grant
Exercise period	1 year from the date of grant	10 years from the date of grant	10 years from the date of grant
Dividend yield (in %)	15.00	0.86	1.32
Risk-free interest rate (in %)	11.30	7.00	7.84

* Originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, the Company had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai. The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

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

12. Other equity

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
a. Securities premium account Securities premium account is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.	278.24	275.95	273.17
b. 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.	2.92	3.39	2.62
c. General Reserve The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.	158.73	158.73	158.73
d. Retained earnings Retained earnings comprises the Company's undistributed earnings after taxes.	2,124.85	1,900.20	1,672.12
e. 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).	7.54	8.04	-
Total other Equity	**2,572.28**	**2,346.31**	**2,106.64**

Notes:

(1) Year-wise movement of the individual line items above is given in the Statement of Changes in Equity.

13. Non- current borrowings (at amortised cost)

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Term loans for motor vehicles from non banking financial corporation (secured)	9.36	9.58	13.45
Finance lease obligation (Unsecured)	10.61	10.78	10.88
	19.97	**20.36**	**24.33**
Less:			
Current maturities of term loans for motor vehicles (refer to Note 16)	3.86	4.33	5.02
Current maturities of finance lease obligation (refer to Note 16)	0.20	0.18	0.16
	15.91	**15.85**	**19.15**

Notes:

(1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 10.23% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.

(2) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

14. Other non-current financial liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Security Deposit	2.96	2.23	9.59
	2.96	**2.23**	**9.59**

15. Provisions

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Long-term provision for employee benefits			
- Gratuity	109.60	91.18	89.42
	109.60	**91.18**	**89.42**

Also refer to Note 20 for detailed disclosures

16. Other current financial liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Current maturity of term loan for motor vehicles (refer to Note 13)	3.86	4.33	5.02
Current maturity of finance lease obligation (refer to Note 13)	0.20	0.18	0.16
Payable to subsidiary company	16.36	14.17	16.83
Security deposits received	9.48	9.63	2.33
Investor education and protection fund (not due) - Unclaimed dividend	2.95	2.43	2.58
Employee benefits payable	112.15	102.51	104.75
Capital creditors	2.08	0.27	10.78
Other financial liabilities	3.41	3.37	3.47
	150.49	**136.89**	**145.92**

17. Provisions

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Short-term provision for employee benefits			
- Gratuity	4.80	3.59	2.54
- Compensated absences	80.89	82.64	75.55
	85.69	**86.23**	**78.09**

Also refer to Note 20 for detailed disclosures

18. Other current liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Statutory dues payable			
Tax deducted at source	14.22	10.31	10.81
PF payable	14.20	11.44	10.50
GST / service tax payable	3.35	2.20	1.43
Others	0.23	0.20	0.14
Unearned revenues	212.56	181.35	61.29
Rent received in advance	-	0.22	0.67
	244.56	**205.72**	**84.84**

19. Other income

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Interest income on		
- Bank deposit	49.76	36.53
- Debenture	7.67	17.50
- Financial instruments measured at amortised cost	0.38	0.38
- Other	-	6.11
Rental income from investment property	6.78	6.85
Foreign exchange fluctuation (net)	11.83	64.82
Profit on sale / discarding of property, plant and equipment (net)	0.01	0.32
Liability no longer required written back	-	2.53
Miscellaneous income	0.65	0.41
Net gain arising on financial assets measured at FVTPL	10.20	1.31
	87.28	**136.76**

20. Employee benefits expense

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Salaries, wages and bonus	1,991.49	1,724.27
Gratuity expenses	36.50	24.91
Contribution to provident and other funds	76.72	67.76
Employees' share based payments expense	1.40	2.64
Staff welfare expenses	63.07	48.78
	2,169.18	**1,868.36**

Gratuity

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 2 million (previous year Rs. 1 million).

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

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Service cost	29.50	18.87
Net interest cost	7.00	6.04
Net gratuity expense recognised in profit and loss	**36.50**	**24.91**
Re-measurement loss / (gain) recognised in OCI	**0.77**	**(12.29)**
Total Cost Recognised in Comprehensive Income	**37.27**	**12.62**

Details of defined benefit gratuity plan:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Defined benefit obligation	130.56	99.10	94.60
Fair value of plan assets	16.16	4.33	2.64
Net defined benefit obligation	**114.40**	**94.77**	**91.96**

20. Employee benefits expense (Contd.)

Changes in the defined benefit obligation are as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Opening defined benefit obligation	99.10	94.60
Service cost	29.50	18.87
Interest cost	7.33	6.22
Benefits paid	(6.38)	(9.51)
Actuarial (gains) / losses on obligation	1.01	(11.08)
Closing defined benefit obligation	**130.56**	**99.10**

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

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Opening fair value of plan assets	4.33	2.64
Expected return	0.33	0.18
Contributions by the employer	17.64	9.81
Benefits paid	(6.38)	(9.51)
Actuarial gains / (losses) on plan assets	0.24	1.21
Closing fair value of plan assets	**16.16**	**4.33**

Sensitivity Analysis

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

(Rs. in million)

Defined Benefit Obligation	As at December 31, 2018	As at December 31, 2017
Discount rate		
a. Discount rate - 100 basis points	140.74	111.60
b. Discount rate + 100 basis points	121.70	88.65
Salary increase rate		
a. Rate - 100 basis points	122.33	90.73
b. Rate + 100 basis points	139.21	107.82

Maturity Profile of Defined Benefit Obligation

(Rs. in million)

Expected Future Cash flows	As at December 31, 2018	As at December 31, 2017
Year 1	20.96	7.91
Year 2	15.24	5.59
Year 3	13.74	5.80
Year 4	12.07	6.00
Year 5	10.92	6.04
Year 6 to10	39.65	32.49

20. Employee benefits expense (Contd.)

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

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Investments with Life Insurance Corporation of India	100%	100%	100%

The principal assumptions used in determining gratuity are shown below:

(A) Financial Assumptions

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Discount rate	7.35%	7.70%	7.70%
Increment rate	First year 10%, thereafter 7%	First year 10%, thereafter 7%	First year 10%, thereafter 7%

(B) Demographic Assumptions

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	Below Age 30 yrs - 35% Age 30 to 34 Yrs - 22% Age 34 to 44 Yrs - 17% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%	Below Age 30 yrs - 15% Age 30 to 34 Yrs - 10% Age 34 to 44 Yrs - 5% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%	Below Age 30 yrs - 15% Age 30 to 34 Yrs - 10% Age 34 to 44 Yrs - 5% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%
Retirement age	60 Yrs	60 Yrs	60 Yrs

21. Finance costs

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense on borrowings	2.07	2.40
Interest expense on financial instruments measured at amortised cost	0.25	0.46
Interest under income tax	-	0.79
	2.32	**3.65**

22. Depreciation and amortisation expense

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Depreciation of property, plant and equipment	68.22	64.62
Amortisation of intangible assets	3.32	7.65
Depreciation on investment property	1.47	1.47
	73.01	**73.74**

23. Other expenses

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Power and fuel	40.53	40.80
Rent - premises	33.06	31.94
Repair and maintenance		
- Software	63.01	47.52
- Others	38.08	33.67
Commission	26.06	14.19
Travelling and conveyance	180.83	140.26
Communication costs	59.24	56.91
Legal and professional fees	78.42	54.64
Auditors' remuneration (refer detail below)	5.15	3.70
Provision for doubtful debts (net)	15.70	6.69
Contribution towards corporate social responsibility (refer detail below)	3.96	2.46
Miscellaneous expenses	65.42	53.27
	609.46	**486.05**

23. Other expenses (Contd.)

(i) Detail of auditors remuneration

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
As auditor:		
Audit fee		
- Statutory audit fee	2.12	1.38
- Quarterly audit / limited review fee	2.31	2.02
- Out-of-pocket expenses	0.28	0.26
In other capacity:		
- Certification	0.44	0.04
	5.15	**3.70**

(ii) Contribution towards corporate social responsibility

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Amount required to be spent by the Company during the year	9.19	10.55
Amount spend by the Company in accordance with its Corporate Social Responsibility Policy	3.96	2.46

24. Income tax

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Current income tax		
In respect of the current year	96.82	127.61
In respect of the prior periods	2.53	5.80
MAT credit entitlement	-	(5.84)
Deferred tax charge / (credit)	(4.05)	(13.16)
Income tax expense recognised in the statement of profit and loss	**95.30**	**114.41**
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	(0.27)	4.25
	95.03	**118.66**

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Profit before tax	405.44	342.49
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	141.68	118.53
Effect of:		
Income exempt from tax	(49.46)	(13.69)
Temporary differences reversing during the tax holiday period	(1.58)	(2.06)
Expenses that are not deductible in determining taxable profit	3.76	1.76
Different tax rates of branches operating in other tax jurisdictions	2.08	1.83
Tax pertaining to prior years	(2.53)	5.80
Others	1.35	2.24
Income tax expense recognised in the statement of profit and loss	**95.30**	**114.41**

24. Income tax (Contd.)

Deferred tax

Deferred tax assets / (liabilities) as at December 31, 2018 in relation to:

(Rs. in million)

Particulars	As at January 01, 2018	Recognised in profit and loss	Recognised in other comprehensive income	Others	As at December 31, 2018
Property, plant and equipment and intangible assets	(15.47)	(5.41)	-	-	(10.06)
Provision for doubtful debts	2.40	(2.44)	-	-	4.84
Provision for gratuity	32.80	(5.47)	(0.27)	-	38.54
Provision for compensated absence	28.60	0.33	-	-	28.27
Other employee benefits	4.70	(0.04)	-	-	4.74
Mark to market loss / (gain) on forward contracts	-	5.40	-	-	(5.40)
Net gain on fair value of mutual funds	(0.45)	3.58	-	-	(4.03)
MAT credit entitlement	5.84	-	-	(5.84)	-
Total	**58.42**	**(4.05)**	**(0.27)**	**(5.84)**	**56.90**

Deferred tax assets / (liabilities) as at December 31, 2017 in relation to:

(Rs. in million)

Particulars	As at January 01, 2017	Recognised in profit and loss	Recognised in other comprehensive income	Others	As at December 31, 2017
Property, plant and equipment and intangible assets	(19.32)	(3.85)	-	-	(15.47)
Provision for doubtful debts	0.31	(2.09)	-	-	2.40
Provision for gratuity	31.83	(5.22)	4.25	-	32.80
Provision for compensated absence	26.15	(2.45)	-	-	28.60
Other employee benefits	4.70	-	-	-	4.70
Net gain on fair value of mutual funds	-	0.45	-	-	(0.45)
MAT credit entitlement	-	(5.84)	-	-	5.84
Total	**43.67**	**(19.00)**	**4.25**	**-**	**58.42**

The Company has a unit at Greater Noida registered as Special Economic Zone (SEZ) unit which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

A significant portion of the profits of the Company's operations are exempt from income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated Special Economic Zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

25. Earnings per share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Net profit after tax (Rs. in million)	310.14	228.08
Weighted average number of equity shares for calculating Basic EPS	123,238,808	123,185,918
Weighted average number of equity shares resulting from assumed exercise of employee stock options	31,934	23,886
Weighted average number of equity shares for calculating Diluted EPS	123,270,742	123,209,804
Earnings per share [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
Basic (Rs.)	2.52	1.85
Diluted (Rs.)	2.52	1.85

26. Financial instruments

The carrying values and fair values of financial instruments by categories are as follows:

(Rs. in million)

Particulars	Note reference	Basis of measurement	As at December 31, 2018		As at December 31, 2017		As at January 01, 2017		Fair value hierarchy
			Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets									
Investments in subsidiaries	4	At cost	995.36	995.36	942.22	942.22	925.49	925.49	
Investments in other equity instruments	4	FVTPL	0.03	0.03	0.03	0.03	0.03	0.03	Level 3
Investments in mutual funds	4	FVTPL	199.50	199.50	49.31	49.31	-	-	Level 1
Investments in debentures	4	Amortised cost	-	-	175.12	175.12	262.69	262.69	
Trade receivables	7	Amortised cost	621.13	621.13	569.19	569.19	500.77	500.77	
Cash and cash equivalents	8a	Amortised cost	300.19	300.19	348.68	348.68	406.60	406.60	
Other bank balances	8b	Amortised cost	175.05	175.05	391.64	391.64	14.58	14.58	
Mark-to-market gain on derivative instruments	9	FVTPL	22.59	22.59	16.33	16.33	26.42	26.42	Level 2
Other financial assets (Other than derivative instruments)	5,9	Amortised cost	537.85	537.85	138.06	138.06	144.36	144.36	
Total			**2,851.70**	**2,851.70**	**2,630.58**	**2,630.58**	**2,280.94**	**2,280.94**	
Liabilities									
Borrowings (including finance lease obligation)	13	Amortised cost	19.97	19.97	20.36	20.36	24.33	24.33	
Trade payables		Amortised cost	46.73	46.73	43.32	43.32	47.77	47.77	
Other financial liabilities	14,16	Amortised cost	149.39	149.39	134.61	134.61	150.33	150.33	
Total			**216.09**	**216.09**	**198.29**	**198.29**	**222.43**	**222.43**	

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

27. Financial risk management

Financial risk factors and risk management objectives

The Company's activities expose it to foreign currency risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Foreign currency risk

The Company's exchange risk arises from its foreign currency revenues (primarily in U.S. Dollars and Euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian Rupees. As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues measured in Rupees may decrease.

27. Financial risk management (Contd.)

Derivative financial instruments

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has recognised mark-to-market gain of Rs. 22.59 million (Previous year gain of Rs. 16.33 million) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2018.

The following table gives details in respect of outstanding foreign currency forward contracts:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
USD			
Foreign currency (million)	16.80	10.25	14.70
Average rate	71.50	66.68	70.59
Rupees (million)	1,201.20	683.47	1,037.69
EURO			
Foreign currency (million)	3.15	2.95	1.40
Average rate	86.43	78.34	80.00
Rupees (million)	272.24	231.09	112.00

The following table analyses Company's foreign currency exposure from non-derivative financial instruments as of December 31, 2018, December 31, 2017 and January 01, 2017:

(Rs. in million)

As at December 31, 2018	USD	EURO	Others#	Total
Trade receivables	414.93	137.69	40.91	593.53
Other financial assets	1.40	0.07	1.70	3.17
Bank balances	132.83	5.88	1.72	140.43
Trade payables	36.76	-	7.61	44.37

As at December 31, 2017	USD	EURO	Others#	Total
Trade receivables	356.53	154.23	17.28	528.04
Other financial assets	9.98	0.23	1.75	11.96
Bank balances	115.73	2.45	1.38	119.56
Trade payables	27.12	-	2.63	29.75

As at January 01, 2017	USD	EURO	Others#	Total
Trade receivables	336.54	73.70	48.16	458.40
Other financial assets	1.83	-	1.71	3.54
Bank balances	136.98	6.68	1.26	144.92
Trade payables	45.10	-	2.83	47.93

Others include currencies such as SGD, GBP, CAD and NZD.

Foreign currency sensitivity analysis

For the year ended December 31, 2018 and December 31, 2017, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would decrease / increase Company's profit before tax margin (PBT) by approximately 1.80% and 0.78%, respectively.

27. Financial risk management (Contd.)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from deposits held with banks, investments with financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Revenue from top customer	370.59	317.54
Revenue from top 5 customers	1,195.88	926.95

One customer accounted for more than 10% of the revenue for the year ended December 31, 2018 and December 31, 2017.

Investments

Credit risk on cash and cash equivalent is limited as the Company generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating and debentures. The Company does not expect any losses from non-performance by the counterparties.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus cash is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current requirements.

As at December 31, 2018, the Company had a working capital of Rs. 1,344.62 million including cash and cash equivalents and current fixed deposits of Rs. 475.24 million and current investments of Rs. 199.50 million. As at December 31, 2017, the Company had a working capital of Rs. 1,109.88 million including cash and cash equivalents and current fixed deposits of Rs. 740.32 million and current investments of Rs. 136.88 million. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of financial liabilities:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Less than 1 year			
Borrowings (including accrued interest)	4.06	4.51	5.18
Trade payables	46.73	43.32	47.77
Other financial liabilities	146.43	132.38	140.74
More than 1 year			
Borrowings (including accrued interest)	15.91	15.85	19.15
Other financial liabilities	2.96	2.23	9.59

28. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective, when managing capital, is to maintain an optimal structure so as to maximize shareholder value. The capital structure is as follows:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Total equity attributable to the equity share holders of the Company	**2,695.53**	**2,469.52**	**2,229.77**
As percentage of total capital	**99.26%**	**99.18%**	**98.92%**
Borrowings (including current maturities)	19.97	20.36	24.33
Total borrowings	**19.97**	**20.36**	**24.33**
As percentage of total capital	**0.74%**	**0.82%**	**1.08%**
Total capital (equity and borrowings)	**2,715.50**	**2,489.88**	**2,254.10**

The Company is predominantly equity financed which is evident from the capital structure table above. Further, the Company has always been a net cash company with surplus cash and bank balances invested in fixed deposit with banks and liquid mutual funds.

29. Segment information

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided. The CODM has identified the following as its reportable segments.

a) Information technology

b) Business process outsourcing

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities of the Company are used interchangeably between segments and the CODM does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

Geographic segments are based on the areas in which the major customers of the Company operate and / or the area in which the assets are located. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for reportable segments for the year ended December 31, 2018 and December 31, 2017:

(Rs. in million)

Particulars	Information technology services		Business process outsourcing services		Corporate and others		Total	
	Year ended							
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
REVENUE								
External sales	2,436.54	2,153.30	735.59	484.23			3,172.13	2,637.53
Total revenue	**2,436.54**	**2,153.30**	**735.59**	**484.23**			**3,172.13**	**2,637.53**
RESULT								
Segment result	299.28	297.79	108.83	38.26			408.11	336.05
Unallocated corporate expenses					(75.14)	(58.58)	(75.14)	(58.58)
Operating profit							**332.97**	**277.47**
Finance costs					(2.32)	(3.65)	(2.32)	(3.65)
Interest income					57.81	60.52	57.81	60.52
Other unallocable income					16.98	8.15	16.98	8.15
Tax expense					(95.30)	(114.41)	(95.30)	(114.41)
Net profit after tax							**310.14**	**228.08**
Other segment Information								
Depreciation and amortisation	63.37	66.28	8.00	5.82	1.64	1.64	**73.01**	**73.74**

Geographical information:

The following is the distribution of the Company's revenue by geographical area in which customers are located:

(Rs. in million)

	Year ended December 31, 2018	Year ended December 31, 2017
India	97.76	86.52
USA	2,267.92	1,823.19
South East Asia	54.17	36.56
Europe	630.32	635.67
Others	121.96	55.59
Total	**3,172.13**	**2,637.53**

Please refer to Note 27 on financial risk management for information on revenue from major customers.

30. Related Party Disclosures

(i) Names of related parties:

Subsidiaries	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 **Following are the subsidiaries of ECnet Ltd, Singapore** • ECnet (M) Sdn Bhd, Malaysia • ECnet Systems (Thailand) Co. Ltd., Thailand • ECnet (Shanghai) Co. Ltd., People's Republic of China • ECnet (Hong Kong) Ltd., Hong Kong • ECnet, Inc., USA • ECnet Kabushiki Kaisha, Japan **Following are the subsidiaries of Computaris International Limited, 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., Phillippines • Computaris Suisse Sarl, Switzerland (incorporated on April 27, 2018) **Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore** • IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd) with the following step down subsidiaries ➢ IBIZ Consulting Services Pte Ltd, Singapore ➢ IBIZ Consulting Services Sdn. Bhd., Malaysia ➢ PT. IBIZCS Indonesia., Indonesia ➢ IBIZ Consultancy Services India Private Limited, India ➢ 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)

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 (appointed as director w.e.f. August 03, 2017)
	d.	Ruchica Gupta, Non-Executive Independent Director
	e.	Kapil Dhameja, Non-Executive Independent Director
	f.	Aditya Wadhwa, Non-Executive Independent Director
	g.	Nand Sardana, Chief Financial Officer
	h.	Bhasker Dubey, Company Secretary & Compliance Officer (appointed w.e.f. February 10, 2018)
	i.	Ashish Thakur, Company Secretary & Compliance Officer (resigned on February 10, 2018)
Relatives of Key management Personnel	a.	Amrita Kaur Rekhi, (related to Satinder Singh Rekhi), Assistant Manager – Business Development
	b.	Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales
	c.	Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)]
	d.	Harpreet Rekhi, (related to Satinder Singh Rekhi)
	e.	Sartaj Rekhi, (related to Satinder Singh Rekhi)
	f.	Ramneet Rekhi, (related to Satinder Singh Rekhi)
	g.	Anita Behl, (related to Satinder Singh Rekhi)
Enterprises where key management personnel or their relatives exercise significant influence	a.	RightMatch Holdings Limited
	b.	Satinder and Harpreet Rekhi Family Trust

30. Related Party Disclosures (Contd.)

(ii) Details of transactions with related parties for the year ended December 31, 2018 and December 31, 2017:

(Rs. in million)

	Year ended December 31, 2018	Year ended December 31, 2017
Revenue from information technology and BPO services rendered to		
ECnet Ltd, Singapore	54.17	36.56
R Systems, Inc., USA	27.95	41.01
RSYS Technologies Limited, Canada	8.03	0.66
Computaris International Limited, U.K.	27.54	30.35
Total	**117.69**	**108.58**
Software development and IT enabled services received from		
IBIZ Consultancy Services India Private Limited, India	2.34	-
Total	**2.34**	**-**
Commission on sales and marketing services received from		
RSYS Technologies Limited, Canada	16.60	7.09
Total	**16.60**	**7.09**
Travel and other expenses reimbursed by the Company to		
ECnet Ltd, Singapore	0.66	0.52
R Systems, Inc., USA	38.29	39.09
R Systems (Singapore) Pte Ltd, Singapore	10.27	9.76
RSYS Technologies Limited, Canada	0.25	-
IBIZ Consulting Services Pte Ltd, Singapore	0.56	-
IBIZ Consultancy Services India Private Limited, India	0.12	-
Total	**50.15**	**49.37**
Travel and other expenses reimbursed to the Company by		
ECnet Ltd, Singapore	2.53	3.46
R Systems, Inc., USA	4.89	7.62
R Systems (Singapore) Pte Ltd, Singapore	0.21	0.25
RSYS Technologies Limited, Canada	0.43	0.09
IBIZ Consulting Pte Ltd, Singapore	0.01	0.09
IBIZ Consulting Services Pte Ltd, Singapore	0.03	0.13
Computaris International Limited, U.K.	0.23	0.95
Total	**8.33**	**12.59**
Reimbursement to the Company for purchase of assets on behalf of		
R Systems, Inc., USA	-	0.19
Total	**-**	**0.19**
Reimbursement by the Company for purchase of assets to		
R Systems, Inc., USA	0.33	0.04
Total	**0.33**	**0.04**
Investment in shares of subsidiary		
RSYS Technologies Limited, Canada	53.14	-
R Systems (Singapore) Pte Ltd, Singapore	-	16.73
Total	**53.14**	**16.73**
Remuneration		
Short term employee benefits	106.71	89.10
Post-employment benefits	2.14	0.07
Other long-term employee benefits	0.24	(0.13)
Share based payments	1.40	2.64
Sitting fee to independent directors	0.75	0.83
Total	**111.24**	**92.51**

30. Related Party Disclosures (Contd.)

(Rs. in million)

	Year ended December 31, 2018	Year ended December 31, 2017
Dividend paid		
Satinder & Harpreet Rekhi Family Trust	7.29	-
RightMatch Holdings Ltd	5.44	-
Sartaj Singh Rekhi	9.00	-
Ramneet Singh Rekhi	7.65	-
Satinder Singh Rekhi	1.36	-
Mandeep Singh Sodhi	0.36	-
Lt. Gen. Baldev Singh (Retd.)	0.07	-
Kuldeep Baldev Singh	0.00*	-
Anita Behl	0.00*	-
Harpreet Rekhi	0.59	-
Amrita Kaur Rekhi	0.35	-
Nand Sardana	0.08	-
Avirag Jain	0.00*	-
Total	**32.20**	**-**
Rent		
Satinder Singh Rekhi	8.16	7.74
Total	**8.16**	**7.74**

* Dividend paid to: (a) Kuldeep Baldev Singh Rs. 3,648; (b) Anita Behl Rs. 1,018; (c) Avirag Jain Rs. 60.

(iii) Outstanding balances of related parties as at December 31, 2018 and December 31, 2017:

(Rs. in million)

Balance outstanding	As at December 31, 2018	As at December 31, 2017
Trade Receivables		
ECnet Ltd, Singapore	9.91	9.90
R Systems, Inc., USA	2.25	5.42
RSYS Technologies Limited, Canada	3.83	0.66
Computaris International Limited, UK	3.07	1.91
Total	**19.06**	**17.89**
Other current financial assets		
ECnet Ltd, Singapore	-	0.12
R Systems, Inc., USA	0.77	9.89
RSYS Technologies Limited, Canada	0.17	0.04
IBIZ Consulting Pte Ltd, Singapore	0.03	0.10
R Systems (Singapore) Pte Ltd, Singapore	-	0.10
Computaris International Limited, UK	0.07	0.23
Total	**1.04**	**10.48**
Other current liabilities		
ECnet Ltd, Singapore	0.64	0.26
R Systems, Inc., USA	8.46	11.55
R Systems (Singapore) Pte Ltd, Singapore	2.62	2.36
RSYS Technologies Limited, Canada	4.35	-
IBIZ Consultancy Services India Private Limited, India	0.29	-
Total	**16.36**	**14.17**
Assets obtained free of cost on returnable basis		
R Systems, Inc., USA	8.39	11.27
R Systems (Singapore) Pte Ltd, Singapore	0.14	0.14
Total	**8.53**	**11.41**
Balance payable to key management personnel		
Satinder Singh Rekhi	10.42	4.96
Lt. Gen. Baldev Singh (Retd.)	2.29	1.41
Avirag Jain	1.61	1.08
Total	**14.32**	**7.45**

31. Capital and other commitments

(Rs. in million)

		As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
i.	**Capital commitments:** Estimated amount of unexecuted capital contracts [net of advances of Rs. 40.64 million (as at December 31, 2017 : Rs. 0.03 million; as at January 01, 2017 : Rs. 10.29 million)]	14.44	1.45	6.15
ii.	**Other commitments:** For commitments relating to lease arrangements, refer to Note 32.			

32. Leases

a) Finance lease – Company as lessee

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(Rs. in million)

	As at December 31, 2018		As at December 31, 2017		As at January 01, 2017	
	MLP	Present value of MLP	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1.44	0.20	1.44	0.18	1.44	0.16
After one year but not more than five years	6.13	1.49	5.95	1.15	5.77	0.85
More than five years	13.90	8.92	15.52	9.45	17.14	9.93
Total minimum lease payments	21.47	10.61	22.91	10.78	24.35	10.94
Less: amounts representing finance charges	10.86	-	12.13	-	13.41	-
Present value of minimum lease payments	**10.61**	**10.61**	**10.78**	**10.78**	**10.94**	**10.94**

b) Operating Lease - Company as lessee

The Company has operating lease for office premises. Lease payments recognised as expense during the year ended December 31, 2018 and December 31, 2017 is Rs. 33.06 million and Rs. 31.94 million, respectively.

The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Not later than one year	12.75	10.83	16.57
Later than one year but not later than five years	14.81	22.41	33.24
Later than five years	-	-	-

Non-cancellable operating lease arrangements extend for a maximum period of 5 years from their respective dates of inception. The leases have varying terms, escalation clauses, renewal rights and no restrictions are imposed.

c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. Lease rentals recognised as income during the year ended December 31, 2018 and December 31, 2017 is Rs. 6.78 million and Rs. 6.85 million, respectively.

The operating lease arrangement extends for a maximum period of 3 years and has price escalation clause of 5% for every subsequent 3 years of the extended term. The lease is cancellable and there are no restrictions imposed on lease agreements.

33. Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

(Rs. in million)

Sl. No.	Particulars	Year ended December 31, 2018	Year ended December 31, 2017
A	**Total comprehensive income**	**309.64**	**238.83**
B	**Add:**		
(i)	Provision for doubtful debts	15.70	6.67
(ii)	Interest expense on financial instruments measured at amortised cost	0.25	-
(iii)	Tax expense (including tax relating to re-measurements of the defined benefit plans)	95.03	118.00
(iv)	Depreciation and amortisation expense	73.01	73.74
		183.99	**198.41**
C	**Less:**		
(i)	Profit on sale / discarding of property, plant and equipment	0.01	0.32
(ii)	Depreciation and amortisation expense	73.01	73.74
(iii)	Net gain arising on financial assets measured at FVTPL	10.20	-
(iv)	Bad debts written off	5.75	0.71
(v)	Interest income on financial instruments measured at amortised cost	0.38	-
		89.35	**74.77**
Net Profit for the year (A+B-C)		**404.28**	**362.47**
D	**Add:**		
	Remuneration paid to the whole time directors	54.83	43.34
E	**Net Profit for the purpose of managerial remuneration**	**459.11**	**405.81**
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	45.91	40.58
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	22.96	20.29

Notes:

1. Figures for the year ended December 31, 2018 and December 31, 2017 are as per provisions of the Companies Act, 2013. Figures for the year ended December 31, 2017 are based on the Previous GAAP.
2. The remuneration paid during the year ended December 31, 2018 and December 31, 2017, in excess of the limits specified above has been approved by the Central Government.

34. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based upon the information and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2018	As at December 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

35. The Board of Directors of Company at its meeting held on September 22, 2017 had approved a scheme of amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited and their respective shareholders and creditors (the "Scheme"), with effect from the appointed date i.e. January 1, 2018. The purpose of the amalgamation was to simplify the shareholding structure by reducing the shareholding tiers and also to demonstrate the promoters' direct commitment to and engagement with the Company.

The Scheme was approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018. In accordance with the Scheme, 29,746,353 (Two Crore Ninety Seven Lakhs Forty Six Thousand Three Hundred and Fifty Three Only) fully paid up equity shares of the face value of Re. 1/- (Rupee One) of R Systems International Limited has been issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions. Upon the issuance and allotment of aforesaid shares, the existing 29,746,353 equity shares of the Company held by the GM Solutions have been extinguished. Authorised share capital of the Company stands increased by the amount of authorized share capital of GM Solutions in accordance with the Scheme. Further, the Scheme envisages transfer of all rights and obligations, assets and liabilities, interests and claims of the Transferor Company to the Company with effect from the appointed date.

The aforesaid Scheme has been accounted under 'Common Control' method in accordance Ind AS 103 "Business Combinations" and correspondingly all assets, liabilities and reserves of the Transferor Company have been accounted for at their respective book values in the books of the Company effective January 01, 2017.

Details of assets, liabilities and reserves of GM Solutions as on January 01, 2017 and December 31, 2017 are as follows:

(Rs. in million)

	As on January 01, 2017	As on December 31, 2017
Assets		
Non-current tax assets (net)	0.03	0.04
Other non-current assets - MAT credit entitlement	-	5.84
Cash and cash equivalents	13.91	5.12
Other current assets - Balances with indirect tax authorities	-	0.06
	13.94	**11.06**
Liabilities		
Trade payables	0.14	1.13
Other current liabilities – Statutory dues payable – Tax deducted at source	-	0.00*
	0.14	**1.14**
Excess of assets over liabilities recognised in other equity	**13.80**	**9.92**

* Tax deducted at source is Rs. 900.

The total comprehensive income for the year ended December 31, 2017 has been adjusted to give effect of amalgamation. Consequent to this restatement, the total comprehensive income for the year ended December 31, 2017 is reduced by INR 3.88 million.

36. First time adoption of Ind AS

These are the Company's first financials prepared under Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended December 31, 2018, the comparative information presented in these financial statements for the year ended December 31, 2017 and in the preparation of opening Ind AS balance sheet at January 01, 2017. In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Section 133, of the Act and other relevant provisions contained in the Act (previous GAAP or Indian GAAP). In its transition from previous GAAP to Ind AS, the Company has also availed certain optional exemptions and mandatory exceptions in accordance with Ind AS 101.

An explanation of how this transition has affected the Company's financial performance and cash flows is set out in the following tables and notes.

A. Exemption from full retrospective application:

a. Share based payment transactions

The Company has elected to apply the exemption available under Ind AS 101 regarding application of Ind AS 102 "Share Based Payments", to equity instruments that had vested before the date of transition to Ind AS.

b. Investments in subsidiaries

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP, and use that as its deemed cost as at the date of transition.

B. Mandatory exceptions

a. Estimates

An entity's estimate on the date of transition to Ind AS shall be consistent with estimates made for the same date on accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

36. First time adoption of Ind AS (Contd.)

Ind AS estimates as at January 01, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in mutual funds carried at FVTPL;
- Impairment of financial assets based on expected credit loss model;
- Fair valuation of financial assets and liabilities excluding derivatives.

b. De-recognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind-AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements under Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and liabilities de-recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

c. Classification and measurement of financial assets

As required under Ind AS 101, the Company has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

C. Reconciliation between previous GAAP and Ind AS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- Equity as at January 01, 2017;
- Equity as at December 31, 2017;
- Total comprehensive income for the year ended December 31, 2017; and
- Explanation of material adjustments to cash flow statements. In the reconciliations mentioned above, certain reclassifications have been made to previous GAAP financial information to align with the Ind AS presentation.

36. First time adoption of Ind AS (Contd.)

a. Balance sheet reconciliation as at January 01, 2017 and December 31, 2017

(Rs. in million)

Particulars	Notes	As at January 01, 2017			As at December 31, 2017		
		Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
ASSETS							
A. Non-current assets							
(a) Property, plant and equipment		246.39	-	246.39	258.45	-	258.45
(b) Capital work in progress		26.29	-	26.29	-	-	-
(c) Investment property		26.25	-	26.25	24.78	-	24.78
(d) Intangible assets		5.42	-	5.42	4.44	-	4.44
(e) Financial assets							
(i) Investments		1,100.64	-	1,100.64	1,029.80	-	1,029.80
(ii) Other financial assets	1	69.06	(4.67)	64.39	62.38	(4.32)	58.06
(f) Deferred tax assets(net)	2	43.65	0.02	43.67	52.99	5.43	58.42
(g) Non-current tax assets	8	28.93	0.03	28.96	22.47	0.04	22.51
(h) Other non-current assets	1	26.60	4.16	30.76	8.74	3.70	12.44
Total non-current assets (A)		**1,573.23**	**(0.46)**	**1,572.77**	**1,464.05**	**4.85**	**1,468.90**
B. Current assets							
(a) Financial assets							
(i) Investments	3	87.57	-	87.57	135.57	1.31	136.88
(ii) Trade receivables	4	500.84	(0.07)	500.77	569.28	(0.09)	569.19
(iii) Cash and cash equivalents	5	392.31	14.29	406.60	342.65	6.03	348.68
(iv) Other bank balances	5	2.57	12.01	14.58	379.44	12.20	391.64
(v) Other financial assets	5	106.05	0.34	106.39	96.20	0.13	96.33
(b) Other current assets	1	57.94	0.49	58.43	74.99	0.52	75.51
Total current assets (B)		**1,147.28**	**27.06**	**1,174.34**	**1,598.13**	**20.10**	**1,618.23**
Total assets (A+B)		**2,720.51**	**26.60**	**2,747.11**	**3,062.18**	**24.95**	**3,087.13**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

36. First time adoption of Ind AS (Contd.)

(Rs. in million)

Particulars	Notes	As at January 01, 2017			As at December 31, 2017		
		Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
EQUITY AND LIABILITIES							
A. Equity							
(a) Equity share capital		123.13	-	123.13	123.21	-	123.21
(b) Other equity	9	2,080.32	26.32	2,106.64	2,322.68	23.63	2,346.31
Total equity (A)		**2,203.45**	**26.32**	**2,229.77**	**2,445.89**	**23.63**	**2,469.52**
B. Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		19.15	-	19.15	15.85	-	15.85
(ii) Other financial liabilities	1	10.30	(0.71)	9.59	2.47	(0.24)	2.23
(b) Provisions		89.42	-	89.42	91.18	-	91.18
Total non-current liabilities (B)		**118.87**	**(0.71)**	**118.16**	**109.50**	**(0.24)**	**109.26**
C. Current liabilities							
(a) Financial liabilities							
(i) Trade payables	5	47.63	0.14	47.77	42.11	1.21	43.32
(ii) Other financial liabilities	1	145.89	0.03	145.92	136.89	-	136.89
(b) Provisions	5	77.93	0.16	78.09	86.10	0.13	86.23
(c) Current tax liabilities (net)		42.56	-	42.56	36.19	-	36.19
(d) Other current liabilities	1	84.18	0.66	84.84	205.50	0.22	205.72
Total current liabilities (C)		**398.19**	**0.99**	**399.18**	**506.79**	**1.56**	**508.35**
Total liabilities (B+C)		**517.06**	**0.28**	**517.34**	**616.29**	**1.32**	**617.61**
Total equity and liabilities (A+B+C)		**2,720.51**	**26.60**	**2,747.11**	**3,062.18**	**24.95**	**3,087.13**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

b. Reconciliation of total equity as at January 01, 2017 and December 31, 2017

(Rs. in million)

Particulars	Notes to first time adoption	As at January 01, 2017	As at December 31, 2017
Total equity (shareholders' fund) as per previous GAAP		**2,203.45**	**2,445.89**
Ind AS adjustments			
(a) Effect of inclusion of Employees Welfare Trust	5	12.55	13.03
(b) Expected Credit Loss provision for trade receivables and other financial assets	4	(0.06)	(0.09)
(c) Impact of fair valuation of investments in mutual funds	3	-	1.31
(d) Impact of security deposits measured at amortised cost	1	0.01	(0.13)
(e) Impact of merger of GM Solutions Private Limited	8	13.80	9.92
(f) Deferred tax impact on above adjustments	2	0.02	(0.41)
Total adjustments		**26.32**	**23.63**
Total equity as per Ind AS		**2,229.77**	**2,469.52**

36. First time adoption of Ind AS (Contd.)

c. Reconciliation of total comprehensive income for the year ended December 31, 2017

(Rs. in million)

Particulars	Notes to first time adoption	Year ended December 31, 2017		
		As per previous GAAP*	Effect of transition to Ind AS	As per Ind AS
Income				
Revenue from operations	**8**	2,637.51	0.02	2,637.53
Other income	**1,3,5,8**	133.75	3.01	136.76
Total income		**2,771.26**	**3.03**	**2,774.29**
Expenses				
Employee benefits expense	**6,7**	1,856.05	12.31	1,868.36
Finance costs	**1,5,8**	2.76	0.89	3.65
Depreciation and amortisation expense		73.74	-	73.74
Other expenses	**1,4,5,8**	481.87	4.18	486.05
Total expenses		**2,414.42**	**17.38**	**2,431.80**
Profit before tax		**356.84**	**(14.35)**	**342.49**
Income tax expense				
Current tax	**5**	127.34	6.07	133.41
MAT credit entitlement	**8**	-	(5.84)	(5.84)
Deferred tax	**2,7**	(9.33)	(3.83)	(13.16)
Total tax expense		**118.01**	**(3.60)**	**114.41**
Profit for the year		**238.83**	**(10.75)**	**228.08**
Other comprehensive income (net of tax)	**7**	-	8.04	8.04
Total comprehensive income		**238.83**	**(2.71)**	**236.12**

d. Impact of Ind AS adjustments on the Statement of Cash Flows for the year ended December 31, 2017:

(Rs. in million)

Particulars	Notes to first time adoption	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
Cash flows from / (used in) operating activities		308.31	(9.10)	299.21
Cash flows from / (used in) investing activities		(351.80)	0.83	(350.97)
Cash flows from / (used in) financing activities		(5.31)	0.01	(5.30)
Net increase / (decrease) in cash and cash equivalents		**(48.80)**	**(8.26)**	**(57.06)**
Cash and cash equivalents as on January 01, 2017	**5,8**	392.31	14.29	406.60
Effects of exchange rate changes on cash and cash equivalents		(0.86)	-	(0.86)
Cash and cash equivalents as on December 31, 2017	**5,8**	**342.65**	**6.03**	**348.68**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

e. Notes to first time adoption

Note 1 – Security deposits measured at amortised costs

Under IGAAP, security deposits (both assets and liabilities) were accounted for at their undiscounted nominal values. Under Ind AS, these have been accounted for at amortised cost method by discounting the cash flows using effective interest rates. Consequently, the impact of aforesaid amortisation has been accounted for in the statement of profit and loss. The resulting changes as at the transition date has been adjusted in opening retained earnings.

Note 2 – Deferred tax

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The various transitional adjustments have led to temporary tax differences, which the Company has accounted for as deferred tax adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction as either in profit and loss or other comprehensive income. The resulting changes as at the transition date has been adjusted in opening retained earnings.

Note 3 – Fair valuation of investment in Mutual Funds

Under IGAAP, investments in mutual funds were classified as current investments and were carried at lower of cost and fair value. Under the Ind AS, these investments are classified as at fair value through profit or loss (FVTPL) and measured at fair value. The resulting fair value changes have been recognised in the statement of profit and loss.

36. First time adoption of Ind AS (Contd.)

Note 4 – Allowance for credit loss

Under IGAAP, the entity determined provisions for impairment of trade receivables (provision for bad and doubtful debts) using incurred loss model i.e. if they remained outstanding over the prescribed period. Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL) for trade receivables and other financial assets, which has resulted in additional provisions being accounted for in statement of profit and loss. The impact of additional provisions due to ECL as at the transition date has been adjusted in opening retained earnings.

Note 5 – Effect of inclusion of ESOP trust

Under Ind AS, the financial statement of R Systems Employee Welfare Trust (ESOP Trust) have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the ESOP Trust functions as an extension of the Company.

Note 6 – Share-based payments measurements

The Company has granted equity-settled share-based payments to certain employees. The Company accounted for these share-based payment arrangements by reference to their intrinsic value under previous GAAP. Under Ind AS, the related liability has been adjusted to reflect the fair value of the outstanding equity-settled share-based payments. Accordingly, the amount transferred from Employee Stock Option Outstanding account to Securities Premium account, due to issue of shares to employees against options, is also measured at fair value.

Note 7 – Re-measurements of post-employment defined benefit obligation

Under the previous GAAP, the actuarial gains/losses on defined benefit obligations and plan assets were recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such actuarial gains/losses are recognised under other comprehensive income. The related tax expense/income is also reclassified to other comprehensive income.

Note 8 – Impact of merger of GM Solutions Private Limited

Merger of GM Solutions Private Limited with the Company has been accounted for with effect from January 01, 2017. (Refer to Note 35 for details)

Note 9 – Retained earnings

Retained earnings as at January 01, 2017 has been adjusted consequent to the above Ind AS adjustments.

37. The financial statements have been approved by the Board of Directors at its meeting held on February 08, 2019.

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**
SATINDER SINGH REKHI	**LT. GEN. BALDEV SINGH (RETD.)**	**NAND SARDANA**	**BHASKER DUBEY**
Managing Director	President & Senior Executive Director	Chief Financial Officer	Company Secretary & Compliance Officer
DIN: 00006955	DIN: 00006966		
Place : Singapore	Place : NOIDA	Place : NOIDA	Place : NOIDA
Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019

FINANCIAL STATEMENTS (CONSOLIDATED)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **R SYSTEMS INTERNATIONAL LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at December 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of 24 out of 26 subsidiaries, whose financial statements reflect total assets of Rs. 1,209.56 Million as at December 31, 2018, total revenues of Rs. 2,577.43 Million and net cash inflows amounting to Rs. 8.11 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The financial results of 25 subsidiaries have been prepared under accounting principles generally accepted in their respective

countries. The Holding Company's Management has converted the financial information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited the adjustments that were applied to prepare the consolidated financial results for the year ended December 31, 2018 made by the Holding Company's Management to convert the financial information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements / financial information certified by the Management.

The comparative financial information of the Group for the transition date opening balance sheet as at January 1, 2017 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial statements were audited by the predecessor auditor whose reports for the years ended December 31, 2016 dated February 10, 2017 expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

The comparative financial information of the Group for the year ended December 31, 2017 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters on the comparative financial information.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on December 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding Company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. There were no pending litigations which would impact the consolidated financial position of the Group.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

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

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)

Place : Noida
Date : February 08, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended December 31, 2018, we have audited the internal financial controls over financial reporting of **R Systems International Limited** (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is a company incorporated in India, in terms of his report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

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

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)

Place : Noida
Date : February 08, 2019

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2018

(Rs. in million)

	Notes	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
ASSETS				
A. Non-current assets				
(a) Property, plant and equipment	3 (a)	306.91	300.38	289.52
(b) Capital work in progress	3 (b)	16.18	0.58	26.29
(c) Investment property	3 (c)	23.31	24.78	26.25
(d) Goodwill	3 (e)	89.93	84.05	82.35
(e) Other intangible assets	3 (d)	27.64	52.82	82.40
(f) Financial assets				
(i) Investment	4	0.03	87.58	175.15
(ii) Other financial assets	5	102.92	84.79	83.96
(g) Deferred tax assets (net)	25	67.46	58.51	46.16
(h) Non-current tax assets (net)		56.95	39.99	34.83
(i) Other non-current assets	6	50.10	12.55	31.11
Total non-current assets (A)		**741.43**	**746.03**	**878.02**
B. Current assets				
(a) Financial assets				
(i) Investments	4	199.50	136.88	87.57
(ii) Trade receivables	7	1,365.45	1,207.64	1,081.78
(iii) Cash and cash equivalents	8a	841.17	929.02	1,147.76
(iv) Other bank balances	8b	518.70	581.61	14.58
(v) Other financial assets	9	618.32	194.61	212.36
(b) Other current assets	10	150.10	119.82	114.17
Total current assets (B)		**3,693.24**	**3,169.58**	**2,658.22**
Total assets (A+B)		**4,434.67**	**3,915.61**	**3,536.24**
EQUITY AND LIABILITIES				
A. Equity				
(a) Equity share capital	11	123.25	123.21	123.13
(b) Other equity	12	3,105.78	2,585.45	2,362.96
Total equity attributable to equity shareholders of the Company		3,229.03	2,708.66	2,486.09
Non Controlling Interests		-	-	-
Total equity (A)		**3,229.03**	**2,708.66**	**2,486.09**
Liabilities				
B. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	15.91	15.85	19.15
(ii) Other financial liabilities	14	2.96	2.23	53.59
(b) Provisions	15	109.60	91.18	89.42
(c) Deferred tax liabilities (net)	25	0.25	0.26	-
(d) Other non-current liabilities	16	0.04	0.29	0.58
Total non-current liabilities (B)		**128.76**	**109.81**	**162.74**
C. Current liabilities				
(a) Financial liabilities				
(i) Trade payables				
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		270.02	340.05	296.89
(ii) Other financial liabilities	17	212.81	185.26	183.97
(b) Provisions	18	142.63	139.57	116.13
(c) Current tax liability (net)		52.01	47.40	58.94
(d) Other current liabilities	19	399.41	384.86	231.48
Total current liabilities (C)		**1,076.88**	**1,097.14**	**887.41**
Total liabilities (B+C)		**1,205.64**	**1,206.95**	**1,050.15**
Total equity and liabilities (A+B+C)		**4,434.67**	**3,915.61**	**3,536.24**
Summary of significant accounting policies	2			
See accompanying notes to the consolidated financial statements	1-39			

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**	**Sd/-**
JITENDRA AGARWAL	**SATINDER SINGH REKHI**	**LT. GEN. BALDEV SINGH (RETD.)**	**NAND SARDANA**	**BHASKER DUBEY**
Partner	Managing Director	President & Senior Executive Director	Chief Financial Officer	Company Secretary & Compliance Officer
Membership No. 087104	DIN: 00006955	DIN: 00006966		
Place : NOIDA	Place : Singapore	Place : NOIDA	Place : NOIDA	Place : NOIDA
Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

		Notes	Year ended December 31, 2018	Year ended December 31, 2017
A	**Income**			
	(i) Revenue from operations		6,998.89	5,926.38
	(ii) Other income	20	192.49	161.87
	Total income		**7,191.38**	**6,088.25**
B	**Expenses**			
	(i) Employee benefits expense	21	4,743.85	4,173.15
	(ii) Finance costs	22	2.65	3.98
	(iii) Depreciation and amortisation expense	23	135.48	134.80
	(iv) Other expenses	24	1,682.58	1,422.88
	Total expenses		**6,564.56**	**5,734.81**
C	**Profit before tax (A-B)**		**626.82**	**353.44**
D	**Tax expense**	25		
	(i) Current tax		124.22	149.89
	(ii) MAT credit entitlement		-	(5.84)
	(iii) Deferred tax charge / (credit)		(7.85)	(15.95)
	Total tax expense / (benefit)		**116.37**	**128.10**
E	**Profit after tax for the year (C-D)**		**510.45**	**225.34**
F	**Other comprehensive income / (loss)**			
	Items that will not be reclassified to profit or loss			
	Re-measurement gain / (loss) on defined benefit plans		(0.77)	12.29
	Tax relating to re-measurement of the defined benefit plans		0.27	(4.25)
	Items that will be reclassified to profit or loss			
	Exchange differences on translation of foreign operations		94.05	(14.44)
	Total other comprehensive income		**93.55**	**(6.40)**
G	**Total comprehensive income for the year (E+F)**		**604.00**	**218.94**
H	**Profit attributable to**			
	Equity shareholders to the company		510.45	225.34
	Non controlling interest		-	-
			510.45	**225.34**
I	**Total comprehensive income attributable to**			
	Equity shareholders to the company		604.00	218.94
	Non controlling interest		-	-
			604.00	**218.94**
J	**Earnings per share (EPS)**	26		
	[Nominal value of shares Re. 1/- each (Previous year Re. 1/- each)]			
	Basic		4.14	1.83
	Diluted		4.14	1.83
See accompanying notes to the consolidated financial statements		1-39		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**	**Sd/-**
JITENDRA AGARWAL	**SATINDER SINGH REKHI**	**LT. GEN. BALDEV SINGH (RETD.)**	**NAND SARDANA**	**BHASKER DUBEY**
Partner	Managing Director	President & Senior Executive Director	Chief Financial Officer	Company Secretary & Compliance Officer
Membership No. 087104	DIN: 00006955	DIN: 00006966		
Place : NOIDA	Place : Singapore	Place : NOIDA	Place : NOIDA	Place : NOIDA
Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

A. Equity share capital

	(Rs. in million)
Balance at January 01, 2017	123.13
Changes in equity share capital during the period (refer to Note 11)	0.08
Balance at December 31, 2017	**123.21**
Balance at January 01, 2018	123.21
Issue of shares pursuant to merger of GM Solutions Private Limited (refer to Note 35)	29.75
Cancellation of shares pursuant to merger of GM Solutions Private Limited (refer to Note 35)	(29.75)
Changes in equity share capital during the period (refer to Note 11)	0.04
Balance at December 31, 2018	**123.25**

Notes:

(1) Equity share capital is net of Rs. 0.74 million (December 31, 2017 : Rs. 0.74 million; January 01, 2017 : Rs. 0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. (See also Note 11)

B. Other equity (See also Note 12)

(Rs. in million)

Particulars	Reserves and Surplus					Other Comprehensive Income		Total other equity
	Securities premium account	Stock options outstanding	General Reserve	Capital Reserve	Retained earnings	Re-measurement of defined benefit plans	Foreign curreny translation reserve	
Balance at January 01, 2017	**273.17**	**2.62**	**158.73**	**0.03**	**1,781.91**	**-**	**146.50**	**2,362.96**
Net profit after tax for the year					225.34			225.34
ESOP provision for the year		2.64						2.64
Share issued against ESOP	2.78	(1.87)						0.91
Other comprehensive income for the year						8.04	(14.44)	(6.40)
Balance at December 31, 2017	**275.95**	**3.39**	**158.73**	**0.03**	**2,007.25**	**8.04**	**132.06**	**2,585.45**
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 period					510.45			510.45
Share issued against ESOP	2.29	(1.87)						0.42
Dividend paid (including CDT)					(85.49)			(85.49)
ESOP provision for the period		1.40						1.40
Other comprehensive income for the period						(0.50)	94.05	93.55
Balance at December 31, 2018	**278.24**	**2.92**	**158.73**	**0.03**	**2,432.21**	**7.54**	**226.11**	**3,105.78**

Notes:

(1) Interim dividend of Re. 0.60 per equity share of Re. 1 each has been paid during the year ended December 31, 2018. The shareholders' assent for the interim dividend will be taken in forthcoming Annual General Meeting.

(2) Securities premium account is net of Rs. 2.28 million (December 31, 2017 : Rs. 2.28 million; January 01, 2017 : Rs. 2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. (See also Note 11)

See accompanying notes to the consolidated financial statements. 1-39

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 08, 2019

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Singapore
Date : February 08, 2019

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 08, 2019

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 08, 2019

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 08, 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

		As at December 31, 2018	As at December 31, 2017
A.	**Cash flows from operating activities**		
	Net profit after tax	510.45	225.34
	Adjustments for:		
	Tax expense	116.37	128.10
	Depreciation and amortisation expense	135.48	134.80
	Provision for doubtful debts (net)	24.75	9.64
	Advances wriiten off	13.45	-
	Employee share based payments expense	1.40	2.64
	Unrealised foreign exchange loss / (gain)	10.16	(12.64)
	Unrealised loss / (gain) on derivative instruments	(6.26)	10.09
	Interest income	(64.06)	(61.10)
	Rental income from investment property	(6.78)	(6.85)
	Net gain arising on financial assets measured at FVTPL	(10.20)	(1.31)
	Profit on sale / discarding of property, plant and equipment (net)	(0.67)	(0.36)
	Fair value adjusment on deferred payment compensation for business acquisition	(26.10)	(6.37)
	Liability no longer required written back	(64.77)	(7.69)
	Interest under income tax	-	0.79
	Interest expenses	2.65	3.19
	Operating profit before working capital changes	**635.87**	**418.27**
	Movements in working capital :		
	(Increase) / Decrease in trade receivables	(140.71)	(118.98)
	(Increase) / Decrease in other assets	(93.53)	(0.66)
	Increase / (Decrease) in provision	17.18	34.88
	Increase / (Decrease) in trade payables and other liabilities	24.97	184.58
	Cash generated from operations	**443.78**	**518.09**
	Direct taxes paid, net of refunds	(132.56)	(158.96)
	Interest on income-tax refund	-	6.11
	Net cash flows from operating activities (A)	**311.22**	**365.24**
B.	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(158.94)	(78.61)
	Purchase of intangible assets	(6.93)	(11.36)
	Proceeds from sale of property, plant and equipment	2.96	2.96
	Proceeds from redemption of debentures	175.12	87.57
	Investment in mutual fund	(140.00)	(48.00)
	Payment of deferred consideration to erstwhile shareholders of subsidiary	-	(18.40)
	Investment in fixed deposits with scheduled banks (net)	(293.84)	(571.94)
	Interest received	64.62	55.34
	Rental income from investment property	6.56	6.40
	Net cash from investing activities (B)	**(350.45)**	**(576.04)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	4.65	1.72
Repayment of long-term borrowings - current maturities	(5.02)	(5.69)
Proceeds from other non-current assets	(0.05)	0.06
Proceeds from issuance of equity shares	0.45	1.00
Interest paid	(2.40)	(2.72)
Dividends paid (including CDT)	(85.49)	-
Net cash used in financing activities (C)	**(87.86)**	**(5.63)**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(127.09)	(216.43)
Add: Cash and cash equivalents at the beginning of the year	929.02	1,147.76
Add : Effect of exchange rate changes on cash and cash equivalents held in foreign currency	39.24	(2.31)
Cash and cash equivalents at the end of the year (also refer note 8a)	**841.17**	**929.02**

Notes:

(1) Figures in brackets indicate cash out flow.

See accompanying notes to the consolidated financial statements. 1-39

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 08, 2019

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Singapore
Date : February 08, 2019

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 08, 2019

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 08, 2019

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 08, 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. Organisation and nature of operations

R Systems International Limited (the 'Company' or 'the Parent Company') and its subsidiaries (hereinafter collectively referred to as 'the Group') is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 with its Registered Office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Group's primary focus is to provide software engineering services, other IT services and solutions including digital services along with BPO services such as technical support, customer care, revenue cycle management, speech analytics under the umbrella of knowledge services. Our services and solutions span over seven major business verticals i.e. Telecom, Media & Entertainment, Retail & E-commerce, Banking & Finance, Manufacturing & Logistics, Technology, and Healthcare & Life Sciences.

Further, R Systems Group' through its subsidiary Computaris provides software development, system integration and technical consultancy services for the telecommunication industry. R Systems' subsidiary ECnet develops and markets its proprietary supply chain solution under the brand name "ECnet", primarily to the high technology sector. ECnet also operates as Infor & JDA channel partner for reselling and implementing several enterprise solutions. R Systems' subsidiary IBIZ is also a channel partner for reselling and implementing Microsoft enterprise solutions.

The Company has following subsidiaries:-

Subsidiary	Holding as at December 31, 2018	Holding as at December 31, 2017	Country of incorporation and other particulars
R Systems, Inc., USA	100%	100%	A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001.
R Systems (Singapore) Pte Limited, Singapore	100%	100%	A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000.
R Systems Technologies Limited, USA	100%	100%	A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002.
ECnet Limited, Singapore *	99.75%	99.75%	A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong, USA and Japan.
Computaris International Limited, U.K.	100%	100%	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Philippines and USA.
RSYS Technologies Ltd., Canada	100%	100%	A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012.

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

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding as at December 31, 2018	Holding as at December 31, 2017	Country of incorporation
ECnet (M) Sdn Bhd	100 %	100 %	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100 %	100 %	Thailand
ECnet (Shanghai) Co. Ltd.	100 %	100 %	People's Republic of China
ECnet (Hong Kong) Ltd.	100 %	100 %	Hong Kong
ECnet, Inc.	100 %	100 %	United States of America
ECnet Kabushiki Kaisha	100 %	100 %	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding as at December 31, 2018	Holding as at December 31, 2017	Country of incorporation
Computaris Romania SRL	100 %	100 %	Romania
Computaris Polska sp z o.o.	100 %	100 %	Poland
Computaris USA, Inc. (Liquidated on October 22, 2018)	100 %	100 %	United States of America
ICS Computaris International Srl	100 %	100 %	Moldova
Computaris Malaysia Sdn. Bhd.	100 %	100 %	Malaysia
Computaris Philippines Pte. Ltd. Inc.	100 %	100 %	Philippines
Computaris Suisse Sarl (incorporated w.e.f. April 27, 2018)	100 %	-	Switzerland

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

Name	Holding as at December 31, 2018	Holding as at December 31, 2017	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 %	100 %	Singapore
IBIZ Consulting Services Sdn. Bhd.	100 %	100 %	Malaysia
PT. IBIZCS Indonesia	100 %	100 %	Indonesia
IBIZ Consultancy Services India Private Limited	100 %	100 %	India
IBIZ Consulting Service Limited (IBIZ HK)	100 %	100 %	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK	100% by IBIZ HK	People's Republic of China

2. Significant Accounting Policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For all the periods up to the year ended December 31, 2017, the Group had earlier prepared and presented its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 and other accounting principles generally accepted in India ("Previous GAAP"). Accordingly, previous year's numbers in the consolidated financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of consolidated financial statements under the Previous GAAP to Ind AS of Shareholders' equity as at December 31, 2017 and January 1, 2017 and of the comprehensive net income and cash flows for the year ended December 31, 2017 (refer Note 39).

(b) Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The Group uses the Indian Rupee (INR) as its reporting currency, which is the functional currency of the Parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

(c) Basis of preparation and presentation

The consolidated financial statements of the Group have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the

Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

Level 3 inputs are unobservable inputs for the asset or liability.

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.2 Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Indian Accounting Standard (Ind AS) 110 Consolidated Financial Statements.

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 1 above).

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net comprehensive income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

2.3 Summary of significant accounting policies

(a) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

When part of an item of property plant and equipment has different useful lives, they are accounted for as separate items (major component) of property, plant and equipment. Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

(b) Depreciation

Depreciation is calculated on cost of items of Property, Plant and Equipment less their estimated residual values using the straight line method ('SLM') over the useful lives of the assets estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Category	Useful life upto
Leasehold Land	Lease period
Buildings	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installation	10 years
Assets taken on finance lease	Lower of lease period or useful life

(c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

A summary of amortisation policies applied to the Group's intangible assets are as below:

Category	Useful life upto
Computer software	Lower of license period or 3 to 5 years
Customer Contract	Over the period of contract
Non Compete	Period of Non compete

(d) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(e) Business combination, Goodwill and Intangible assets

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

a. Goodwill

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized in capital reserve.

b. Intangible assets

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The

identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

(f) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(g) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

(iii) Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

(iv) Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

(i) For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

(ii) Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

(iii) For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(h) Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as:

- Financial liabilities at amortized cost

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

- Financial liabilities at fair value through profit or loss (FVTPL)

  Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all change recognised in the statement of profit and loss.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

The Group also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial lability with modified terms is recognised in statement of profit and loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit or loss.

(i) Impairment

i. Financial assets

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii. Non-financial assets

The carrying amounts of Property, Plant and Equipment are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/ external factors. If any indications exist, the Group estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(j) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(k) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Group is a lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

Where the Group is a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land or building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

(m) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

a. Income from software services

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

b. Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

c. Dividend

Dividend income is recognized when the Group's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

(n) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

For translating income, expense and cash flows items, during the year ended December 31, 2018, the rates used were US $ 1= Rs. 68.30, Euro 1= Rs. 80.55, Singapore $ 1 = Rs. 50.59 and Canadian $ 1 = Rs. 52.66. For translating assets and liabilities at the year-end, the rates used were US $ 1= Rs. 69.78, Euro 1= Rs. 79.99, Singapore $ 1 = Rs. 51.25 and Canadian $ 1 = Rs. 51.24.

For translating income, expense and cash flows items, during the year ended December 31, 2017, the rates used were US $ 1= Rs. 65.12, Euro 1= Rs. 73.55, Singapore $ 1 = Rs. 47.18 and Canadian $ 1 = Rs. 50.20. For translating assets and liabilities at the year-end, the rates used were US $ 1= Rs. 63.88, Euro 1= Rs. 76.53, Singapore $ 1 = Rs. 47.81 and Canadian $ 1 = Rs. 50.97.

For translating assets and liabilities as at January 01,2017, the rates used were US $ 1= Rs. 67.93, Euro 1= Rs. 71.66, Singapore $ 1 = Rs. 47.01 and Canadian $ 1 = Rs. 50.39.

(o) Employee benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation

to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

(i) The Group's contribution to provident fund, employee state insurance scheme and other social security plans are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees

(ii) Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the re-measurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Re-measurements are not reclassified to profit and loss subsequently.

(iii) Compensated absences

The employees of the Group are entitled to compensated absences. The employees of the Group can carry forward a portion of the unutilized accumulating compensated absences and utilize it in the future periods or receive cash at the retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the service that increases this entitlement.

Accumulated compensated absences which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulating compensated absences which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

The Group presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(p) Employee stock compensation expenses

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(q) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss. The Group off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business

combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(r) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

When the grant or subsidy relates to a capital item in form of reduced duty on import, it is deducted in carrying amount of an item of property, plant and equipment grants i.e. the asset is accounted for on the basis of its net acquisition cost. The grant on capital item is recognised in profit or loss over the life of a depreciable asset in the form of reduced depreciation expense.

(s) Segment reporting

The Group determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Each segment item reported is measured at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Inter segment transfers:

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

(t) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus

element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by R Systems Employee Welfare Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(u) Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(v) Contingent liabilities

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

(w) Cash and cash equivalents

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

(x) Use of estimates and judgement

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Group may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

i. Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Group's major tax jurisdiction is India, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

The Group reviews carrying amount of deferred tax assets at the end of each reporting period.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation

of future events, which may impact their life, such as changes in technology.

iv. Impairment of investments

The Group reviews its carrying value of investments at each Balance Sheet date, or more frequently when there is an indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

v. Business Combination and Intangible Assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets.

Recent accounting pronouncements

a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

b. Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

3 (a). Property, plant and equipment

(Rs. in million)

Particulars	Leasehold land[1]	Buildings and leasehold improvements[1]	Plant and equipment	Electric Installation	Furniture and fittings[2]	Computers	Vehicles[3]	Office equipment	Total
At cost									
Gross Block									
As at January 01, 2017	14.58	101.67	41.30	20.16	110.37	436.23	68.14	46.70	839.15
Additions	-	2.81	19.68	1.65	1.58	73.31	2.75	3.12	104.90
Deletions	-	-	(5.89)	(0.10)	(2.45)	(50.02)	(8.56)	(2.56)	(69.58)
Foreign curreny translation	-	(0.26)	-	(0.10)	(0.42)	(2.35)	(1.19)	(0.03)	(4.35)
As at December 31, 2017	**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 curreny 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**
Accumulated Depreciation									
As at January 01, 2017	**2.93**	**33.60**	**24.46**	**18.38**	**85.85**	**317.84**	**34.50**	**32.07**	**549.63**
Charge for the year	0.22	5.65	4.30	1.09	5.81	61.45	5.95	6.45	90.92
Deletions	-	-	(5.38)	(0.06)	(2.37)	(49.97)	(6.64)	(2.54)	(66.96)
Foreign curreny translation	-	(0.25)	-	(0.10)	(0.30)	(2.08)	(1.18)	0.06	(3.85)
As at December 31, 2017	**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 curreny 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**
Net block									
As at January 01, 2017	**11.65**	**68.07**	**16.84**	**1.78**	**24.52**	**118.39**	**33.64**	**14.63**	**289.52**
As at December 31, 2017	**11.43**	**65.22**	**31.71**	**2.30**	**20.09**	**129.93**	**28.51**	**11.19**	**300.38**
As at December 31, 2018	**11.26**	**65.03**	**27.61**	**1.92**	**27.43**	**131.88**	**30.28**	**11.50**	**306.91**

Notes:

(1) Land and building acquired during year ended December 31, 1998 under a composite lease amounting to Rs. 21.16 million has been allocated based on relative fair values on the date of acquisition.

(2) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2018 Rs. 11.00 million (December 31, 2017 Rs. 11.00 million; January 01, 2017 Rs. 11.00 million), Depreciation charge for the year Rs. 1.10 (previous year Rs. 1.10 million), Accumulated depreciation as at December 31, 2018 Rs. 2.24 million (December 31, 2017 Rs. 1.14 million; January 01, 2017 Rs. 0.05 million) and Net book value as at December 31, 2018 Rs. 8.76 million (December 31, 2017 Rs. 9.86 million; January 01, 2017 Rs. 10.95 million).

(3) Vehicles amounting to Rs. 20.95 million (as at December 31, 2017 : Rs. 23.77 million; as at January 01, 2017 : Rs. 27.74 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.

(4) Refer to Note 31 for capital commitment, Note 32(a) for Finance Lease obligation and Note 8(c) for assets pledged as security for liabilities.

3 (b). Capital work in progress

(Rs. in million)

Particulars	Amount
As at January 01, 2017	26.29
As at December 31, 2017	0.58
As at December 31, 2018	16.18

3 (c). Investment property

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Cost of land and building given on operating lease			
Balance at beginning of the year	35.96	35.96	35.96
Additions	-	-	-
Balance at the end of year	**35.96**	**35.96**	**35.96**
Accumulated depreciation			
Balance at beginning of the year	11.18	9.71	9.71
Additions	1.47	1.47	-
Balance at the end of year	**12.65**	**11.18**	**9.71**
Net value	**23.31**	**24.78**	**26.25**

Measurement of fair values

Investment property consists of land and building situated at Pune, India and is accounted for at cost. The Company has estimated that the fair value of investment property as at December 31, 2018 was Rs. 95.50 million. The fair value has been determined based on current prices in an active market for similar properties. The fair value measurement for the investment property has been categorised as a Level 2.

3 (d). Other intangible assets

(Rs. in million)

Particulars	Software	Non Compete	Customer contract	Total
At cost				
Gross Block				
As at January 01, 2017	220.95	75.40	16.78	**313.13**
Additions	11.36	-	-	**11.36**
Deletions	(2.98)	-	-	**(2.98)**
Foreign curreny translation	1.72	0.86	1.14	**3.72**
As at December 31, 2017	**231.05**	**76.26**	**17.92**	**325.23**
Additions	6.93	-	-	**6.93**
Deletions	(3.07)	-	-	**(3.07)**
Foreign curreny translation	10.38	5.94	0.81	**17.13**
As at December 31, 2018	**245.29**	**82.20**	**18.73**	**346.22**
Accumulated amortisation				
As at January 01, 2017	192.83	25.13	12.77	**230.73**
Charge for the year	25.21	15.14	2.06	**42.41**
Deletions	(2.98)	-	-	**(2.98)**
Foreign curreny translation	1.10	0.20	0.95	**2.25**
As at December 31, 2017	**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 curreny translation	9.16	3.58	0.69	**13.43**
As at December 31, 2018	**239.57**	**60.28**	**18.73**	**318.58**
Net Block				
As at January 01, 2017	**28.12**	**50.27**	**4.01**	**82.40**
As at December 31, 2017	**14.89**	**35.79**	**2.14**	**52.82**
As at December 31, 2018	**5.72**	**21.92**	**-**	**27.64**

3 (e). Goodwill

(Rs. in million)

Particulars	Total
As at January 01, 2017	**82.35**
Foreign curreny translation	1.70
As at December 31, 2017	**84.05**
Foreign curreny translation	5.88
As at December 31, 2018	**89.93**

4. Investments

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
A. Non-Current Investment			
Unquoted investments (fully paid), measured at FVTPL			
Investment in Saraswat Co-operative Bank Ltd			
"2,500 (December 31, 2017: 2,500; January 01, 2017: 2,500) shares of Rs. 10 each fully paid up"	0.03	0.03	0.03
Total Investment measured at FVTPL	**0.03**	**0.03**	**0.03**
Unquoted investment (fully paid), measured at amortised cost			
Debentures in Indus Software Technologies Private Limited	-	87.55	175.12
Total investment measured at amortised cost	**-**	**87.55**	**175.12**
Aggregate carrying value of Non-Current unquoted investments	**0.03**	**87.58**	**175.15**
B. Current Investment			
Quoted investment in mutual funds, measured at FVTPL			
18,376 (December 31, 2017: 9,237; January 01, 2017: Nil) units of SBI Premier Liquid Fund	52.64	24.66	-
14,627 (December 31, 2017: 7,349; January 01, 2017: Nil) units of HDFC Liquid Fund	52.63	24.65	-
115,669 (December 31, 2017: Nil; January 01, 2017: Nil) units of ICICI Prudential Liquid Fund	31.41	-	-
106,472 (December 31, 2017: Nil; January 01, 2017: Nil) units of Aditya Birla Sunlife Liquid Fund	31.41	-	-
15,428 (December 31, 2017: Nil; January 01, 2017: Nil) units of Axis Liquid Fund	31.41	-	-
Total investment in Mutual funds	**199.50**	**49.31**	**-**
Unquoted investment (fully paid), measured at amortised cost			
Debentures in Indus Software Technologies Private Limited	-	87.57	87.57
Total investment measured at amortised cost	**-**	**87.57**	**87.57**
Total quoted investment	**199.50**	**49.31**	**-**
Total unquoted investment	**-**	**87.57**	**87.57**
Total current investment (quoted + unquoted)	**199.50**	**136.88**	**87.57**

5. Other non-current financial assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Unsecured, considered good			
Security deposits	31.07	23.91	22.36
Margin money deposits (refer to Note 8b)	52.61	58.56	56.46
Bank deposits to be matured after 12 months from reporting date (refer to Note 8b)	17.37	-	-
Interest accrued on fixed deposits	1.58	1.64	5.12
Staff advance	0.29	0.68	0.02
	102.92	**84.79**	**83.96**

6. Other non-current assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Unsecured, considered good			
Capital advances	40.64	0.03	10.29
Prepaid expenses	9.46	12.52	20.82
	50.10	**12.55**	**31.11**

7. Trade receivables (Unsecured)

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Considered good	1,365.45	1,207.64	1,081.78
Credit impaired	51.85	46.32	65.42
Less: Allowance for doubtful debts (expected credit loss allowance)	(51.85)	(46.32)	(65.42)
	1,365.45	**1,207.64**	**1,081.78**

The Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Group estimates the following matrix at the reporting date.

Ageing	Expected credit loss*
Not due	0.01% - 0.14%
0-90 days	0.02% - 0.22%
90-180 days	0.11% - 1.34%
180-365 days	0.46% - 2.00%
More than 365 days	2.00%

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

Movement in expected credit loss allowance	Year ended December 31, 2018	Year ended December 31, 2017
Balance at the beginning of the year	46.32	65.42
Provision for doubtful debts (net)	24.75	9.64
Bad debts written off	(22.28)	(28.86)
Effect of foreign exchange fluctuation / translation	3.06	0.12
Balance at the end of the year	**51.85**	**46.32**

8a. Cash and cash equivalents

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(a) Cash on hand	1.15	0.75	0.81
(b) Balances with scheduled banks			
(i) in current accounts	21.71	45.02	25.81
(ii) in EEFC accounts	64.64	99.32	95.30
(iii) Deposit accounts with original maturity of less than 3 months	142.40	189.71	237.97
(c) Balances with other banks			
(i) in current accounts	520.42	580.22	771.48
(ii) Deposit accounts with original maturity of less than 3 months	90.85	14.00	16.39
Cash and cash equivalents	**841.17**	**929.02**	**1,147.76**

8b. Other bank balances

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(a) In other deposit accounts			
(i) original maturity more than 12 months	386.43	8.26	7.20
(ii) original maturity more than 3 months but less than 12 months	515.75	579.18	12.00
(iii) held as margin money	52.61	58.56	56.46
Deposits with banks carried at amortised costs	**954.79**	**646.00**	**75.66**
Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9	(369.06)	(8.26)	(7.20)
Less: Bank deposits to be matured after 12 months from reporting date disclosed under Note 5	(17.37)	-	-
Less: Margin money deposit disclosed under Note 5	(52.61)	(58.56)	(56.46)
	515.75	**579.18**	**12.00**
(b) Balances with scheduled banks			
(i) in unclaimed dividend accounts	2.95	2.43	2.58
Total - Other bank balances	**518.70**	**581.61**	**14.58**

Note: For details of bank wise balances, see Note 8c.

8c. Cash and bank balances

(Rs. in million)

S.No.	Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
A	**Cash on hand**	**1.15**	**0.75**	**0.81**
	Balance with scheduled banks			
B	**In current accounts**			
1	ICICI Bank Limited	5.02	7.88	3.74
2	HDFC Bank Limited	7.37	9.21	3.46
3	Oriental Bank of Commerce	3.16	5.22	7.45
4	State Bank of India	0.76	1.13	2.12
5	Axis Bank Limited	5.26	20.40	8.24
6	Bank of Baroda - NZD	-	0.37	0.49
7	Kotak Mahindra Bank Limited	0.14	0.81	0.31
		21.71	**45.02**	**25.81**
C	**In cash credit / overdraft accounts***			
1	Axis Bank Limited	-	-	-
		-	**-**	**-**
D	**In EEFC accounts**			
1	ICICI Bank Limited- USD	12.90	24.76	14.54
2	State Bank of India – USD #	-	0.00	0.00
3	Kotak Mahindra Bank Limited -USD @	-	0.00	10.57
4	Axis Bank Limited-USD	44.14	71.10	62.73
5	Axis Bank Limited-EURO	5.88	2.45	6.68
6	Axis Bank Limited-GBP	0.55	0.91	0.46
7	Axis Bank Limited-CAD	1.17	0.10	0.32
		64.64	**99.32**	**95.30**
E	**In deposit accounts**			
1	State Bank of India	24.21	24.06	34.40
2	ICICI Bank Limited	57.34	159.70	18.90
3	Axis Bank Limited	399.90	298.79	153.04
4	Kotak Mahindra Bank Limited	184.61	149.59	88.00
5	HDFC Bank Limited	45.74	-	11.00
6	State Bank of India, New York	16.95	15.90	-
7	Bank of Baroda, New York	17.23	15.91	-
8	Bank of India, New York	-	15.84	-
		745.98	**679.79**	**305.34**
F	**In unclaimed dividend accounts**			
1	HDFC Bank Limited	2.68	2.32	2.47
2	Kotak Mahindra Bank Limited	0.27	0.11	0.11
		2.95	**2.43**	**2.58**

8c. Cash and bank balances (Contd.)

(Rs. in million)

S.No.	Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
	Balance with other banks			
G	**In current accounts**			
1	California Bank & Trust, USA	173.04	210.53	443.28
2	Citibank Singapore Ltd, Singapore	88.88	100.52	30.65
3	DBS Bank Ltd, Singapore	33.36	5.13	22.59
4	Malayan Banking Berhad, Malaysia	43.45	22.14	16.86
5	Hang Seng Bank Limited, Hong Kong	4.25	6.86	6.42
6	Siam Commercial Bank	9.43	-	-
7	Citibank NA, Thailand	-	3.97	2.74
8	Bank of China, China	16.09	20.53	17.90
9	Sumitomo Mitsui Banking Corporation, Japan	0.09	0.25	0.31
10	Mizuho Bank Ltd, Japan	0.31	0.08	0.21
11	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	0.19	0.32	0.41
12	Natwest Bank	61.32	80.01	152.66
13	Santander Bank Polska S.A.	1.22	15.20	27.41
14	Mobiasbanca - Groupe Societe Generale SA	1.82	2.47	2.11
15	BRD Groupe Societe Generale SA	18.75	36.58	2.31
16	CIMB Bank BHD	1.31	1.64	1.84
17	Royal Bank of Canada	4.50	4.45	6.58
18	ING Bank N.V. Amsterdam - Bucharest	1.32	0.87	0.36
19	Overseas-Chinese Banking Corporation Limited	-	-	0.01
20	Standard Chartered Bank, Singapore	-	10.90	-
21	Bank Permata Tbk, PT	22.24	25.85	23.72
22	DBS Bank (China) Ltd.	26.28	17.24	8.61
23	Standard Chartered Bank, Hong Kong	0.35	0.37	3.07
24	Citibank N.A., USA	-	1.04	1.13
25	BDO UNIBANK Inc.	12.22	13.27	0.30
		520.42	**580.22**	**771.48**
	Balance with other banks			
H	**In deposit accounts**			
1	Mobiasbanca - Groupe Societe Generale SA	0.66	0.59	0.54
2	BRD Groupe Societe Generale SA	6.75	15.50	6.14
3	ING Bank N.V. Amsterdam - Bucharest	1.38	1.32	-
4	Citibank Singapore Ltd, Singapore	23.07	2.39	5.17
5	BDO UNIBANK Inc.	0.69	7.80	12.83
6	Natwest Bank	13.98	-	-
7	Santander Bank Polska S.A.	21.01	-	-
8	Credit Suisse	1.29	-	-
9	DBS Bank, Indonesia	29.43	-	-
10	Discover Bank Greenwood, DE	17.03	15.84	-
11	Goldman Sachs Bk USA New York, NY	-	15.84	-
12	Bank Of China New York, NY	17.09	15.91	-
13	Bmo Harris Bank NA Chicago, IL	-	15.91	-
14	Sallie Mae Bank Salt Lake City, UT	-	15.84	-
15	Compass Bank (Cd9css)	-	15.78	-
16	Bankunited, National Association	-	15.78	-
17	Beal Bank USA	-	15.71	-
18	Morgan Stanley Bank, National AS	-	15.71	-

8c. Cash and bank balances (Contd.)

(Rs. in million)

S.No.	Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
19	Zb, National Association, Salt Lake City, UT	17.09	-	-
20	Tiaa, Fsb (Fka Everbank), Jacksonville, FL	17.09	-	-
21	Banner Bk Walla Walla, WA	17.09	-	-
22	Busey Bk Champaign, IL	17.09	-	-
23	Citibank Na Sioux Falls, SD	17.10	-	-
24	Synovus Bank Ga Columbus, GA	17.10	-	-
25	First Midwest Bank Chicago, IL	17.24	-	-
26	Bank Of N Y Mellon New Yourk, NY	17.24	-	-
27	Santander Bank Na Wilmington, DE	13.96	-	-
28	Safra Natl Bk New York, NY	13.96	-	-
29	Mufg Un Bk N A San Francisco, CA	13.96	-	-
30	Berkshire Bk Pittsfield, MA	13.96	-	-
31	Enerbank Usa Salt Lake City, UT	13.96	-	-
32	Luana Savings Bank	17.23	-	-
33	Wells Fargo Bk NA	17.37	-	-
34	Morgan Stanley Pvt Bk	16.96	-	-
35	Bank Of America Corp Charlotte, NC	17.16	-	-
36	Regions Bk Birmingham, AL	17.16	-	-
37	Mizuho Bank Usa New York, NY	16.96	-	-
		442.06	**169.92**	**24.68**
	Total Cash and bank balances	**1,798.91**	**1,577.45**	**1,226.00**
	Cash and cash equivalents (See also Note 8a)	841.17	929.02	1,147.76
	Deposits with banks (See also Note 8b)	954.79	646.00	75.66
	Balance in unclaimed dividend accounts (See also Note 8b)	2.95	2.43	2.58
	Total Cash and bank balances	**1,798.91**	**1,577.45**	**1,226.00**

* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire standalone current assets and collateral over an immovable property situated in Noida.

\# State Bank of India – USD balance as on December 31, 2018 was Rs. Nil, as on December 31, 2017 was Rs. 319 and as on January 01, 2017 was Rs. 340.

@ Kotak Mahindra Bank Limited – USD balanceas on December 31, 2018 was Rs. Nil, as on December 31, 2017 was Rs. 6.

9. Other current financial assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Staff advance	6.87	6.42	5.71
Unbilled revenue	205.77	149.50	161.10
Security deposit	1.68	2.22	1.11
Bank deposits with original maturity of more than 12 months (refer to Note 8b)	369.06	8.26	7.20
Mark-to-market gain on derivative instruments (refer to Note 28)	22.59	16.33	26.42
Interest accrued			
Fixed deposits	7.88	5.39	0.90
Compulsorily redeemable debentures	-	3.20	4.97
Others	4.47	3.29	4.95
	618.32	**194.61**	**212.36**

10. Other current assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Balances with indirect tax authorities	24.62	18.39	22.96
VAT recoverable	4.52	12.91	23.24
Prepaid expenses	101.82	82.17	2.49
Advance to vendors	7.21	1.03	60.52
Tour and travel advance	11.93	5.32	4.96
	150.10	**119.82**	**114.17**

11. Equity share capital

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Authorised			
206,000,000 (December 31 2017: 200,000,000; January 01 2017: 200,000,000) equity shares of Re. 1 each	206.00	200.00	200.00
Pursuant to Scheme of Amalgamation, the Authorised Capital of GM Solutions Private Limited has been merged into the authorised capital of R Systems International Limited. (refer to Note 35)			
Issued, subscribed and fully paid up			
123,990,425 (December 31 2017: 123,952,925; January 01 2017: 123,870,425) equity shares of Re. 1 each	123.99	123.95	123.87
Less: Shares held by R Systems Employees Welfare Trust [refer to Note g(i) below]	0.74	0.74	0.74
	123.25	**123.21**	**123.13**

Notes:

(a) Reconciliation of number of shares and amount of share capital outstanding at the beginning and at the closing of the year:

Particulars	Year ended December 31, 2018		Year ended December 31, 2017	
	Number	Amount (Rs. in million)	Number	Amount (Rs. in million)
At the beginning of the year	123,952,925	123.95	123,870,425	123.87
Shares issued pursuant to merger of GM Solutions Private Limited (refer to Note 35)	29,746,353	29.75	-	-
Shares cancelled pursuant to merger of GM Solutions Private Limited (refer to Note 35)	(29,746,353)	(29.75)	-	-
Issued during the year*	37,500	0.04	82,500	0.08
Outstanding at the closing of the year	**123,990,425**	**123.99**	**123,952,925**	**123.95**

*The Company has issued 37,500 (previous year 82,500) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

(b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

11. Equity share capital (Contd.)

(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

The Company does not have any holding / ultimate holding company.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Aggregate number of shares bought back	3,678,155	3,678,155	3,678,155
Shares issued pursuant to scheme of merger of GM Solutions Private Limited with the Company (refer to Note 35)	29,746,353	-	-

(e) The Board of Directors of the Company at its meeting held on January 15, 2019 has approved the buyback of upto 3,690,000 fully paid up equity shares of the Company of face value of Re. 1/- each from its existing shareholders as on record date (i.e. February 01, 2019) on a proportionate basis through Tender Offer route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 at a price of Rs. 65/- per equity share, payable in cash for a total amount not exceeding Rs. 239.85 million.

(f) Details of shareholders holding more than 5% shares in the Company (also refer to Note 35)

Name of shareholder	As at December 31 2018		As at December 31, 2017		As at January 01, 2017	
	No. of shares held	% of Holding	No. of shares held	% of Holding	No. of shares held	% of Holding
GM Solutions Private Limited	-	-	29,746,353	24.00	29,746,353	24.01
RightMatch Holdings Limited	9,076,218	7.32	9,076,218	7.32	9,076,218	7.33
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	12,150,731	9.80	12,150,731	9.81
Sartaj Singh Rekhi	19,800,619*	15.97	5,864,656	4.73	5,864,656	4.73
Ramneet Singh Rekhi	16,857,524*	13.60	4,958,983	4.00	4,958,983	4.00
Bhavook Tripathi #	44,662,112	36.02	43,861,539	35.39	44,330,059	35.79

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

* Including shares allotted pursuant to the Scheme of Amalgamation of GM Solutions Private Limited and R Systems International Limited. (See also Note 35)

Not having significant influence over the Company.

(g) Shares reserved for issue under options

(i) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the Plan' or 'ESOP Plan 2001')

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3.38 million. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. The Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares, 22,079 shares were issued to the employees on exercise of options.

11. Equity share capital (Contd.)

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each, then issued 1:1 bonus share to each of the then existing shareholder and further sub-divided each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each. Consequently, the total number of shares issued are now 738,980 equity shares of Re. 1 each, which are treated as Treasury Shares.

The financial statements of the R Systems Trust have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the R Systems Trust functions as an extension of the Company. Therefore, an amount of Rs. 0.74 million and Rs. 2.28 million has been adjusted against issued, subscribed and paid-up capital and Securities Premium Account, respectively.

The movement in the options (in equivalent number of shares of the Company) held by the R Systems Trust during the year ended December 31, 2018 and the year ended December 31, 2017 is set out below:

	Year ended December 31, 2018	Year ended December 31, 2017
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options / grants lapsed or surrendered (Re. 1 per share)	-	-
At the end		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

The Board of Directors at their meeting held on May 04, 2017 had approved a Scheme of Arrangement between the Company and its Shareholder and Creditors ("Scheme") for reduction of equity shares held by the R Systems Trust. The Scheme was filed on August 18, 2017 with the National Company Law Tribunal, New Delhi (Tribunal) for necessary directions.

The Board of Directors at its meeting held on December 21, 2018, decided not to implement the Scheme in its current form and considered to modify the current scheme in the light of certain management policies and changes that would have a bearing on the Scheme. The Tribunal has allowed the Company to withdraw the Scheme vide order dated January 03, 2019.

(ii) R Systems International Limited Employee Stock Option Scheme 2007 ('the Plan' or 'ESOP Plan 2007')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

11. Equity share capital (Contd.)

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2018 and year ended December 31, 2017 is set out below:

	Year ended December 31, 2018	Year ended December 31, 2017
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	112,500	195,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	1,925,000
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	(37,500)	(82,500)
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	-	(1,925,280)
At the end		
- Grants outstanding under the plan (Re. 1 per share)	75,000	112,500
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	-
Options vested during the year	37,500	37,500

For options exercised during the year 2018, the weighted average share price at the exercise date was Rs. 38.78 (Previous year Rs. 50.40).

The weighted average remaining contractual life for the stock options as at December 31, 2018 is 88 months (as at December 31, 2017 : 100 months; as at January 01, 2017: 13 months).

Fair value of share options

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	ESOP Plan 2001	ESOP Plan 2007	
	Options granted before 2001 *	Options granted during the year ended December 31, 2007#	Options granted during the year ended December 31, 2016
Stock option fair value using Black - Scholes option pricing	Nil	50.73	49.89
Exercise price	154.00	120.70	12.07
Expected volatility (in %)	0.5	44	55.32-55.83
Expected option life	2.5 years (being half of the maximum option life)	4 years i.e. 25% vesting at the end of each year from the date of grant	4 years i.e. 25% vesting at the end of each year from the date of grant
Exercise period	1 year from the date of grant	10 years from the date of grant	10 years from the date of grant
Dividend yield (in %)	15.00	0.86	1.32
Risk-free interest rate (in %)	11.30	7.00	7.84

* Originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, the Company had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai. The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

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

12. Other equity

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
a. Securities premium account			
Securities premium account is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.	278.24	275.95	273.17
b. 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.	2.92	3.39	2.62
c. General Reserve			
The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.	158.73	158.73	158.73
d. 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	0.03
e. Retained earnings			
Retained earnings comprises the Group's undistributed earnings after taxes.	2,432.21	2,007.25	1,781.91
f. Other comprehensive income			
Re-measurement of defined benefit plans			
Re-measurement of defined benefit plans consists of re-measurement of net defined benefit liability / assets (net of tax).	7.54	8.04	-
Foreign currency translation reserve			
Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.	226.11	132.06	146.50
Total other Equity	**3,105.78**	**2,585.45**	**2,362.96**

Notes:

(1) Year-wise movement of the individual line items above is given in the Statement of Changes in Equity.

13. Non- current borrowings (at amortised cost)

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Term loans for motor vehicles from non banking financial corporation (secured)	9.36	9.58	13.45
Finance lease obligation (Unsecured)	10.61	10.78	10.88
	19.97	**20.36**	**24.33**
Less:			
Current maturities of term loans for motor vehicles (refer to Note 17)	3.86	4.33	5.02
Current maturities of finance lease obligation (refer to Note 17)	0.20	0.18	0.16
	15.91	**15.85**	**19.15**

Notes:

(1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 10.23% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.

(2) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

14. Other non-current financial liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Deferred payment compensation for business acquisition	-	-	44.00
Security Deposit	2.96	2.23	9.59
	2.96	**2.23**	**53.59**

15. Provision

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Long-term provision for employee benefits			
- Gratuity	109.60	91.18	89.42
	109.60	**91.18**	**89.42**

Also refer to Note 21 for detailed disclsoures

16. Other non-current liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Deferred grant from Government	0.04	0.29	0.58
	0.04	**0.29**	**0.58**

17. Other current financial liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Current maturities of term loans for motor vehicles (refer to Note 13)	3.86	4.33	5.02
Current maturity of Finance lease obligation (refer to Note 13)	0.20	0.18	0.16
Security deposits received	9.48	9.63	2.33
Investor education and protection fund (not due) - Unclaimed dividend	2.95	2.43	2.58
Employee benefits payable	167.03	119.10	133.76
Capital creditors	2.08	0.27	10.78
Deferred payment compensation for business acquisition	22.29	45.47	25.38
Other financial liabilities	4.92	3.85	3.96
	212.81	**185.26**	**183.97**

18. Provisions

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Short-term provision for employee benefits			
- Gratuity	4.80	3.59	2.54
- Compensated absences	137.83	135.98	113.59
	142.63	**139.57**	**116.13**

Also refer to Note 21 for detailed disclsoures

19. Other current liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Statutory dues payable			
Tax deducted at source / Witholding tax payable	22.11	15.96	17.84
PF / 401 K / other payables	37.07	25.72	29.07
GST / Service tax / VAT payable	22.53	20.34	15.34
Others	0.23	0.20	0.14
Unearned revenues	316.64	321.18	167.27
Rent received in advance	-	0.22	0.67
Deferred grant from Government	0.83	1.24	1.15
	399.41	**384.86**	**231.48**

20. Other income

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Interest income on		
- Bank deposit	56.01	37.11
- Debenture	7.67	17.50
- Financial instruments measured at amortised cost	0.38	0.38
- Others	-	6.11
Rental income from investment property	6.78	6.85
Foreign exchange fluctuation (net)	9.38	56.71
Profit on sale / discarding of property, plant and equipment (net)	0.67	0.36
Liability no longer required written back	64.77	7.69
Fair value adjusment on deferred payment compensation for business acquisition	26.10	6.37
Miscellaneous income	10.53	21.48
Net gain arising on financial assets measured at FVTPL	10.20	1.31
	192.49	**161.87**

21. Employee benefits expense

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Salaries, wages and bonus	4,285.26	3,735.30
Gratuity expenses	36.50	24.91
Contribution to provident and other funds	227.63	252.48
Employees' share based payments expense	1.40	2.64
Staff welfare expenses	193.06	157.82
	4,743.85	**4,173.15**

Gratuity

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 2 million (previous year Rs. 1 million).

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

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Service cost	29.50	18.87
Net interest cost	7.00	6.04
Net gratuity expense recognised in profit and loss	**36.50**	**24.91**
Remeasurement loss / (gain) recognised in OCI	**0.77**	**(12.29)**
Total Cost Recognised in Comprehensive Income	**37.27**	**12.62**

21. Employee benefits expense (Contd.)

Details of defined benefit gratuity plan:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Defined benefit obligation	130.56	99.10	94.60
Fair value of plan assets	16.16	4.33	2.64
Net defined benefit obligation	**114.40**	**94.77**	**91.96**

Changes in the defined benefit obligation are as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Opening defined benefit obligation	99.10	94.60
Service cost	29.50	18.87
Interest cost	7.33	6.22
Benefits paid	(6.38)	(9.51)
Actuarial (gains) / losses on obligation	1.01	(11.08)
Closing defined benefit obligation	**130.56**	**99.10**

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

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Opening fair value of plan assets	4.33	2.64
Expected return	0.33	0.18
Contributions by the employer	17.64	9.81
Benefits paid	(6.38)	(9.51)
Actuarial gains / (losses) on plan assets	0.24	1.21
Closing fair value of plan assets	**16.16**	**4.33**

Sensitivity Analysis

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

(Rs. in million)

Defined Benefit Obligation	As at December 31, 2018	As at December 31, 2017
Discount rate		
a. Discount rate - 100 basis points	140.74	111.60
b. Discount rate + 100 basis points	121.70	88.65
Salary increase rate		
a. Rate - 100 basis points	122.33	90.73
b. Rate + 100 basis points	139.21	107.82

21. Employee benefits expense (Contd.)

Maturity Profile of Defined Benefit Obligation

(Rs. in million)

Expected Future Cashflows	As at December 31, 2018	As at December 31, 2017
Year 1	20.96	7.91
Year 2	15.24	5.59
Year 3	13.74	5.80
Year 4	12.07	6.00
Year 5	10.92	6.04
Year 6 to10	39.65	32.49

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

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Investments with Life Insurance Corporation of India	100%	100%	100%

The principal assumptions used in determining gratuity are shown below:

(A) Financial Assumptions

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Discount rate	7.35%	7.70%	7.70%
Increment rate	First year 10%, thereafter 7%	First year 10%, thereafter 7%	First year 10%, thereafter 7%

(B) Demographic Assumptions

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	Below Age 30 yrs - 35% Age 30 to 34 Yrs - 22% Age 34 to 44 Yrs - 17% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%	Below Age 30 yrs - 15% Age 30 to 34 Yrs - 10% Age 34 to 44 Yrs - 5% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%	Below Age 30 yrs - 15% Age 30 to 34 Yrs - 10% Age 34 to 44 Yrs - 5% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%
Retirement age	60 Yrs	60 Yrs	60 Yrs

22. Finance cost

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense on borrowings	2.40	2.73
Interest expense on financial instruments measured at amortised cost	0.25	0.46
Interest under income tax	-	0.79
	2.65	**3.98**

23. Depreciation and amortisation expense

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Depreciation of property, plant and equipment	98.23	90.92
Amortisation of intangible assets	35.78	42.41
Depreciation on investment property	1.47	1.47
	135.48	**134.80**

24. Other expenses

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Power and fuel	46.86	44.83
Rent - premises	120.82	108.60
Repair and maintenance		
- Software	69.73	50.04
- Others	53.79	51.59
Commission	9.46	7.13
Travelling and conveyance	294.55	235.82
Communication costs	79.10	74.85
Legal and professional fees	664.53	530.58
Cost of third party items	136.24	156.66
Auditors' remuneration (refer detail below)	5.15	3.70
Provision for doubtful debts (net)	24.75	9.64
Advances wriiten off	13.45	-
Contribution towards corporate social responsibility (refer detail below)	3.96	2.46
Miscellaneous expenses	160.19	146.98
	1,682.58	**1,422.88**

(i). Detail of auditors remuneration

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
As auditor:		
- Statutory audit fee	2.12	1.38
- Quarterly audit / limited review fee	2.31	2.02
- Out-of-pocket expenses	0.28	0.26
In other capacity:		
- Certification	0.44	0.04
	5.15	**3.70**

(ii). Contribution towards corporate social responsibility

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Amount required to be spent by the Company during the year	9.19	10.55
Amount spend by the Company in accordance with its Corporate Social Responsibility Policy	3.96	2.46

25. Income tax

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Current income tax		
In respect of the current year	129.60	145.31
In respect of the prior periods	(5.38)	4.58
MAT Credit Entitlement	-	(5.84)
Deferred tax charge / (credit)	(7.85)	(15.95)
Income tax expense recognised in the statement of profit and loss	**116.37**	**128.10**
Income tax recognised in other comprehensive income		
Deferred tax arising on income and expense recognised in other comprehensive income		
Net loss / (gain) on remeasurement of defined benefit plan	(0.27)	4.25
	116.10	**132.35**

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Profit before tax	626.82	353.44
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	219.04	122.32
Effect of:		
Income exempt from tax	(67.02)	(23.14)
Temporary differences not recognized in earlier year	(24.76)	1.90
Expenses that are not deductible in determining taxable profit	28.50	17.81
Different tax rates of other tax jurisdictions	(32.27)	4.40
Tax pertaining to prior years	(5.38)	4.58
Others	(1.74)	0.23
Income tax expense recognised in the statement of profit and loss	**116.37**	**128.10**

Deferred tax assets and liabilities are attributable to the following :

(Rs. in million)

Particulars	Deferred tax assets		Deferred tax (Liabilites)	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Deferred tax assets				
Provision for doubtful debts	6.54	2.40		
Provision for gratuity	38.54	32.80		
Provision for compensated absence	38.79	30.73		
Difference on account of Revenue Recognition	0.25	0.26		
Other employee benefits	4.74	4.70		
Tax Losses	-	3.39		
MAT credit entitlement	-	5.84		
Total Deferred tax assets (A)	**88.86**	**80.12**	**-**	**-**
Deferred tax liabilities				
Difference on account of Revenue Recognition	-	-	(0.25)	(0.26)
Property, plant and equipment	(11.97)	(21.16)		
Net gain on fair value of mutual funds	(4.03)	(0.45)		
Mark to market loss / (gain) on forward contracts	(5.40)	-		
Total Deferred tax Liabilities (B)	**(21.40)**	**(21.61)**	**(0.25)**	**(0.26)**
Net deferred tax assets / (liabilities) (A+B)	**67.46**	**58.51**	**(0.25)**	**(0.26)**

25. Income tax (contd.)

Deferred tax

Deferred tax assets / (liabilities) as at December 31, 2018 in relation to:

(Rs. in million)

Particulars	As at January 01, 2018	Recognised in profit and loss	Recognised in other comprehensive income	Others	Currency translation	As at December 31, 2018
Property, plant and equipment	(21.16)	(3.37)	-	-	(5.82)	(11.97)
Provision for doubtful debts	2.40	(4.10)	-	-	(0.04)	6.54
Difference on account of Revenue Recognition	-	-	-	-	-	-
Provision for gratuity	32.80	(5.47)	(0.27)	-	-	38.54
Provision for compensated absence	30.73	(7.45)	-	-	(0.61)	38.79
Other employee benefits	4.70	(0.04)	-	-	-	4.74
Mark to market loss / (gain) on forward contracts	-	5.40	-	-	-	(5.40)
Net gain on fair value of mutual funds	(0.45)	3.58	-	-	-	(4.03)
Tax Losses	3.39	3.60	-	-	(0.21)	-
MAT credit entitlement	5.84	-	-	5.84	-	-
Total	**58.25**	**(7.85)**	**(0.27)**	**5.84**	**(6.68)**	**67.21**

Deferred tax assets / (liabilities) as at December 31, 2017 in relation to:

(Rs. in million)

Particulars	As at January 01, 2017	Recognised in profit and loss	Recognised in other comprehensive income	Others	Currency translation	As at December 31, 2017
Property, plant and equipment	(19.26)	(3.94)	-	-	5.84	(21.16)
Provision for doubtful debts	0.31	(2.09)	-	-	-	2.40
Difference on account of Revenue Recognition	0.56	0.69	-	-	(0.13)	-
Provision for gratuity	31.83	(5.22)	4.25	-	-	32.80
Provision for compensated absence	28.02	(2.41)	-	-	(0.30)	30.73
Other employee benefits	4.70	-	-	-	-	4.70
Net gain on fair value of mutual funds	-	0.45	-	-	-	(0.45)
Tax Losses	-	(3.43)	-	-	0.04	3.39
MAT credit entitlement	-	(5.84)	-	-	-	5.84
Total	**46.16**	**(21.79)**	**4.25**	**-**	**5.45**	**58.25**

The Group has not recognised deferred tax assets on the following:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Unused tax losses of foreign jurisdication *	1,689.35	1,777.47	1,670.39

* The unused tax losses will be expired based on tax laws of the relevant juriductions.

The Group has a unit at Greater Noida registered as Special Economic Zone (SEZ) unit which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

A significant portion of the profits of the Group's operations are exempt from income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated Special Economic Zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

26. Earnings per share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Net profit after tax (Rs. in million)	510.45	225.34
Weighted average number of equity shares for calculating Basic EPS	123,238,808	123,185,918
Weighted average number of equity shares resulting from assumed exercise of employee stock options	31,934	23,886
Weighted average number of equity shares for calculating Diluted EPS	123,270,742	123,209,804
Earnings per share [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
Basic (Rs.)	4.14	1.83
Diluted (Rs.)	4.14	1.83

27. Financial insruments

The carrying values and fair values of financial instruments by categories are as follows:

(Rs. in million)

Particulars	Note reference	Basis of measurement	As at December 31, 2018		As at December 31, 2017		As at January 1, 2017		Fair value hierarchy
			Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets									
Investments in other equity instruments	4	FVTPL	0.03	0.03	0.03	0.03	0.03	0.03	Level 3
Investments in mutual funds	4	FVTPL	199.50	199.50	49.31	49.31	-	-	Level 1
Investments in debentures	4	Amortised cost	-	-	175.12	175.12	262.69	262.69	
Trade receivables	7	Amortised cost	1,365.45	1,365.45	1,207.64	1,207.64	1,081.78	1,081.78	
Cash and cash equivalents	8a	Amortised cost	841.17	841.17	929.02	929.02	1,147.76	1,147.76	
Other bank balances	8b	Amortised cost	518.70	518.70	581.61	581.61	14.58	14.58	
Mark-to-market gain on derivative instruments	9	FVTPL	22.59	22.59	16.33	16.33	26.42	26.42	Level 2
Other financial assets (Other than derivative instruments)	5,9	Amortised cost	698.65	698.65	263.07	263.07	269.90	269.90	
Total			**3,646.09**	**3,646.09**	**3,222.13**	**3,222.13**	**2,803.16**	**2,803.16**	
Liabilities									
Borrowings (including finance lease obligation)	13	Amortised cost	19.97	19.97	20.36	20.36	24.33	24.33	
Trade payables		Amortised cost	270.02	270.02	340.05	340.05	296.89	296.89	
Other Financial liabilities									
a) Deferred payment compensation for business acquisition	17	FVTPL	22.29	22.29	45.47	45.47	69.38	69.38	Level 3
b) Other financial liabilities (other than a)	14,17	Amortised cost	189.42	189.42	137.51	137.51	163.00	163.00	
Total			**501.70**	**501.70**	**543.39**	**543.39**	**553.60**	**553.60**	

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

27. Financial insruments (Contd.)

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

28. Financial risk management

Financial risk factors and risk management objectives

The Group's activities expose it to foreign currency risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Foreign currency risk

The Group operates globally with its operations spread across various geographies and consequently the Group is exposed to foreign exchange risk where the currency in which revenue is generated is different from the currency in which expenses being incurred. A significant portion of the Group' revenue are in USD and Euro where as the costs are incurred in INR or other local currencies.The Group holds plain vanilla forward contracts against expected future sales in USD and EURO to mitigate the risk of changes in exchange rates primarily against INR.

Derivative financial instruments

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on certain foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has recognised mark-to-market gain of Rs. 22.59 million (Previous year gain of Rs. 16.33 million) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2018.

The following table gives details in respect of outstanding foreign currency forward contracts:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
USD			
Foreign currency (million)	16.80	10.25	14.70
Average rate	71.50	66.68	70.59
Rupees (million)	1,201.20	683.47	1,037.69
EURO			
Foreign currency (million)	3.15	2.95	1.40
Average rate	86.43	78.34	80.00
Rupees (million)	272.24	231.09	112.00

The following table analyses Group's foreign currency exposure from non-derivative financial instruments as of December 31, 2018, December 31, 2017 and January 01, 2017:

(Rs. in million)

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

28. Financial risk management (Contd.)

(Rs. in million)

As at December 31, 2017	USD	EURO	Others#	Total
Trade receivables	418.96	182.00	6.81	607.77
Other financial assets	0.28	0.06	5.64	5.97
Cash and cash equivalents and bank balances	149.44	52.43	5.68	207.55
Trade and other payables	61.94	74.82	2.31	139.07

(Rs. in million)

As at January 01, 2017	USD	EURO	Others#	Total
Trade receivables	393.06	98.29	41.01	532.35
Other financial assets	0.36	-	1.28	1.64
Cash and cash equivalents and bank balances	176.59	27.15	5.73	209.47
Trade and other payables	72.04	70.07	6.95	149.06

Others include currencies such as SGD, GBP, CAD, RON, MYR, CHF, BGN, NZD and INR

Foreign currency sensitivity analysis

For the year ended December 31, 2018 and December 31, 2017, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would decrease / increase Company's profit before tax margin (PBT) by approximately 0.69% and 0.23%, respectively.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk arises from deposits held with banks, investments with financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017
Revenue from top customer	433.92	354.96
Revenue from top 5 customers	1,643.33	1,312.71

No customer accounted for more than 10% of the revenue for the year ended December 31, 2018 and December 31, 2017.

Investments

Credit risk on cash and cash equivalent is limited as the Group generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating and debentures. The Group does not expect any losses from non-performance by the counterparties.

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus cash is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current requirements.

28. Financial risk management (Contd.)

As at December 31, 2018, the Group had a working capital of Rs. 2,616.36 million including cash and cash equivalents and current fixed deposits of Rs. 1,359.87 million and current investments of Rs. 199.50 million. As at December 31, 2017, the Group had a working capital of Rs. 2,072.44 million including cash and cash equivalents and current fixed deposits of Rs. 1,510.63 million and current investments of Rs. 136.88 million. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Less than 1 year			
Borrowings (including accrued interest)	4.06	4.51	5.18
Trade payables	270.02	340.05	296.89
Other financial liabilities	208.75	180.75	178.79
More than 1 year			
Borrowings (including accrued interest)	15.91	15.85	19.15
Other financial liabilities	2.96	2.23	53.59

29. Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective, when managing capital, is to maintain an optimal structure so as to maximize shareholder value. The capital structure is as follows:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Total equity attributable to the equity share holders of the Group	**3,229.03**	**2,708.66**	**2,486.09**
As percentage of total capital	**99.39%**	**99.25%**	**99.03%**
Borrowings (including current maturities)	19.97	20.36	24.33
Total borrowings	**19.97**	**20.36**	**24.33**
As percentage of total capital	0.61%	0.75%	0.97%
Total capital (equity and borrowings)	**3,249.00**	**2,729.02**	**2,510.42**

The Group is predominantly equity financed which is evident from the capital structure table. Further, the Group always has surplus cash and bank balances invested in fixed deposit with banks, commercial deposits and liquid mutual funds.

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

b) Business process outsourcing

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities of the Group are used interchangeably between segments and the CODM does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

Geographic segments are based on the areas in which the major customers of the Group operate and / or the area in which the assets are located. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for reportable segments for the year ended December 31, 2018 and December 31, 2017:

(Rs. in million)

Particulars	Information technology services		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended									
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
REVENUE										
External sales	6,286.48	5,461.70	712.41	464.68					6,998.89	5,926.38
Inter-segment sales			23.18	19.55	23.18	19.55				
Total revenue	**6,286.48**	**5,461.70**	**735.59**	**484.23**	**23.18**	**19.55**			**6,998.89**	**5,926.38**
RESULT										
Segment result	528.52	321.10	108.83	38.26					637.35	359.36
Unallocated corporate expenses							(88.92)	(71.20)	(88.92)	(71.20)
Operating profit									**548.43**	**288.16**
Finance costs							(2.65)	(3.98)	(2.65)	(3.98)
Interest income							64.06	61.10	64.06	61.10
Other unallocable income							16.98	8.16	16.98	8.16
Tax expense							(116.37)	(128.10)	(116.37)	(128.10)
Net profit after tax									**510.45**	**225.34**
Other segment Information										
Depreciation and amortisation	125.84	127.34	8.00	5.82			1.64	1.64	**135.48**	**134.80**

Geographical information:

The following is the distribution of the Group's revenue by geographical area in which customers are located:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
India	115.03	102.90
USA	4,090.33	3,325.98
South East Asia	1,321.03	1,197.96
Europe	1,255.45	1,150.93
Others	217.05	148.61
Total	**6,998.89**	**5,926.38**

Please refer to Note 28 on financial risk management for information on revenue from major customers.

31. Related Party Disclosures

Names of related parties (refer to Note 1 for 'R Systems Group')

(i) Key management personnel

Sl. No.	Name of person	Designation	Company
1	Satinder Singh Rekhi	Managing Director	R Systems International Limited, India
		Director	R Systems, Inc., USA (RSI)
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	Computaris International Limited, UK
		Director	RSYS Technologies Ltd., Canada
		Director	IBIZ Consulting Pte. Ltd, Singapore
2	Lt. Gen. Baldev Singh (Retd.)	President and Senior Executive Director	R Systems International Limited, India
3	Avirag Jain	Director & Chief Technology Officer (appointed as director w.e.f. August 03, 2017)	R Systems International Limited, India
4	Ruchica Gupta	Non-Executive Independent Director	R Systems International Limited, India
5	Kapil Dhameja	Non-Executive Independent Director	R Systems International Limited, India
6	Aditya Wadhwa	Non-Executive Independent Director	R Systems International Limited, India
7	Sartaj Singh Rekhi	Director	R Systems, Inc., USA
		Director	ECnet Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	RSYS Technologies Ltd., Canada
8	Chan Kum Ming	Director	ECnet Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
9	Raluca Marina Rusu	Director	Computaris International Limited, UK
10	Joydeep Sen Chaudhuri	Director	R Systems (Singapore) Pte Ltd, Singapore
11	Gunalan Kalairajan	Director (appointed w.e.f. May 01, 2018)	IBIZ Consulting Pte. Ltd, Singapore
12	Ramasubramanian Balasubramanian	Director (resigned on May 01, 2018)	IBIZ Consulting Pte. Ltd, Singapore
13	Ramneet Singh Rekhi	Vice President	R Systems, Inc., USA
14	Nand Sardana	Chief Financial Officer	R Systems International Limited, India
15	Bhasker Dubey	Company Secretary & Compliance Officer (appointed w.e.f. February 10, 2018)	R Systems International Limited, India
16	Ashish Thakur	Company Secretary & Compliance Officer (resigned on February 10, 2018)	R Systems International Limited, India

(ii) Relatives of Key management personnel

- Amrita Rekhi, (related to Satinder Singh Rekhi), Assistant Manager – Business Development
- Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales
- Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)]
- Harpreet Rekhi, (related to Satinder Singh Rekhi)
- Anita Behl, (related to Satinder Singh Rekhi)

(iii) Enterprises where key management personnel or their relatives exercise significant influence

- RightMatch Holdings Limited
- Satinder and Harpreet Rekhi Family Trust

31. Related Party Disclosures (Contd.)

Details of transactions with related parties for the year ended December 31, 2018 and December 31, 2017:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Remuneration		
Short term employee benefits	178.57	142.61
Post-employment benefits	2.14	0.07
Other long-term employee benefits	0.40	0.05
Share based payments	1.40	2.64
Sitting fee to independent directors	0.75	0.83
Total	**183.26**	**146.20**
Dividend paid		
Satinder & Harpreet Rekhi Family Trust	7.29	-
RightMatch Holdings Ltd	5.44	-
Sartaj Singh Rekhi	9.00	-
Ramneet Singh Rekhi	7.65	-
Satinder Singh Rekhi	1.36	-
Mandeep Singh Sodhi	0.36	-
Lt. Gen. Baldev Singh (Retd.)	0.07	-
Kuldeep Baldev Singh	0.00*	-
Anita Behl	0.00*	-
Harpreet Rekhi	0.59	-
Amrita Rekhi	0.35	-
Chan Kum Ming	0.00*	-
Nand Sardana	0.08	-
Avirag Jain	0.00*	-
Total	**32.20**	**-**
Rent		
Satinder Singh Rekhi	13.57	12.90
Total	**13.57**	**12.90**

* Dividend paid to: (a) Kuldeep Baldev Singh Rs. 3,648; (b) Anita Behl Rs. 1,018; (c) Chan Kum Ming Rs. 4,800; (d) Avirag Jain Rs. 60.

(Rs. in million)

Balance payable to key management personnel	As at December 31, 2018	As at December 31, 2017
Satinder Singh Rekhi	10.47	4.96
Lt. Gen. Baldev Singh (Retd.)	1.88	1.41
Avirag Jain	1.61	1.08
Raluca Marina Rusu	1.32	-
Joydeep Sen Chaudhuri	2.38	0.34
Total	**17.66**	**7.79**

32. Capital and other commitments

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(i) Capital commitments:			
Estimated amount of unexecuted capital contracts [net of advances of Rs. 40.64 million (as at December 31, 2017 : Rs. 0.03 million; as at January 01, 2017 : Rs. 10.29 million)]	14.44	1.45	6.15
(ii) Other commitments: For commitments relating to lease arrangements, refer note 33.			

33. Leases

a) Finance Lease - Company as lessee

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(Rs. in million)

	As at December 31, 2018		As at December 31, 2017		As at January 01, 2017	
	MLP	Present value of MLP	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1.44	0.20	1.44	0.18	1.44	0.16
After one year but not more than five years	6.13	1.49	5.95	1.15	5.77	0.85
More than five years	13.90	8.92	15.52	9.45	17.14	9.93
Total minimum lease payments	21.47	10.61	22.91	10.78	24.35	10.94
Less: amounts representing finance charges	10.86	-	12.13	-	13.41	-
Present value of minimum lease payments	**10.61**	**10.61**	**10.78**	**10.78**	**10.94**	**10.94**

b) Operating Lease - Group as lessee

The Group has operating lease for office premises. Lease payments recognised as expense during the year ended December 31, 2018 and December 31, 2017 is Rs. 122.21 million and Rs. 111.90 million, respectively.

The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Not later than one year	82.22	67.26	61.82
Later than one year but not later than five years	61.12	92.07	83.30
Later than five years	-	1.32	2.65

The operating lease arrangements extend for a maximum period of 7 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. Lease rentals recognised as income during the year ended December 31, 2018 and December 31, 2017 is Rs. 6.78 million and Rs. 6.85 million, respectively.

The operating lease arrangement extends for a maximum period of 3 years and has price escalation clause of 5% for every subsequent 3 years of the extended term. The lease is cancellable and there are no restrictions imposed on lease agreements.

34. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based upon the information and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2018	As at December 31,2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

35. The Board of Directors of Company at its meeting held on September 22, 2017 had approved a scheme of amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited and their respective shareholders and creditors (the "Scheme"), with effect from the appointed date i.e. January 1, 2018. The purpose of the amalgamation was to simplify the shareholding structure by reducing the shareholding tiers and also to demonstrate the promoters' direct commitment to and engagement with the Company.

The Scheme was approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018. In accordance with the Scheme, 29,746,353 (Two Crore Ninety Seven Lakhs Forty Six Thousand Three Hundred and Fifty Three Only) fully paid up equity shares of the face value of Re. 1/- (Rupee One) of R Systems International Limited has been issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions. Upon the issuance and allotment of aforesaid shares, the existing 29,746,353 equity shares of the Company held by the GM Solutions have been extinguished. Authorised share capital of the Company stands increased by the amount of authorized share capital of GM Solutions in accordance with the Scheme. Further, the Scheme envisages transfer of all rights and obligations, assets and liabilities, interests and claims of the Transferor Company to the Company with effect from the appointed date.

The aforesaid Scheme has been accounted under 'Common Control' method in accordance Ind AS 103 "Business Combinations" and correspondingly all assets, liabilities and reserves of the Transferor Company have been accounted for at their respective book values in the books of the Company effective January 01, 2017.

Details of assets, liabilities and reserves of GM Solutions as on January 01, 2017 and December 31, 2017 are as follows:

(Rs. in million)

Particulars	As on January 01, 2017	As on December 31, 2017
Assets		
Non-current tax assets (net)	0.03	0.04
Other non-current assets - MAT credit entitlement	-	5.84
Cash and cash equivalents	13.91	5.12
Other current assets - Balances with indirect tax authorities	-	0.06
	13.94	**11.06**
Liabilities		
Trade payables	0.14	1.13
Other current liabilities – Statutory dues payable – Tax deducted at source	-	0.00*
	0.14	**1.14**
Excess of assets over liabilities recognised in other equity	**13.80**	**9.92**

* Tax deducted at source is Rs. 900.

The total comprehensive income for the year ended December 31, 2017 has been adjusted to give effect of amalgamation. Consequent to this restatement, the total comprehensive income for the year ended December 31, 2017 is reduced by INR 3.88 million.

36. Subsequent to the year ended December 31, 2018, R Systems, Inc. (a wholly owned subsidiary of the Company) has completed the acquisition of 100% interest in Innovizant LLC, (Innovizant), a Chicago (USA) based company engaged in providing IT Services focused on advanced analytics, data engineering, and digital connected systems.

38. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements

S. No.	Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		December 31, 2018		December 31, 2018		December 31, 2018		December 31, 2018	
		As % of consolidated net assets	Amount in Rs. (Mn)	As % of consolidated profit or loss	Amount in Rs. (Mn)	As % of consolidated other comprehensive income	Amount in Rs. (Mn)	As % of consolidated total comprehensive income	Amount in Rs. (Mn)
	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 (refer note 1 below)	-	-	(0.39)	(1.80)	-	-	(0.39)	(1.80)
17	Computaris Philippines Pte. Ltd. Inc., Philippines	0.23	9.80	(0.90)	(4.12)	-	-	(0.90)	(4.12)
18	Computaris Suisse Sarl, Switzerland (refer note 2 below)	0.02	0.87	(0.12)	(0.54)	-	-	(0.12)	(0.54)
19	RSYS Technologies Ltd., Canada	0.20	8.44	(3.85)	(17.58)	-	-	(3.85)	(17.58)
20	IBIZ Consulting Pte. Ltd., Singapore	1.48	61.74	(0.03)	(0.13)	-	-	(0.03)	(0.13)
21	IBIZ Consulting Services Pte Ltd., Singapore	0.69	28.69	0.24	1.08	-	-	0.24	1.08
22	IBIZ Consulting Services Sdn. Bhd., Malaysia	0.26	10.71	0.41	1.88	-	-	0.41	1.88
23	PT. IBIZCS Indonesia., Indonesia	1.41	59.02	3.35	15.31	-	-	3.36	15.31
24	IBIZ Consulting Service Limited. Hong Kong	0.04	1.52	0.20	0.90	-	-	0.20	0.90
25	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.23)	(51.45)	0.09	0.39	-	-	0.09	0.39
	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**

Note: 1. Liquidated on October 22, 2018

2. Incorporated w.e.f. April 27, 2018

38. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements (Contd.)

S.No.	Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		December 31, 2017		December 31, 2017		December 31, 2017		December 31, 2017	
		As % of consolidated net assets	Amount in Rs. (Mn)	As % of consolidated profit or loss	Amount in Rs. (Mn)	As % of consolidated other comprehensive income	Amount in Rs. (Mn)	As % of consolidated total comprehensive income	Amount in Rs. (Mn)
	Parent Entity								
1	R Systems International Limited, India	68.22	2,469.52	125.28	228.08	100.00	8.04	124.25	236.12
	Subsidiaries								
	Indian Subsidiaries								
1	IBIZ Consultancy Services India Private Limited., India	(0.10)	(3.51)	1.57	2.85	-	-	1.50	2.85
	Foreign Subsidiaries								
1	R Systems (Singapore) Pte Limited, Singapore	10.79	390.73	7.53	13.70	-	-	7.21	13.70
2	R Systems, Inc., USA	16.04	580.77	12.15	22.12	-	-	11.64	22.12
3	R Systems Technologies Ltd., USA	(0.39)	(13.99)	0.65	1.19	-	-	0.63	1.19
4	ECnet Limited, Singapore	2.71	98.14	14.47	26.33	-	-	13.85	26.33
5	ECnet (M) Sdn. Bhd., Malaysia	(1.13)	(41.07)	(3.38)	(6.15)	-	-	(3.24)	(6.15)
6	ECnet, Inc., USA	(5.60)	(202.66)	(0.01)	(0.02)	-	-	(0.01)	(0.02)
7	ECnet (Hong Kong) Limited, Hong Kong	0.35	12.85	0.76	1.39	-	-	0.73	1.39
8	ECnet Systems (Thailand) Co. Limited, Thailand	(0.40)	(14.42)	(0.03)	(0.06)	-	-	(0.03)	(0.06)
9	ECnet Kabushiki Kaisha, Japan	(0.89)	(32.36)	(0.25)	(0.46)	-	-	(0.24)	(0.46)
10	ECnet (Shanghai) Co. Limited, People's Republic of China	(0.93)	(33.60)	(3.31)	(6.03)	-	-	(3.17)	(6.03)
11	Computaris International limited,UK	6.31	228.50	(29.55)	(53.78)	-	-	(28.30)	(53.78)
12	Computaris Romania Srl, Romania	3.36	121.67	17.24	31.38	-	-	16.51	31.38
13	Computaris Polska Sp. z o.o., Poland	(1.13)	(40.80)	(49.25)	(89.65)	-	-	(47.17)	(89.65)
14	ICS Computaris International Srl, Moldova	0.47	17.18	(0.76)	(1.38)	-	-	(0.73)	(1.38)
15	Computaris Malaysia Sdn. Bhd., Malaysia	0.07	2.37	0.29	0.52	-	-	0.27	0.52
16	Computaris USA, Inc., USA	0.26	9.39	(2.36)	(4.29)	-	-	(2.26)	(4.29)
17	Computaris Philippines Pte. Ltd. Inc., Philippines	0.36	12.92	0.41	0.74	-	-	0.39	0.74
18	RSYS Technologies Ltd., Canada	(0.71)	(25.56)	(7.31)	(13.31)	-	-	(7.00)	(13.31)
19	IBIZ Consulting Pte. Ltd., Singapore	1.59	57.72	3.13	5.69	-	-	2.99	5.69
20	IBIZ Consulting Services Pte Ltd., Singapore	0.71	25.74	(0.60)	(1.10)	-	-	(0.58)	(1.10)
21	IBIZ Consulting Services Sdn. Bhd., Malaysia	0.23	8.31	(1.67)	(3.04)	-	-	(1.60)	(3.04)
22	PT. IBIZCS Indonesia., Indonesia	1.18	42.62	7.49	13.63	-	-	7.17	13.63
23	IBIZ Consulting Service Limited., Hong Kong	0.02	0.56	(0.01)	(0.01)	-	-	(0.01)	(0.01)
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.39)	(50.34)	7.52	13.68	-	-	7.20	13.68
	Sub total	**100.00**	**3,620.68**	**100.00**	**182.02**	**100.00**	**8.04**	**100.00**	**190.06**
	Adjustment arising out of consolidation		(912.02)		43.32		(14.44)		28.88
	Total		**2,708.66**		**225.34**		**(6.40)**		**218.94**

38. First time adoption of Ind AS

These are the Group's first financials prepared under Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the quarter and year ended December 31, 2018, the comparative information presented in these financial statements for the quarter and year ended December 31, 2018 and year ended December 31, 2017 and in the preparation of opening Ind AS balance sheet at January 01, 2017. In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Section 133, of the Act and other relevant provisions contained in the Act (previous GAAP or Indian GAAP). In its transition from previous GAAP to Ind AS, the Group has also availed certain optional exemptions and mandatory exceptions in accordance with Ind AS 101.

An explanation of how this transition has affected the Group's financial performance and cash flows is set out in the following tables and notes.

A. Exemption from full retrospective application:

a. Share based payment transactions

The Group has elected to apply the exemption available under Ind AS 101 regarding application of Ind AS 102 "Share Based Payments", to equity instruments that had vested before the date of transition to Ind AS.

b. Business Combination

The Group is allowed to choose any date in the past from which it wants to account for the business combinations under Ind AS 103, without having to restate business combinations prior to such date. Accordingly, the Group has applied the standard for all acquisitions completed after January 1, 2004.

For all such acquisitions:

- Intangible assets previously included within goodwill under IGAAP have been recognized separately in the opening Balance Sheet in accordance with Ind AS 103.
- Deferred taxes have been recorded on intangible assets, wherever applicable.
- Goodwill has been restated in accordance with Ind AS 21, with the corresponding impact in the other comprehensive income in equity.
- Retained earnings has been adjusted to include the amortization on identified intangibles, net of taxes, that would have been recorded from the date of acquisition till the transition date.

B. Mandatory exceptions

a. Estimates

An entity's estimate on the date of transition to Ind AS shall be consistent with estimates made for the same date on accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at January 01, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in mutual funds carried at FVTPL;
- Impairment of financial assets based on expected credit loss model;
- Fair valuation of financial assets and liabilities excluding derivatives.

b. De-recognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind-AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements under Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and liabilities de-recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

c. Classification and measurement of financial assets

As required under Ind AS 101, the Company has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

38. First time adoption of Ind AS (Contd.)

C. Reconciliation between previous GAAP and Ind AS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- Equity as at January 01, 2017;
- Equity as at December 31, 2017;
- Total comprehensive income for the year ended December 31, 2017; and
- Explanation of material adjustments to cash flow statements.

In the reconciliations mentioned above, certain reclassifications have been made to previous GAAP financial information to align with the Ind AS presentation.

a. Balance sheet reconciliation as at January 01, 2017 and December 31, 2017

(Rs. in million)

Particulars	Notes	As at January 01, 2017			As at December 31, 2017		
		Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
ASSETS							
A. Non-current assets							
(a) Property, plant and equipment		289.52	-	289.52	300.38	-	300.38
(b) Capital work in progress		26.29	-	26.29	0.58	-	0.58
(c) Investment property		26.25	-	26.25	24.78	-	24.78
(d) Goodwill	8	452.20	(369.85)	82.35	467.60	(383.55)	84.05
(e) Intangible assets	8	32.14	50.26	82.40	17.03	35.79	52.82
(f) Financial assets							
(i) Investments		175.15	-	175.15	87.58	-	87.58
(ii) Other financial assets	1	88.63	(4.67)	83.96	89.11	(4.32)	84.79
(g) Deferred tax assets(net)	2	46.14	0.02	46.16	58.92	(0.41)	58.51
(h) Non-current tax assets	8	34.80	0.03	34.83	34.11	5.88	39.99
(i) Other non-current assets	1	26.95	4.16	31.11	8.85	3.70	12.55
Total non-current assets (A)		**1,198.07**	**(320.05)**	**878.02**	**1,088.94**	**(342.91)**	**746.03**
B. Current assets							
(a) Financial assets							
(i) Investments	3	87.57	-	87.57	135.57	1.31	136.88
(ii) Trade receivables	4	1,082.22	(0.44)	1,081.78	1,208.07	(0.43)	1,207.64
(iii) Cash and cash equivalents	5	1,133.47	14.29	1,147.76	922.99	6.03	929.02
(iv) Other bank balances	5	2.57	12.01	14.58	569.41	12.20	581.61
(v) Other financial assets	5	212.02	0.34	212.36	194.48	0.13	194.61
(b) Other current assets	1	113.68	0.49	114.17	119.30	0.52	119.82
Total current assets (B)		**2,631.53**	**26.69**	**2,658.22**	**3,149.82**	**19.76**	**3,169.58**
Total assets (A+B)		**3,829.60**	**(293.36)**	**3,536.24**	**4,238.76**	**(323.15)**	**3,915.61**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

38. First time adoption of Ind AS (Contd.)

(Rs. in million)

Particulars	Notes	As at January 01, 2017			As at December 31, 2017		
		Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
EQUITY AND LIABILITIES							
A. Equity							
(a) Equity share capital		123.13	-	123.13	123.21	-	123.21
(b) Other equity	**9**	2,656.60	(293.64)	2,362.96	2,909.92	(324.47)	2,585.45
Total equity (A)		**2,779.73**	**(293.64)**	**2,486.09**	**3,033.13**	**(324.47)**	**2,708.66**
B. Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		19.15	-	19.15	15.85	-	15.85
(ii) Other financial liabilities	**1**	54.30	(0.71)	53.59	2.47	(0.24)	2.23
(b) Provisions		89.42	-	89.42	91.18	-	91.18
(c) Deferred tax liabilities (net)		-	-	-	0.26	-	0.26
(d) Other non-current liabilities		0.58	-	0.58	0.29	-	0.29
Total non-current liabilities (B)		**163.45**	**(0.71)**	**162.74**	**110.05**	**(0.24)**	**109.81**
C. Current liabilities							
(a) Financial liabilities							
(i) Trade payables	**5**	296.75	0.14	296.89	338.84	1.21	340.05
(ii) Other financial liabilities	**1**	183.94	0.03	183.97	185.26	-	185.26
(b) Provisions	**5**	115.97	0.16	116.13	139.44	0.13	139.57
(c) Current tax liability (net)		58.94	-	58.94	47.40	-	47.40
(d) Other current liabilities	**1**	230.82	0.66	231.48	384.64	0.22	384.86
Total current liabilities (C)		**886.42**	**0.99**	**887.41**	**1,095.58**	**1.56**	**1,097.14**
Total liabilities (B+C)		**1,049.87**	**0.28**	**1,050.15**	**1,205.63**	**1.32**	**1,206.95**
Total equity and liabilities (A+B+C)		**3,829.60**	**(293.36)**	**3,536.24**	**4,238.76**	**(323.15)**	**3,915.61**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

b. Reconciliation of total equity as at January 01, 2017 and December 31, 2017

(Rs. in million)

Particulars	Notes to first time adoption	As at January 01, 2017	As at December 31, 2017
Total equity (shareholders' fund) as per previous GAAP		**2,779.73**	**3,033.13**
Ind AS adjustments			
(a) Effect of inclusion of Employees Welfare Trust	**5**	12.55	13.03
(b) Expected Credit Loss provision for trade receivables and other financial assets	**4**	(0.44)	(0.43)
(c) Impact of fair valuation of investments in mutual funds	**3**	-	1.31
(d) Impact of security deposits measured at amortised cost	**1**	0.01	(0.13)
(e) Amortization of Intangible on acquisition	**8**	(319.58)	(347.77)
(f) Impact of merger of GM Solutions Private Limited	**8**	13.80	9.92
(g) Deferred tax impact on above adjustments	**2**	0.02	(0.41)
Total adjustments		**(293.64)**	**(324.47)**
Total equity as per Ind AS		**2,486.09**	**2,708.66**

38. First time adoption of Ind AS (Contd.)

c. Reconciliation of total comprehensive income for the year ended December 31, 2017

(Rs. in million)

Particulars	Notes to first time adoption	Year ended December 31, 2017		
		As per previous GAAP*	Effect of transition to Ind AS	As per Ind AS
Income				
Revenue from operations	**8**	5,926.36	0.02	5,926.38
Other income	**1,3,5,8**	152.49	9.38	161.87
Total income		**6,078.85**	**9.40**	**6,088.25**
Expenses				
Employee benefits expense	**6,7**	4,160.84	12.31	4,173.15
Finance costs	**1,5,8**	3.09	0.89	3.98
Depreciation and amortisation expense	**8**	119.67	15.13	134.80
Other expenses	**1,4,5,8**	1,418.74	4.14	1,422.88
Total expenses		**5,702.34**	**32.47**	**5,734.81**
Profit before tax		**376.51**	**(23.07)**	**353.44**
Income tax expense				
Current tax	**5,8**	143.82	6.07	149.89
MAT credit entitlement	**8**	-	(5.84)	(5.84)
Deferred tax	**2,7**	(12.12)	(3.83)	(15.95)
Total tax expense		**131.70**	**(3.60)**	**128.10**
Profit for the year		**244.81**	**(19.47)**	**225.34**
Other comprehensive income				
Re-measurement of defined benefit plans (net of tax)	**7**	-	8.04	8.04
Foreign currency translation reserve		-	(14.44)	(14.44)
Total other comprehensive income		**-**	**(6.40)**	**(6.40)**
Total comprehensive income for the year		**244.81**	**(25.87)**	**218.94**

d. Impact of Ind AS adjustments on the Statement of Cash Flows for the year ended December 31, 2017:

(Rs. in million)

Particulars	Notes to first time adoption	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
Cash flows from / (used in) operating activities		374.34	(9.10)	365.24
Cash flows from / (used in) investing activities		(576.87)	0.83	(576.04)
Cash flows from / (used in) financing activities		(5.64)	0.01	(5.63)
Net increase / (decrease) in cash and cash equivalents		**(208.17)**	**(8.26)**	**(216.43)**
Cash and cash equivalents as on January 01, 2017	**5,8**	1,133.47	14.29	1,147.76
Effects of exchange rate changes on cash and cash equivalents		(2.31)	-	(2.31)
Cash and cash equivalents as on December 31, 2017	**5,8**	**922.99**	**6.03**	**929.02**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

38. First time adoption of Ind AS (Contd.)

e. Notes to first time adoption

Note 1 – Security deposits measured at amortised costs

Under IGAAP, security deposits (both assets and liabilities) were accounted for at their undiscounted nominal values. Under Ind AS, these have been accounted for at amortised cost method by discounting the cash flows using effective interest rates. Consequently, the impact of aforesaid amortisation has been accounted for in the statement of profit and loss. The resulting changes as at the transition date has been adjusted in opening retained earnings.

Note 2 – Deferred tax

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The various transitional adjustments have led to temporary tax differences, which the Company has accounted for as deferred tax adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction as either in profit and loss or other comprehensive income. The resulting changes as at the transition date has been adjusted in opening retained earnings.

Note 3 – Fair valuation of investment in Mutual Funds

Under IGAAP, investments in mutual funds were classified as current investments and were carried at lower of cost and fair value. Under the Ind AS, these investments are classified as at fair value through profit or loss (FVTPL) and measured at fair value. The resulting fair value changes have been recognised in the statement of profit and loss.

Note 4 – Allowance for credit loss

Under IGAAP, the entity determined provisions for impairment of trade receivables (provision for bad and doubtful debts) using incurred loss model i.e. if they remained outstanding over the prescribed period. Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL) for trade receivables and other financial assets, which has resulted in additional provisions being accounted for in statement of profit and loss. The impact of additional provisions due to ECL as at the transition date has been adjusted in opening retained earnings.

Note 5 – Effect of inclusion of ESOP trust

Under Ind AS, the financial statement of R Systems Employee Welfare Trust (ESOP Trust) have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the ESOP Trust functions as an extension of the Company.

Note 6 – Share-based payments measurements

The Company has granted equity-settled share-based payments to certain employees. The Company accounted for these share-based payment arrangements by reference to their intrinsic value under previous GAAP. Under Ind AS, the related liability has been adjusted to reflect the fair value of the outstanding equity-settled share-based payments. Accordingly, the amount transferred from Employee Stock Option Outstanding account to Securities Premium account, due to issue of shares to employees against options, is also measured at fair value.

Note 7 – Re-measurements of post-employment defined benefit obligation

Under the previous GAAP, the actuarial gains/losses on defined benefit obligations and plan assets were recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such actuarial gains/losses are recognised under other comprehensive income. The related tax expense/income is also reclassified to other comprehensive income.

Note 8 – Business Combination

Under the previous GAAP, in case of business combinations, the difference between the net consideration and the value of net assets acquired was recognised as goodwill/capital reserve on consolidation. Under Ind AS, any intangible assets identified in a business combination is also required to be recognised at their respective fair values separately from goodwill arising out of business combination. Such separately identified intangible assets having finite life are amortised over their useful life. The impact of such amortization has been accounted for in statement of profit and loss.

Under the previous GAAP, in case of business combinations, a liability towards contingent consideration was recognised in the financial statements at undiscounted nominal value. Any subsequent change in such liability was adjusted in goodwill / capital reserve on consolidation. Under Ind AS, the liability towards contingent consideration are recorded at discounted values of expected cash outflows. Any changes in the fair value of such liability is accounted for in the Statement of Profit and Loss.

Merger of GM Solutions Private Limited and the Company has been accounted for with effect from January 01, 2017. Refer to Note 35 for details.

Note 9 – Retained earnings

Retained earnings as at January 01, 2017 has been adjusted consequent to the above Ind AS adjustments.

39. The financial statements have been approved by the Board of Directors at its meeting held on February 08, 2019.

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**
SATINDER SINGH REKHI	**LT. GEN. BALDEV SINGH (RETD.)**	**NAND SARDANA**	**BHASKER DUBEY**
Managing Director	President & Senior Executive Director	Chief Financial Officer	Company Secretary & Compliance Officer
DIN: 00006955	DIN: 00006966		
Place : Singapore	Place : NOIDA	Place : NOIDA	Place : NOIDA
Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019	Date : February 08, 2019

FORM AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

List of Subsidiaries **(Rs. in million, except exchange rate)**

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant Financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2018	Singapore Dollar	51.25	391.09	55.02	497.00	50.89	-	370.06	27.14	(0.12)	27.26	-	100.00%
2	R Systems, Inc., USA	December 31, 2018	US Dollar	69.78	107.28	552.58	813.14	153.28	-	1,642.91	55.57	30.13	25.44	-	100.00%
3	R Systems Technologies Ltd., USA	December 31, 2018	US Dollar	69.78	17.01	(26.03)	14.58	23.60	-	165.99	8.22	1.95	6.27	-	100.00%
4	ECnet Limited, Singapore [1]	December 31, 2018	Singapore Dollar	51.25	4,435.66	(4,282.37)	202.01	48.72	-	340.41	49.90	1.81	48.09	-	99.75%
5	ECnet (M) Sdn. Bhd., Malaysia [2]	December 31, 2018	Malaysian Ringgit	16.78	68.80	(53.46)	69.40	54.06	-	154.84	(1.37)	-	(1.37)	-	99.75%
6	ECnet, Inc., USA [2]	December 31, 2018	US Dollar	69.78	0.14	(221.54)	0.08	221.48	-	-	(0.02)	-	(0.02)	-	99.75%
7	ECnet (Hong Kong) Limited, Hong Kong [2] & [4]	December 31, 2018	Hong Kong Dollar	8.87	-	2.16	4.41	2.25	-	7.54	1.45	(0.07)	1.52	-	99.75%
8	ECnet Systems (Thailand) Co. Limited, Thailand [2]	December 31, 2018	Thai Baht	2.16	4.32	(20.76)	46.22	62.66	-	70.71	(0.56)	-	(0.56)	-	99.75%
9	ECnet Kabushiki Kaisha, Japan [2]	December 31, 2018	Japanese Yen	0.63	6.30	(40.16)	0.65	34.51	-	1.60	1.91	-	1.91	-	99.75%
10	ECnet (Shanghai) Co. Limited, People's Republic of China [2]	December 31, 2018	Chinese Yuan	10.09	16.70	(58.36)	23.48	65.14	-	28.33	(7.10)	-	(7.10)	-	99.75%
11	Computaris International limited,UK	December 31, 2018	Euro	79.99	0.06	237.30	383.58	146.22	-	716.69	(1.47)	-	(1.47)	-	100.00%
12	Computaris Romania Srl, Romania [3]	December 31, 2018	Romania leu	17.22	0.03	146.08	174.70	28.59	-	573.28	24.07	5.49	18.58	-	100.00%
13	Computaris Polska Sp. z o.o., Poland [3]	December 31, 2018	Polish Zloty	18.64	0.93	(2.61)	80.06	81.74	-	230.45	47.07	7.33	39.74	-	100.00%
14	ICS Computaris International Srl, Moldova [3]	December 31, 2018	Moldovan leu	4.14	0.02	14.94	15.54	0.58	-	46.02	(4.06)	-	(4.06)	-	100.00%
15	Computaris Malaysia Sdn. Bhd., Malaysia [3]	December 31, 2018	Malaysian Ringgit	16.78	0.02	2.41	2.83	0.40	-	14.26	0.08	0.18	(0.10)	-	100.00%
16	Computaris USA, Inc., USA [3] & [5]	December 31, 2018	US Dollar	69.78	-	-	-	-	-	26.44	0.65	2.51	(1.86)	-	100.00%
17	Computaris Philippines Pte. Ltd. Inc., Philippines [3]	December 31, 2018	Philippine Peso	1.32	13.20	(3.40)	38.90	29.10	-	38.51	(5.73)	(1.55)	(4.18)	-	100.00%
18	Computaris Suisse Sarl, Switzerland [3] & [9]	December 31, 2018	Swiss Franc	70.95	1.42	(0.55)	1.44	0.57	-	-	(0.54)	0.01	(0.55)	-	100.00%
19	RSYS Technologies Ltd., Canada	December 31, 2018	Canadian Dollar	51.24	56.36	(47.92)	17.72	9.28	-	26.57	(17.10)	-	(17.10)	-	100.00%
20	IBIZ Consulting Pte. Ltd., Singapore [6]	December 31, 2018	Singapore Dollar	51.25	58.99	2.75	191.52	129.78	-	333.13	(2.75)	(2.62)	(0.13)	-	100.00%
21	IBIZ Consulting Services Pte Ltd., Singapore [7]	December 31, 2018	Singapore Dollar	51.25	74.31	(45.62)	31.07	2.38	-	31.04	1.09	-	1.09	-	100.00%

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant Financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
22	IBIZ Consulting Services Sdn. Bhd., Malaysia [7]	December 31, 2018	Malaysian Ringgit	16.78	8.39	2.32	40.33	29.62	-	80.54	2.17	0.30	1.87	-	100.00%
23	PT. IBIZCS Indonesia., Indonesia [7]	December 31, 2018	Indonesia Rupiah	0.00	10.96	48.05	94.49	35.48	-	71.46	20.00	4.65	15.35	-	100.00%
24	IBIZ Consultancy Services India Private Limited., India [7] & [10]	December 31, 2018	Indian Rupee	1.00	0.50	(5.85)	22.46	27.81	-	32.05	(2.08)	(0.24)	(1.84)	-	100.00%
25	IBIZ Consulting Service Limited, Hong Kong [7]	December 31, 2018	Hong Kong Dollar	8.87	0.09	1.43	61.02	59.50	-	7.29	0.91	-	0.91	-	100.00%
26	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China [8]	December 31, 2018	Chinese Yuan	10.09	4.83	(56.23)	29.55	80.95	-	26.45	0.38	-	0.38	-	100.00%

Notes :

1 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.

2 Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.

3 Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.

4 The absolute amount of share capital in ECnet (Hong Kong) Limited, Hong Kong is Rs. 12 /- (2 ordinary shares of HKD 1 each).

5 Computaris USA, Inc., USA was liquidated on October 22, 2018.

6 Wholly owned subsidiary of R Systems (Singapore) Pte Ltd., Singapore which is the wholly-owned subsidiary of R Systems International Limited.

7 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.

8 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

9 Computaris Suisse Sarl, Switzerland was incorporated on April 27, 2018

10 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.

11 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 : Singapore
Date : February 08, 2019

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 08, 2019

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 08, 2019

Sd/-
BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 08, 2019

NOTICE

R SYSTEMS INTERNATIONAL LIMITED

NOTICE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]
Registered Office: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019
Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
Tel.: +91 – 120 – 4303500; Fax: +91 – 120 – 4082699
Website: www.rsystems.com; Email: investors@rsystems.com

NOTICE is hereby given that Twenty Fifth Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the "Company"/ "R Systems") will be held on Tuesday, May 28, 2019 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

AS ORDINARY BUSINESS

1. To receive, consider, approve and adopt audited financial statements of the Company for the financial year ended December 31, 2018 and the reports of the Board of Directors and the Auditors thereon and the consolidated financial statements for the year ended on that date together with the reports of Auditors.

2. To confirm the interim dividend of Re. 0.60 per equity share of Re. 1/- each declared and paid during the year ended December 31, 2018.

3. To appoint a director in place of Mr. Avirag Jain (DIN: 00004801), who retires by rotation and being eligible, offers himself for re-appointment.

AS SPECIAL BUSINESS

4. To consider the appointment of Mr. Mandeep Sodhi for holding office or place of profit, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time and such approvals as may be required, approval of the shareholders of the Company be and is hereby accorded to Mr. Mandeep Sodhi, (son of Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of the Company), for holding office or place of profit under the designation as Chief Operating Officer-R Systems USA Operations at an annual base salary of USD 120,000/- and applicable sales commission plan as approved by Nomination & Remuneration Committee of the Company along with a maximum annual increment of up to 10% on his base salary each year on 01st January.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to review, alter and vary terms, designation, remuneration for Mr. Mandeep Sodhi for holding the said office or place of profit within the maximum limit approved by the shareholders.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of directors, director or any other principal officer of the Company on such conditions as the Board may prescribe."

5. To consider the reduction of the share capital of the Company and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to Section 66 of the Companies Act, 2013 ("the Act") read with National Company Law Tribunal (Procedure for Reduction of Share Capital) Rules, 2016 (including any statutory modification, amendment or re-enactment thereof for the time being in force), Articles of Association of the Company or as per any other provisions of any Act, Rules, Regulations, Notifications, Circulars etc. and subject to the confirmation of the National Company Law Tribunal ("Tribunal"), the consent of the equity shareholders of the Company be and is hereby accorded to the proposed reduction of the paid up share capital of the Company from Rs. 120,337,925/- (Rupees Twelve Crore Three Lakhs Thirty Seven Thousand Nine Hundred Twenty Five only) comprising 120,337,925 fully paid equity shares of Re. 1/- each (Rupee One only) to Rs. 119,598,945/- (Rupees Eleven Crore Ninety Five Lakhs Ninety Eight Thousand Nine Hundred Forty Five only) comprising of 119,598,945 equity shares of Re. 1/- each (Rupees One only), by cancelling and extinguishing 738,980 (Seven Lakhs Thirty Eight Thousand Nine Hundred Eighty only) issued, subscribed and fully paid up equity shares of Re. 1/- each (Rupee One only) (0.61% of the total issued, subscribed and paid up equity share capital of the Company) as held by R Systems Employees Welfare Trust (the "**Capital Reduction**").

   RESOLVED FURTHER THAT upon the Capital Reduction being confirmed by the Tribunal and becoming effective and operative, without any further act or deed by the equity shareholders, the existing share certificates in relation to 738,980 (Seven Lakhs Thirty Eight Thousand Nine Hundred Eighty only) equity shares

of Re. 1/- each (Rupee One only) of the Company held by R Systems Employees Welfare Trust shall stand cancelled and extinguished and rendered invalid.

RESOLVED FURTHER THAT upon extinguishment of 738,980 equity share as mentioned above, the paid up share capital of the Company be stand reduced to the extent of the face value of the shares so extinguished.

RESOLVED FURTHER THAT the Restructuring Committee comprising of Mr. Satinder Singh Rekhi, Managing Director, Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director, Mr. Avirag Jain, Director & Chief Technology Officer, Mrs. Ruchica Gupta, Non-Executive Independent Director, Mr. Kapil Dhameja, Non-Executive Independent Director, Mr. Nand Sardana Chief Financial Officer and Mr. Bhasker Dubey, Company Secretary & Compliance Officer of the Company as constituted by the Board of Directors ("the Board") be and is hereby authorised to take all necessary steps and do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, expedient, usual or proper, in the best interest of the Company and its members in connection with and relating to the Capital Reduction, including any directions for settling any question or doubt or difficulty whatsoever that may arise, for the purpose of giving effect to the Capital Reduction, or to any modification thereof, and as the Board may in its absolute discretion deem fit and proper in the best interest of the Company without being required to seek any further consent or approval of the members or otherwise (including but not limited to):

(a) To finalize the Scheme of Capital Reduction ("Scheme") including making such alterations or changes or modifications in the Scheme as may be expedient or necessary for satisfying the requirement or condition(s) imposed by the Tribunal or other regulatory authority/ (ies);

(b) To take all necessary steps in connection with:

  i. To sign and file applications/affidavits/documents with such statutory authorities as may be required for approval or delegate such authority to another person by a valid Power of Attorney or other appropriate authorization;

  ii. Filing of the Scheme with the relevant regulatory authorities, including the Stock Exchanges where the Company's equity shares are listed, SEBI and thereafter with the Tribunal for sanction of the Scheme;

  iii. Filing of the application(s)/petitions with the Tribunal for obtaining its approval to the Scheme in accordance with the provisions of the Companies Act, 2013;

  iv. To finalize and settle the draft of the notices for convening the meeting of creditors of the Company, if directed by the Tribunal and the draft of the explanatory statements under provisions of the Companies Act, 2013, SEBI Circulars, or any such applicable provisions under the Companies Act, 2013, in terms of the directions of the Tribunal, or effect any other modification or amendment as they may consider necessary or desirable to give effect to the Reduction of Capital of the Company;

  v. Swear affidavits and to give undertakings, to engage counsels, advocates, chartered accountants, merchant bankers and other expert advisors for implementation of the Scheme of Capital Reduction;

  vi. To settle any question/ issue or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution;

  vii. To sign all applications, petitions, vakalatnamas, no objection certificates in relation to the Scheme, as may be required, and other documents, to be filed before the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;

  viii. Filing of affidavits, pleadings, certificates, declarations, undertakings, proceedings, reports, issuing advertisements and notices or any other documents incidental or deemed necessary or useful in connection with the above proceedings and to do all such acts as are necessary or incidental to the said proceedings for obtaining confirmation of the Scheme by the Tribunal and other regulatory authorities;

  ix. To make requisite statutory filings with the concerned Registrar of Companies in connection with the Scheme;

  x. To represent the Company before any regulatory authorities including Central or State Government, Regional Director, Registrar of Companies, and before Tribunal for the purpose of the proposed Scheme, signing and filing of all documents, deeds, applications, notices, petitions and letters, to finalize and execute all necessary applications/ documents/ papers for and behalf of the Company;

  xi. To access all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge the responsibilities;

  xii. To affix the common seal of the Company on any documents in connection with the purpose of the above resolution as may be required in accordance with the Articles of Association of the Company;

xiii. To withdraw, terminate or abandon the Scheme at any stage in case any changes and/or modifications suggested/ required to be made in the Scheme or any condition imposed, whether by any shareholder, creditor, Tribunal and /or any other regulatory authority, are in their view not in the interest of the Company, and / or if the Scheme cannot be implemented otherwise, and to do all such deeds, acts and things as may be deemed necessary and desirable in connection therewith and incidental thereto; and

xiv. To do all such other acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the purpose of the above resolution or to otherwise give effect to the Scheme of Capital Reduction and to decide and settle all matters and issues that may arise in this regard and/or to get the same done by delegating to one or more of these activities to official(s) of the Company as it may deem fit."

By Order of the Board
For R Systems International Limited

Sd/-

Bhasker Dubey
(Company Secretary & Compliance Officer)

Place : NOIDA (U.P.)
Date : May 02, 2019

NOTES

(i) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.**

(ii) Pursuant to Section 105 of Companies Act, 2013 and rules made thereunder, a person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.

(iii) Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting.

(iv) Members / proxies attending the meeting are requested to:

- bring their copies of annual report sent to the members, as copies of the annual report shall not be distributed at the Annual General Meeting;
- note that no gift coupons shall be distributed at the Annual General Meeting; and
- quote their Folio / Client ID and DP ID number in all correspondences.

(v) The register of members and share transfer books of the Company shall remain closed from May 24, 2019 to May 28, 2019 (both days inclusive) for the purpose of Annual General Meeting.

(vi) Members holding shares in electronic form are advised to notify the changes, if any, in their address / bank details / mandate to their respective depository participants.

(vii) Any query proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of the meeting to enable the management to compile the relevant information to respond to the query in the meeting. The envelope may please be superscribed "Attention: Mr. Bhasker Dubey, Company Secretary & Compliance Officer".

(viii) Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Link Intime India Private Limited for any change in their addresses and bank mandate. Members holding shares in electronic form may write to their depository participants for immediate updation.

(ix) The statutory registers maintained under Section 189 of the Companies Act, 2013 and Section 170 of the Companies Act, 2013, the certificate of the auditors of the Company certifying the implementation of the Company's stock option plans/ schemes in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended and the resolutions passed by the members in the general meeting, will be available at the venue of the Annual General Meeting for inspection by members.

(x) All documents referred to in the Notice and accompanying explanatory statements as well as the annual accounts of the subsidiaries etc., are open for inspection at the registered office/ corporate office of the Company on all working days between 10:00 A.M. to 02:00 P.M. up to the date of the Annual General Meeting.

(xi) Members/ proxies are requested to bring the attendance slips duly filled in and signed for attending the Meeting.

(xii) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the registrar and share transfer agent Link Intime India Private Limited or can be downloaded from the following URL https://www.rsystems.com/investors-info/corporate-governance/.

(xiii) Pursuant to provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from the Company's registrar and share transfer agent Link Intime India Private Limited or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.

(xiv) As per Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares on which dividend remains unpaid / unclaimed for seven consecutive years are required to be compulsorily transferred to IEPF. The Company has individually sent notices to such members whose shares are required to be transferred to the demat Account of IEPF Authority. An advertisement to this effect was also published in leading English and Hindi Newspapers on March 02, 2019. The Company has also uploaded the details

of such members and the shares due for transfer to the demat account of IEPF Authority on its website at the following link:

https://www.rsystems.com/investors-info/unpaid-and-unclaimed-dividend/.

(xv) As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India had allowed companies to send various notices/documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Notice of the General Meeting of Members, Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Directors' Report, Auditors' Reports, Financial Statments, Notice etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or registered by the Members with the Company or RTA of the Company.

(xvi) The Annual Report for the financial year December 31, 2018 and Notice for convening the Twenty Fifth Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. https://www.rsystems.com/investors-info/annual-reports/.

(xvii) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to their Depository Participant for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.

Further, as per SEBI Circular No SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the Registrar and Share Transfer Agent of the Company has sent letters to the shareholders to record their relevant KYC details. Shareholders are requested to update these details at the earliest.

(xviii) Additional information, pursuant to Regulation 36 (3) the Securities and Exchange Board of India ("Listing Regulations") entered into with stock exchanges, in respect of directors recommended for approval of reappointment at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 04 and 05 of the Notice is appended hereto and forms part of this Notice.

(xix) In compliance with the provisions of Regulations 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of Listing Regulations, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty Fifth Annual General Meeting of the Company through remote e-voting services being provided by Link Intime India Pvt. Ltd.

The instructions for shareholders for remote e-voting are as under:

a. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

b. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

c. The remote e-voting period begins on Friday, May 24, 2019 at 10:00 a.m. and ends on Monday, May 27, 2019 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, May 21, 2019, may cast their vote electronically. The remote e-voting module shall be disabled by Link Intime India Private Limited for voting thereafter.

The shareholders should log-in to e-Voting website of Link Intime India Private Limited (LIIPL)

1. Visit the e-voting system of LIIPL. Open web browser by typing the following URL: https://instavote.linkintime.co.in.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
    a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
    b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
    c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No and Folio Number registered with the Company
5. Your Password details are given below:

    If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below:

    Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

For Shareholders holding shares in Demat Form or Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). • Members who have not updated their PAN with depository Participant or in the Company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the Company record for the said demat account or folio number in dd/mm/yyyy format.
Bank Account Number	Enter the Bank Account number as recorded in your demat account or in the company records for the said demat account or folio number. • Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or Company, please enter Folio number in the Bank Account number field as mentioned in instruction 4(c).

If you are holding shares in demat form and had registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Cast your vote electronically

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.

7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

   Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

   Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/ Against'.

8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.

9. After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

11. You can also take the printout of the votes cast by you, by clicking on "Print" option on the Voting page.

General Guidelines for shareholders:

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL: https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

  They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".

- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help

section or write an email to enotices@linkintime.co.in or Call us :- Tel : 022 - 49186000.

(xx) The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Tuesday, May 21, 2019.

(xxi) Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.

(xxii) Mr. Sanjay Grover, Company Secretary in whole time practice (C.P No. 3850), has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

(xxiii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(xxiv) The results of remote e-voting and poll on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.

(xxv) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. www.rsystems.com and on the website of Link Intime India Pvt. Ltd. immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.

(xxvi) Details of Directors seeking re-appointment at the ensuing Annual General Meeting is enclosed as Annexure-A.

(xxvii) Route map of the venue of the Twenty Fifth Annual General Meeting is enclosed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 04

Mr. Mandeep Sodhi, aged about 51 years, is a graduate in Electronics & Telecommunication Engineering from the SGGS Institute of Engineering & Technology, India and an MBA from the University of California, Davis. He has been associated with the Company from May 14, 1993 and presently heads the Company's business development and strategic IT consulting business. It is proposed to appoint him under the designation as Chief Operating Officer – R Systems USA Operations and Mr. Sodhi will be responsible for managing the entire US & Canada operations of the Company.

Pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company at its meeting held on May 02, 2019, on the recommendation/ approval of Nomination and Remuneration Committee and Audit Committee of the Company and subject to shareholders approval, appointed Mr. Mandeep Sodhi under the designation as Chief Operating Officer – R Systems USA Operations. Since, Mr. Mandeep Sodhi is the son of Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of the Company, approval of the shareholders is sought for the appointment and payment of remuneration to Mr. Mandeep Sodhi and to hold office or place of Profit in the Company.

Information required under explanation 3 to rule 3 of Companies (Meeting of Board and its Power) Rules, 2014 is as under:

(a) Name of the related party - Mr. Mandeep Sodhi

(b) Name of the director or key managerial personnel who is related, if any - Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of R Systems International Limited

(c) Nature of relationship - Mr. Mandeep Sodhi is the son of Lt. Gen. Baldev Singh (Retd.)

(d) Nature, material terms, monetary value and particulars of the contract or arrangements - His annual base salary will be USD 120,000/- (US Dollor One Lakh Twenty Thousand Only) and applicable sales commission plan as approved by the Nomination & Remuneration Committee of the Company. Further, Mr. Mandeep Sodhi will also be entitled for a maximum annual increment of up to 10% on his base salary, each year on 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 said resolution as contained in the notice for approval of the Members as an Ordinary Resolution.

Except for Mr. Mandeep Sodhi, Lt. Gen Baldev Singh (Retd.) and their relatives, none of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise in the proposed resolution.

Item No. 05

1. Background – R Systems International Limited

(a) R Systems International Limited (hereinafter referred to as "R Systems" or "the Company") was incorporated on May 14, 1993 under the Companies Act, 1956, having its registered office at GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019. The Company is a public Limited Company having Corporate Identity Number L74899DL1993PLC053579, the e-mail id is investors@rsystems.com. The website of the Company is www.rsystems.com. R Systems is primarily a Software Technology Company engaged in providing IT Services & Solutions and IT-enabled Services.

(b) It may be noted that the Company is a listed public Company and its securities are listed on BSE Limited and National Stock Exchange of India Limited since April 26, 2006.

(c) The authorised share capital of the Company at present is Rs. 206,000,000/- divided into 206,000,000 Equity Shares of Re. 1/- each. The issued, subscribed and paid up equity share capital of the Company is Rs. 120,337,925/- divided into 120,337,925 equity shares of Re.1/- each. All of the issued equity shares are fully paid up. The Company does not have any other class of shares.

(d) The Company is empowered by virtue of Article 71 of its Articles of Association to undertake the exercise of reduction of its share capital.

2. Rationale for Capital Reduction

- R Systems has an employee welfare trust named as R Systems Employees Welfare Trust (hereinafter referred as "Trust") wherein

certain employees had been specified as eligible beneficiaries to get the shares of R Systems on vesting and exercise of options granted to them as per R Systems International Ltd. Employees Stock Option Plan - Year 2001.

- The Trust transferred shares of R Systems on exercise of options by the eligible employees prior to January 2006 and thereafter no options remained in force which could have been exercised subsequently. Hence, since January 2006 till date, there are no ascertained employees or beneficiaries of this Trust who are eligible to get the Trust Fund including the shares in R Systems as held by Trust.
- As on the approval of this Scheme by Board, the Trust holds 738,980 equity shares of Re.1/- each in R Systems. Since there is no eligible employee or beneficiary of this Trust, hence Trustees are considering to wind up this Trust in near future post utilization or extinguishing the Trust Fund.
- In this regard, the trustees of this Trust have also expressed their desire and recommended to R Systems to evaluate the possible option to utilize or extinguish the Trust Fund including the winding-up this Trust and also initiate the necessary actions therefor.
- In this regard, the trustees of this Trust vide Resolution dated May 01, 2019 have also expressed their desire and recommended to R Systems to evaluate the possible option to utilize or extinguish the Trust Fund including the Winding-up of this Trust and also initiate the necessary actions.
- The extinguishment of Trust Fund would result into cancellation of shares of R Systems held by this Trust. Therefore, in order to reflect the correct and true capital structure of R Systems, it has become imperative for R Systems to re-align and re-organize its share capital structure by cancelling the shares held by the Trust following the process of capital reduction.
- In view of the above, the Board has decided to reduce the paid up equity share capital of R Systems by cancelling and extinguishing the equity shares as held by the Trust as on the Effective Date of this Scheme.
- The proposed capital reduction would be beneficial for all the remaining shareholders of R Systems as it would improve the earnings per share and also enhance the shareholders' value.
- Furthermore, Board has also considered that the proposed capital reduction would not have any adverse effect on the creditors of R Systems and the Company would honor its commitments and meet its obligations in the ordinary course of business and also there is no payout to the Trust pursuant to the proposed capital reduction.

3. Submissions, Approvals and Other Information:

(a) Though the Scheme does not provide for any issuance of shares on reduction of capital of the Company, however, the Board of Directors of the Company at its Meeting held on May 02, 2019 has approved the Valuation Report issued by Jain, Gandharv & Associates, Chartered Accountants. The Company has obtained Fairness Opinion from Corporate Professionals Capital Private Limited, Category -I Merchant Banker.

(b) Pursuant to the Circular Number CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("SEBI Circular") read with Regulation 37 of SEBI Listing Obligations and Disclosure Requirements, the Company will file necessary applications before the BSE Limited and National Stock Exchange of India Limited seeking their No-Objection to the Scheme.

(c) The proposed capital reduction will not cause any prejudice to the interest of the creditors of the Company as there will not be any reduction in the amount payable to the respective Creditors. Further, in absence of any payment to the Trust pursuant to the capital reduction, it does not alter, vary, or affect the rights of the Creditors in any manner.

(d) It is clarified that until effectiveness of the Scheme, the Trust would be eligible to enjoy all the benefits in the capacity of shareholder of R Systems including but not limited to receiving the dividend and bonus shares, participate in right issue and buy-back, voting in the shareholders' meeting and participate in any other corporate action taken by R Systems during the pendency of this Scheme.

4. General:

(a) The Board of Directors at their meeting held on May 02, 2019 considered and approved the proposal of reduction of capital of the Company as per the terms set out in the Resolution.

(b) Upon the Capital Reduction becoming effective, the amount of equity share capital as extinguished shall be reduced from the equity share capital of the Company. The amount equivalent to the equity share capital so cancelled and extinguished would be credited to the Capital Reserve of the Company.

(c) As on date, there is no pending inspection, inquiry or investigation against the Company under the Companies Act, 2013.

(d) The Scheme shall not have any adverse impact on the employees of the Company.

(e) The proposed capital reduction would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

(f) The reduction of share capital is contemplated as under the Articles of Association of the Company. Approval of the shareholders of the Company, confirmation of the National Company Law Tribunal, New Delhi ("Tribunal") and other Statutory Authorities will have to be sought in terms of Section 66 of the Companies Act, 2013.

(g) In the event the confirmation order of the Tribunal for reduction of the share capital is not obtained, the resolution passed by the shareholders shall be null and void.

(h) The form of the minute proposed to be registered under section 66(5) of the Companies Act, 2013 is as follows:

"The paid up share capital of R Systems International Limited is henceforth Rs. 119,598,945/- (Rupees Eleven Crore Ninety Five Lakhs Ninety Eight Thousand Nine Hundred Forty Five only) divided into 119,598,945 (Rupees Eleven Crore Ninety Five Lakhs Ninety Eight Thousand Nine Hundred Forty Five only) equity shares of Re. 1/- each."

(i) The Board recommends the passing of the special resolution as set out in the Notice.

(j) Copies of the (i) Scheme of Capital Reduction; (ii) Memorandum and Articles of Association, of the Company, as amended from time to time; (iii) Annual reports for the financial year ended December 31, 2018; (iv) standalone audited financial accounts of the Company for the period ended March 31, 2019; (v) Register of Director's Shareholdings of the Company; (vi) Accounting Certificate, (vii) Valuation Report, (viii) Fairness Opinion, and (ix) Arrears Certificate, would be open for inspection by the members entitled to vote on the proposed resolution for reduction of share capital of the Company at the Registered Office and Corporate Office of the Company on any working days except holidays from 10:00 a.m. to 2 :00 p.m., prior to the date of the meeting.

(k) The Board considers that this resolution is in the best interests of the shareholders of the Company and therefore recommends the passing of the special resolution as set out in the Notice.

None of the Directors, Key Managerial Personnel or their relatives, except to the extent of their shareholding, if any, are in any way concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board
For R Systems International Limited

Sd/-
Bhasker Dubey
(Company Secretary & Compliance Officer)

Place : NOIDA (U.P.)
Date : May 02, 2019

Annexure-A

Details of Directors seeking re-appointment at the Annual General Meeting to be held on May 28, 2019

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Name of Director	Mr. Avirag Jain
Date of Birth	March 28, 1966
Date of Appointment	August 3, 2017
Qualifications	Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. Post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.
Expertise in specific functional area	Mr. Avirag Jain has more than 26 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom and Healthcare domains. He is heading the on-site, off-site and Offshore Delivery of R Systems for more than 21 years. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills.
Directorship held in other Companies as on date	Nil
Membership/ Chairmanship in Committees of other companies as on date	Nil
Number of shares held in Company as on December 31, 2018	100
Relationships between Directors inter-se	Nil

R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]
Registered Office: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019
Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
Tel.:+91-120-4303500; Fax: +91-120-4082699
Website: www.rsystems.com; Email: investors@rsystems.com
Twenty Fifth Annual General Meeting to be held on Tuesday, May 28, 2019 at 9:00 A.M. at
Air Force Auditorium, Subroto Park, New Delhi - 110 010

Proxy form
(Form No. MGT-11)
[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s).....

Registered address .....

E-mail Id..... Folio No. ..... DP ID..... Client Id.....

I/We, being the member (s) of ..... shares of R Systems International Limited, hereby appoint

1. Name :.....
   Address :.....
   E-mail Id :.....
   Signature :.....or failing him
2. Name :.....
   Address :.....
   E-mail Id :.....
   Signature :.....or failing him
3. Name :.....
   Address :.....
   E-mail Id :.....
   Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fifth Annual general meeting of the Company, to be held on the on Tuesday, May 28, 2019 At 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary business:

1. Adoption of Financial Statements.
2. Re-appointment of Mr. Avirag Jain (DIN: 00004801), who retires by rotation.
3. To confirm the interim dividend of Re. 0.60 per equity share of Re. 1/- each declared and paid during the year ended December 31, 2018.

Special Business:

4. Appointment of Mr. Mandeep Sodhi for holding the Office or Place of Profit in the Company.
5. Reduction of the Share Capital of the Company.

Signed this…….… day of…….. 2019

Affix Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]
Registered Office: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019
Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
Tel.:+91-120-4303500; Fax: +91-120-4082699
Website: www.rsystems.com; Email: investors@rsystems.com
Twenty Fifth Annual General Meeting to be held on Tuesday, May 28, 2019 at 9:00 A.M. at
Air Force Auditorium, Subroto Park, New Delhi - 110 010

ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No .....

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... Shares.

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company to be held on Tuesday, May 28, 2019 at 09:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 .

.....
Signature of Member / Proxy

Notes:

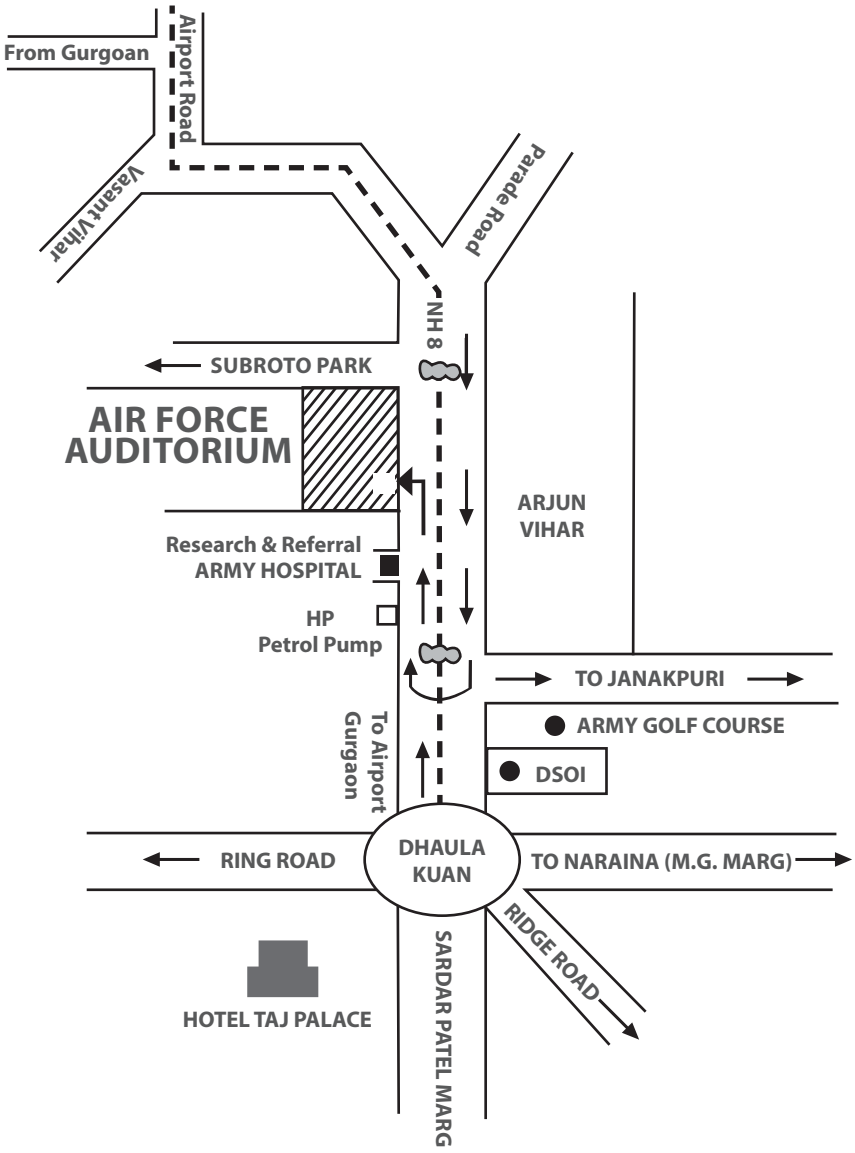
1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters.....(in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.

Electronic voting particulars

Electronic Voting Sequence No.	User ID	Sequence Number

Note: Please read the instructions printed under the Note No. xix to the Notice dated May 02, 2019 of the Twenty Fifth Annual General Meeting. The remote voting period starts from 10:00 a.m. (IST) on Friday, May 24, 2019 and ends at 05:00 p.m. (IST) on Monday May 27, 2019. The voting module shall be disabled by Link Intime India Pvt. Ltd. for voting thereafter.

Route map to the 25th Annual General Meeting of R Systems International Limited



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

Landmark: Adjacent to Research & Referral, Army Hospital

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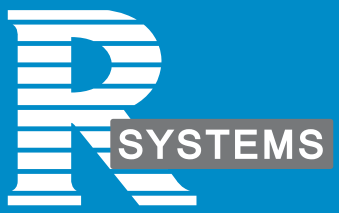

www.rsystems.com

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)