



R SYSTEMS INTERNATIONAL LIMITED
Corporate Identification No. L74899DL1993PLC053579
Registered Office: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi - 110 019
Corporate Office: C - 40, Sector - 59, Noida (U.P.) - 201 307
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NOTICE OF POSTAL BALLOT AND E-VOTING TO THE UNSECURED CREDITORS OF R SYSTEMS INTERNATIONAL LIMITED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, NEW DELHI BENCH

(pursuant to order dated May 22, 2020 passed by the National Company Law Tribunal ("NCLT" or "Tribunal"), New Delhi)

Voting of the Unsecured Creditors of R Systems International Limited through Postal Ballot And E-Voting	
Start Date:	10:00 A.M. on June 08, 2020
End date:	05:00 P.M. on July 07, 2020

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
NEW DELHI BENCH
COMPANY APPLICATION NO. CA/CAA/48/ND/2020
In the Matter of the Companies Act, 2013 (18 of 2013)**

And

In the Matter of Sections 230 – 232, Section 234 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements, Amalgamations) Rules, 2016

And

In the Matter of Part II Section (4) of the XIV Schedule and the other applicable provisions of the Mauritius Companies Act, 2001

And

In the matter of Scheme of Amalgamation between

RightMatch Holdings Limited

Company registered under the Mauritius Companies Act

Having its registered office at:

IFS Court, Bank Street,

Twenty Eight, Cyber City,

Ebene - 72201

Identification number: C24307

(Transferor Company)

And

R Systems International Limited (hereinafter referred to as "R Systems")

Company registered under the Companies Act, 1956

Having its registered office at:

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

CIN: L74899DL1993PLC053579

(Transferee Company/
Applicant Company)

And

Their Respective Shareholders and Creditors

**NOTICE OF POSTAL BALLOT AND E-VOTING TO THE
UNSECURED CREDITORS OF R SYSTEMS INTERNATIONAL LIMITED**

Notice is hereby given that by an order dated May 22, 2020, New Delhi Bench of the National Company Law Tribunal has directed that voting of the Unsecured Creditors of R Systems International Limited for considering, and if thought fit, approving with requisite majority with or without modifications, following resolution for the amalgamation proposed to be made between RightMatch Holdings Limited and R Systems International Limited and their respective shareholders and creditors through Postal Ballot and electronic voting in compliance with NCLT order.

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232, Section 234 and other applicable provisions, if any, of the Companies Act, 2013, including rules provided therein, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Part II Section (4) of the XIV Schedule and other applicable provisions of the Mauritius Companies Act, 2001 including any statutory modification or re-enactments thereof for the time being in force, and subject to the relevant provisions of the Memorandum & Articles of Association of the Company and subject to the sanction by the National Company Law Tribunal, New Delhi ("NCLT"), as the case may be and in accordance with the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India or any other relevant authority from time to time to the extent applicable and subject to such approvals, consents, permissions and sanctions of the appropriate authorities as may be necessary/required and subject to such conditions as may be prescribed, directed or made by any of them while granting such approvals, consents and permissions,

the arrangement embodied in the proposed Scheme of amalgamation between RightMatch Holdings Ltd. and R Systems International Limited and their respective shareholders and creditors ('Scheme') be and is hereby approved.

RESOLVED FURTHER THAT the Board or Restructuring Committee, as constituted by the Board, be and are hereby jointly/ severally authorized to effectively implement the amalgamation embodied in the Scheme, make or accept such modification(s) amendment(s), limitation(s) and/ or condition(s), if any, to the Scheme as may be required by the Hon'ble Tribunal and/ or any other authority while sanctioning the Scheme or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme or for any other such reason, as the Board or Restructuring Committee may deem fit and proper, to resolve all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things as the Board or Restructuring Committee may in its absolute discretion deems necessary or expedient for giving effect to the Scheme.

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

TAKE FURTHER NOTICE considering the COVID -19 situation, the Tribunal has dispensed the Applicant Company from holding physical meeting of Unsecured Creditors and ordered that voting of the Unsecured Creditors shall be conducted through postal ballot and/ or e-voting.

TAKE FURTHER NOTICE THAT in compliance with the NCLT order, the Company has provided the facility of voting through Postal Ballot and/ or e-voting so as to enable the Unsecured Creditors, to consider and approve the Scheme by way of the aforesaid resolution. Accordingly, voting by Unsecured Creditors of the Company to the Scheme shall be carried out through Postal Ballot and e-voting.

TAKE FURTHER NOTICE THAT The Tribunal has appointed Mr. S P Singh Chawla as the Chairperson, failing him, Mr. Gursat Singh Vachher as the Alternate Chairperson for the said voting of unsecured creditors.

The abovementioned Scheme, if approved at the voting, will be subject to the subsequent approval of the Tribunal.

This Notice and Explanatory Statement along with the requisite documents is placed on the website of the Company viz. www.rsystems.com and is being sent to Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited.

Copies of the said Scheme of Amalgamation and Explanatory statements under sections 230 to 232, Section 234 and section 102 of the Companies Act, 2013 can be obtained free of charge on any day (except Saturday, Sunday and public holidays), up to July 07, 2020 during the business hours at the Registered Office of the Company or at the Corporate Office as mentioned above, or at the office of its lawyers which is situated at 34, Babar Lane, Bengali Market, New Delhi -110 001 ("Lawyer's Office"). Also, any unsecured creditor desirous of obtaining aforesaid details may send an email at investors@rsystems.com.

Dated this May 30, 2020

Sd/-

S P Singh Chawla

(Chairperson appointed for the voting)

Place: NOIDA

Notes:

1. Explanatory Statements and reasons for the proposed resolutions stated herein above, pursuant to Section 102 read with Section 110 of the Companies Act, 2013 and Rules made thereunder are annexed hereto.
2. Pursuant to the direction of the Tribunal, the Company is seeking the consent of its unsecured creditors through Postal Ballot and e-voting.
3. The Postal Ballot notice ("Notice") is being sent to all the unsecured creditors of the Company as on Tuesday, December 31, 2019 ("Cut-off date").
4. The Postal Ballot Notice is being sent to unsecured creditors in electronic form to the email addresses registered with the Company.
5. Unsecured Creditors as on the December 31, 2019 will be entitled to cast their votes by Postal Ballot or e-voting.
6. Pursuant to the order of Tribunal, the Company offers electronic voting ("e-voting") option to the unsecured creditors as an alternative, to enable unsecured creditors to vote electronically instead of dispatching the Postal Ballot Form. The Company has engaged the services of Link Intime India Private Limited for facilitating such e-voting facility to its unsecured creditors.
7. Unsecured Creditors who have received the Postal Ballot Notice by e-mail and who wish to vote through Physical Form may download the Postal Ballot Form from the weblink in the e-mail or from the Company's website <https://www.rsystems.com/investors-info/postal-ballot/> or may send an e-mail to investors@rsystems.com requesting to provide Postal Ballot form along with the postage prepaid self-address Business Reply Envelop.
8. Unsecured Creditors are requested to carefully read the instructions printed in the Postal Ballot Form and return the Postal Ballot form duly completed and signed, in the enclosed self-addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than close of working hours (i.e. 17:00 hours IST) on Tuesday, July 07, 2020. The postage cost will be borne and paid by the Company. However, envelopes containing Postal Ballot Form(s), if deposited in person or if sent by courier or by Registered/ Speed Post to the Scrutinizer at the expense of the unsecured creditor will also be accepted. If any postal ballot is received after 05:00 p.m. IST on Tuesday, July 07, 2020, it will be considered that no reply from the member has been received.
9. Kindly note that each Unsecured Creditors can opt for only one mode for voting i.e., either by Postal Ballot or by e-voting. However, in case unsecured creditors cast their vote both via postal ballot and e-voting, then voting done by e-voting shall prevail and voting through postal ballot shall be treated as invalid being void.
10. The material documents referred to in the accompanying Explanatory Statement shall be open for inspection by the Unsecured Creditors at the Registered Office, the Corporate Office of the Applicant Company and at the Lawyers Office, up to July 07, 2020 between 10:00 A.M to 5:00 P.M on all working days (except Saturdays, Sundays and public holidays) and shall also be available on the website of the Company i.e. <https://www.rsystems.com/investors-info/corporate-governance/schemes-of-amalgamation-arrangement-capital-reduction/>.
11. Once the vote on a resolution is casted by the unsecured creditors, the unsecured creditor shall not be allowed to change it subsequently.
12. The e-voting period begins on Monday, June 08, 2020 at 10:00 a.m. onwards and ends on Tuesday, July 07, 2020 at 5:00 p.m. During this period unsecured creditors of the Company, as on December 31, 2019 may cast their vote through e-voting. The e-voting module after July 07, 2020 at 5:00 p.m. shall be disabled by Link Intime India Private Limited for voting.
13. The instructions for unsecured creditors for e-voting are as under:
 - ❖ **Log-in to e-Voting website of Link Intime India Private Limited (LIPL)**
 1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
 2. Click on "Login" tab, available under 'Shareholders' section.

3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:

Your User ID is Event No + Reference Number communicated to you separately

5. Your Password details are given below:

If you are using e-voting system of LI IPL: <https://instavote.linkintime.co.in> for the first time, you need to follow the steps given below:

Unsecured Creditors need to click on "Sign Up" tab available under 'Shareholders' section register their details and set the password of their 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).

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. <ul style="list-style-type: none"> • Unsecured creditors who have not updated their PAN with the Company are requested to use the sequence number which is communicated to the Unsecured Creditor.
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI/COI as recorded with in the company record for the said Reference number in dd/mm/yyyy format.
Bank Account Number	Enter the Bank Account number (Last Four Digits) as recorded in the company records for the said reference number. <ul style="list-style-type: none"> • If the above mentioned details are not recorded with the company, please enter reference number in the Bank Account number field.

If Unsecured Creditors have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase unsecured creditors is having valid email address, Password will be sent to the unsecured creditor at registered e-mail address. Else, unsecured creditors can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, 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 unsecured creditors for voting on the resolutions placed by the company in which they are eligible to vote, provided that the company opts for e-voting platform of LI IPL.

For unsecured creditors 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.

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 Unsecured Creditors:**

- During the voting period, unsecured creditors can login any number of time till they have voted on the resolution(s) for a particular "Event".
 - Where Unsecured Creditors other than Individuals, HUF, NRI are required to cast their vote through Postal Ballot, they are required to send certified true copy of the board resolution /authority letter/power of attorney etc. of the duly authorised representative(s).
 - In case the unsecured creditors 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.
14. NCLT has appointed Mr. Abhishek Mittal as a Scrutinizer for the purposes of scrutinizing the remote e-voting and voting through postal ballot.
 15. The Scrutinizer appointed for Voting Process (i.e. Postal Ballot and e-voting), will submit his report to the Chairman upon completion of scrutiny, in a fair and transparent manner, of voting not later than forty eight hours from the conclusion of the voting. The Chairman shall announce the results of Voting and the results shall be placed at the Registered Office and Corporate Office of the Company. The Resolution, if approved by the requisite majority, shall be deemed to have been passed on Tuesday, July 07, 2020, being the last date specified for receipt of duly completed Postal Ballot Forms/e-voting.
 16. The result will also be posted on the Applicant Company's website, Link Intime India Private Limited website, besides communicating the same to the BSE Limited and National Stock Exchange of India Limited.

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
NEW DELHI BENCH
COMPANY APPLICATION NO. CA/CAA/48/ND/2020
In the Matter of the Companies Act, 2013 (18 of 2013)**

And

In the Matter of Sections 230 – 232, Section 234 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements, Amalgamations) Rules, 2016

And

In the Matter of Part II Section (4) of the XIV Schedule and the other applicable provisions of the Mauritius Companies Act, 2001

And

In the matter of Scheme of Amalgamation between

RightMatch Holdings Limited

Company Identification number: C24307

(Transferor Company)

And

R Systems International Limited (hereinafter referred to as
"R Systems")

(Transferee Company/
Applicant Company)

And

Their Respective Shareholders and Creditors

Explanatory Statement under Sections 230 to 232, Section 234 and 102 of the Companies Act, 2013 Read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

1. Pursuant to Order dated May 22, 2020 passed by the Hon'ble National Company Law Tribunal at New Delhi Bench, in Company Application No. CA/CAA/48/ND/2020 filed by R Systems International Limited, voting of Unsecured Creditors of R Systems International Limited, is being conducted through Postal Ballot and E-Voting from Monday, June 08, 2020 at 10:00 A.M. to Tuesday, July 07, 2020, at 05:00 P.M., for the purpose of considering and if thought fit, approving, with or without modification(s), the amalgamation embodied in the proposed Scheme of Amalgamation between RightMatch Holdings Limited and R Systems International Limited and their respective shareholders and creditors (hereinafter referred to as the "Scheme" or "Scheme of Amalgamation").
2. This statement is being furnished as required under Sections 230 – 232 and 234 of the Companies Act, 2013 (the "Act"), read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
3. The Scheme envisages the amalgamation between RightMatch Holdings Limited and R Systems International Limited pursuant to Sections 230 to 232, Section 234 and other applicable provisions, if any, of the Companies Act, 2013 and Part II Section (4) of the XIV Schedule and the other applicable provisions of the Mauritius Companies Act, 2001.
4. A copy of the Scheme, which has been approved unanimously by the Board of Directors of the Transferor Company and Transferee Company at their Meeting, held on October 24, 2019 and October 25, 2019, respectively, is attached as Annexure - I.
5. Particulars of the RightMatch Holdings Limited
 - 5.1. RightMatch Holdings Limited (i.e. Transferor Company)
 - (a) RightMatch Holdings Limited (hereinafter referred to as "RightMatch" or "Transferor") was incorporated on April 10, 2000 under the Mauritius Companies Act 2001, having its registered office at IFS Court, Bank Street, Twenty Eight, Cyber City, Ebene - 72201. The Transferor Company is a Private Limited Company having Corporate Identity Number C24307 and e-mail id is Khalil.Peerbocus@sannegroup.com.

- (b) The Principle activity of the Transferor Company is that of investment holding.
- (c) There has been no further change in the name, object and the registered office address of RightMatch in the last five (5) years.
- (d) RightMatch forms part of the promoter and promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.38% of the total paid up equity share capital of R Systems.
- (e) The share capital of the Transferor Company as on May 22, 2020 is as follows:

Particulars	Amount in USD
Issued and fully paid:	
5,609,550 ordinary shares of USD 1 each	5,609,550
Total	5,609,550

- (f) The list of Directors of the Transferor Company as on May 22, 2020 is as follows:

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

6. Particulars of R Systems

6.1. R Systems International Limited (i.e. Transferee Company)

- (a) R Systems International Limited (hereinafter referred to as “R Systems” or “Applicant 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 Applicant Company is a public Limited Company having Corporate Identity Number L74899DL1993PLC053579. The e-mail id is rsil@rsystems.com and the Permanent Account Number of the Applicant Company is AABCR9541B. The website of the Applicant Company is www.rsystems.com.
- (b) R Systems is a Software Technology Company engaged in providing IT Services & Solutions and IT-enabled Services. The summary of the main objects of the Applicant Company as per the Memorandum of Association is as follows:
- To carry on the business of sale, purchase, assemble, hire purchase, import, export, stockists, distributors, designers, agents, traders, exchangers and jobbers in all kinds of computers, computer software development, conversion, data entry, software implementation, system study, software documentation and related components, computer systems, computer peripherals, integrated circuits, process controllers, computer printers, transformers, monitors, uninterrupted power supply systems, computer components, computer based systems, to deal in other office automation machines, printers, computer stationery, computer furniture, ribbons, diskettes, magnetic tapes and other related items in India and abroad.
 - To carry on business of long term and short term maintenance of computer system and associated equipment, replacement and services of computers, computer peripherals, related electrical equipment and items in India and abroad.

- To carry on the business of running computer bureaus, hiring of computer time and service, data processing, system analysis and design, programming, data storage and computer output microfilmings in India and abroad.
 - To provide consultancy services in India and abroad on selection of computer systems, software, media, peripherals and allied items, computer personnel and on computerisation in general.
 - To hold seminars, courses, training institutions and business conferences for training in computer and office automation, computer programming, system analysis, operational research, computer operations, data entry operations, operations and other computer related activities in India and abroad.
 - To carry on the business of providing software and hardware personnel to work at customer sites in India and abroad.
 - To provide consultancy services in India and abroad on preparation of project report, computer systems, software, media, peripherals and allied items, computer personnel and on computerisation in general.
 - To give on lease the computers hardwares and software to other parties and/or companies and to sell hardwares and softwares to its customers and other parties in India and elsewhere and to act as export house of computer including its softwares and hardwares.
 - To carry on the business of providing and running remote processing services whether information technology enabled or otherwise, including but not limited to establishing and operating interactive call centres, data processing centres, business process outsourcing, remote customer support services, internet and E-commerce support services, including but not limited to hosting and application services.
 - To carry on the business of providing and running services relating to Multimedia networks, Telecommunication networks, cable networks and internet services.
 - To carry on the business of providing and supply of end-to-end information technology solutions including turnkey solutions, systems integration and development of software, computer hardware, peripherals, networking and communication components, cabling and power supply equipments, appropriate fixtures, metering and monitoring devices, conventional and broadband wireless, wire line and optical communication equipments. To enter into any arrangement by way of turnkey project involving supply of plant and merchandise, technical, civil, financial, administrative, information, knowledge and experience and to undertake the same for clients.
 - To carry on the business as business consultants, market research consultants, business transfer agents, valuers and to act as intermediaries in the introduction of sellers, purchasers, partners and employees.
 - To carry on the business of Human Resource Development and Management, setting up of education and training institutions, and to provide services for placement of manpower.
 - To provide or procure the provision by others of every and any service, need, want or requirement of any business nature required by any person, firm or company in or in connection with any business carried on by them.
- (c) There has been no change in the name and object of the Applicant Company in the last five (5) years. The Company has shifted its registered office from B - 104A, Greater Kailash - I, New Delhi - 110 048 to GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 w.e.f. April 23, 2019.
- (d) It may be noted that the Applicant Company is a listed public Company and its securities are listed on BSE Limited and National Stock Exchange of India Limited.

(e) The Share Capital of Applicant Company as on May 22, 2020, is as under:

Particulars	Amount in Rs.
Authorised Capital	
206,000,000 Equity Shares of Re. 1/- each	206,000,000
Total Authorised Capital	206,000,000
Issued, Subscribed and Paid-up Capital	
119,613,945 Equity Shares of Re.1/- each fully paid up	119,613,945
Total Issued, Subscribed and Paid-up Capital	119,613,945

(f) The list of Directors of the Applicant Company as on May 22, 2020:

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

(g) Pursuant to SEBI Circular and the Listing Regulations, the detailed pre scheme and post scheme (expected) capital structure and shareholding pattern of the Applicant Company is given herein below:

Category of Shareholder	No. of Shares held		Total Shareholding as a % of total no. of Shares	
	Pre-Merger*	Post-Merger (indicative)	Pre- Merger*	Post-Merger (indicative)
Promoter and Promoter Group				
Individuals / Hindu Undivided Family	41,066,024	49,894,513	34.33	41.71
Bodies Corporate	8,828,489	-	7.38	0.00
Trusts	11,818,061	11,818,061	9.88	9.88
Total (A)	61,712,574	61,712,574	51.59	51.59
Public				
Institutions (Foreign Portfolio Investor/ Financial Institutions / Banks)	-	-	0.00	0.00
Bodies Corporate	2,256,356	2,256,356	1.71	1.71
Public (Individuals, NR, NRI, HUF)	55,629,845	55,629,845	46.51	46.51
Others (Clearing Member/IEPF)	15,170	15,170	0.01	0.01
Total (B)	57,901,371	57,901,371	48.41	48.41
Total Share Capital (A+B)	119,613,945	119,613,945	100.00	100.00

* Pre Scheme Shareholding Structure is based on the weekly shareholding details as on May 15, 2020.

7. Submissions, Approvals and Other Information:

(a) **Summary of Valuation Report of a registered valuer including basis of Valuation and the Fairness Opinion:**

The Board of Directors of the Applicant Company at their Meeting held on October 25, 2019 have approved the Valuation Report dated October 24, 2019 issued by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer to comply with the applicable provisions of the Companies Act, 2013. The Valuation Report is attached as Annexure II. The Fairness Opinion dated October 25, 2019 has been issued by Corporate Professionals Capital Private Limited. The Fairness Opinion is attached as Annexure III.

(b) As required by the SEBI Circular, the Applicant Company has filed the Complaints Report (indicating NIL complaint) with BSE Limited on January 06, 2020 and National Stock Exchange of India Limited on January 29, 2020. After filing of the Complaints Report, the Company has received NIL complaints. A copy of the aforementioned Complaints Report is enclosed herewith as Annexure-IV. The Said Complaints Report is also available on the website of the Company i.e. <https://www.rsystems.com/investors-info/corporate-governance/schemes-of-amalgamation-arrangement-capital-reduction>.

(c) Pursuant to the Circular Number CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by the Securities and Exchange Board of India ("SEBI Circular") read with Regulation 37 of SEBI Listing Obligations and Disclosure Requirements, the Applicant Company had filed necessary applications before the BSE Limited and National Stock Exchange of India Limited seeking its No-Objection to the Scheme. It received Observation Letter dated February 17, 2020 from BSE Limited and National Stock Exchange of India Limited. Copy of the aforesaid Observation Letters are enclosed herewith as Annexure-V.

(d) As per the terms of Observation Letter, SEBI/ Stock Exchanges have given no objection to the Scheme and has advised the Applicant Company to comply with the provisions of the SEBI Circular.

(e) Copy of report of Board of Directors of R Systems International Limited as per provisions of Section 232(2)(c) of the Companies Act, 2013 is enclosed herewith as Annexure VI.

(f) Copy of audited financials of R Systems International Limited as at December 31, 2019 along with audited financial results for the quarter ended on March 31, 2020 and audited financials of RightMatch Holdings Limited as at July 31, 2019 are attached as Annexure VII. The Financial Statements of the Transferee Company and the Transferor Companies are also available on the website of the Transferee Company www.rsystems.com.

8. The amount due by the Applicant Company to its Unsecured Creditors as on December 31, 2019 was INR 40,627,125 (Rupees Four Crore Six Lakh Twenty Seven Thousand One Hundred Twenty Five only) and to its Secured Creditors as on December 31, 2019 was INR 13,196,646/- (Rupees One Crore Thirty One Lakh Ninety Six Thousand Six Hundred Forty Six only).

9. The proposed Scheme does not contemplate any corporate debt restructuring exercise.

10. **Key extract of Scheme of Amalgamation and relationship between Transferor Company and Transferee Company.**

The Scheme provides, inter alia, for:

(a) The Scheme envisages amalgamation of RightMatch and R Systems pursuant to Sections 230 to 232, Section 234 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Section 261 to 264, Part II Section (4) of the XIV Schedule and the other applicable provisions of the Mauritius Companies Act, 2001.

(b) **"Appointed Date"** means January 1, 2020 being the date with effect from which RightMatch shall stand amalgamated into and with R Systems in terms of this Scheme, upon sanction of the Scheme by the NCLT and Supreme Court of Mauritius and the Scheme coming into effect.

- (c) **“Effective Date”** means the last of the dates on which conditions specified in Clause 21 (of the scheme) are complied with. Any references in this Scheme becoming “effective” or “effectiveness of this Scheme” shall mean and refer to effective Date.
- (d) **Clause 6 of the Scheme – Consideration**
- 6.1 Upon this Scheme becoming effective and upon amalgamation of Amalgamating Company with Amalgamated Company, in terms of this Scheme Amalgamated Company shall, without any further application, act or deed, issue and allot Equity Shares in dematerialized form to the members of Amalgamating Company whose names appear in the Register of its members on the Effective Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as aforesaid in the following manner (hereinafter referred as New Equity Shares):-
- “8,828,489 (Eight million eight hundred twenty-eight thousand four hundred eighty-nine only) fully paid up equity shares of the face value of Re. 1/- (Rupee One) each of R Systems International Limited to be issued and allotted to the Equity Shareholders of RightMatch Holdings Limited in the proportion of their respective equity shareholding in RightMatch Holdings Limited”
- 6.2 The fractional entitlement, if any, to which shareholders of the Amalgamating Company may become entitled to upon issue of New Equity Shares pursuant to Clause 6.1 above would be rounded off by the Amalgamated Company to the nearest integer. However, in no event, the number of New Equity Shares to be allotted by the Amalgamated Company to the shareholders of the Amalgamating Company shall exceed the total number of equity shares held by the Amalgamating Company in the Amalgamated Company.
- 6.3 The new Equity Shares in the Amalgamated Company, to be issued to the members of the Amalgamating Company pursuant to Clause 6.1 above, shall be subject to the Memorandum and Articles of Association of the Amalgamated Company and shall rank pari passu, with the existing equity shares of the Amalgamated Company.
- 6.4 Upon New Equity Shares being issued and allotted by the Amalgamated Company to the shareholders of the Amalgamating Company, in accordance with Clause 6.1 above, the investment held by the Amalgamating Company in the share capital of the Amalgamated Company shall, without any further application, act, instrument or deed stand cancelled. The shares of Amalgamated Company held by the Amalgamating Company in dematerialized form shall be extinguished, on and from such issue and allotment of New Equity Shares.
- 6.5 Such reduction of share capital of Amalgamated Company as provided in Clause 6.4 above shall be effected as an integral part of the Scheme and the orders of NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 and any other applicable provisions of the Act confirming the reduction. The Amalgamated Company shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.
- 6.6 Upon New Equity Shares being issued and allotted by the Amalgamated Company to the members of the Amalgamating Company, in accordance with Clause 6.1, the share certificates in relation to the shares held by the said members in the Amalgamating Company shall be deemed to have been cancelled and extinguished and be of no effect on and from such issue and allotment.
- 6.7 New Equity Shares to be issued by the Amalgamated Company pursuant to Clause 6.1 above shall be issued in dematerialized form by the Amalgamated Company. In that relation, the members of the Amalgamating Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required.
- 6.8 New Equity Shares of the Amalgamated Company issued in terms of Clause 6.1 of this Scheme will be listed and/ or admitted to trading on the NSE and BSE where the shares of the Amalgamated Company are listed and/or admitted to trading in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018.

- 6.9 The Amalgamated Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges. On such formalities being fulfilled the said Stock Exchanges shall list and/or admit such New Equity Shares for the purpose of trading.
- 6.10 The issue and allotment of equity shares by the Amalgamated Company to the members of the Amalgamating Company pursuant to Clause 6.1 above is an integral part of this Scheme.
- 6.11 The approval of this Scheme by the members of the Amalgamated Company shall be deemed to be due compliance of the provisions of section 62 of the Companies Act, 2013 and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Amalgamated Company to the members of the Amalgamating Company, as provided in this Scheme.

(e) **Rationale for the Scheme of Amalgamation**

- This Scheme of Amalgamation (hereinafter called 'the Scheme') is presented under Sections 230 – 232 and 234 and other applicable provisions, if any, of the Indian Act (as defined in clause 1.1 hereinafter) and Sections 261 to 264 and other applicable provisions, if any, of the Mauritius Act (as defined in clause 1.7 hereinafter), for amalgamation of RightMatch into and with R Systems. The Indian Act enables a foreign transferor company to merge into an Indian transferee company.
- RightMatch forms part of the promoter and promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.34%¹ of total paid-up equity share capital of R Systems.
- Pursuant to the proposed amalgamation, individual shareholders of RightMatch who are part of the promoter and promoter group of R Systems ('Promoters') would directly hold the shares in R Systems which are currently held by RightMatch in the same proportion as they currently hold shares in RightMatch.
- This amalgamation would not only lead to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the Promoter's direct commitment to and engagement with R Systems. It would also result in overall reduction in administrative, managerial and other expenditure and operational rationalization, organizational efficiency and optimum utilization of various resources.
- There would be no change in the Promoter and Promoter Group shareholding of R Systems as a result of amalgamation of RightMatch into R Systems. The promoters and Promoter Group of R Systems would continue to hold the same percentage of shares in R Systems, pre and post the amalgamation of RightMatch into R Systems.
- All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.
- Further, the Scheme also provides that Promoters shall indemnify R Systems and keep R Systems indemnified for any contingent liabilities and obligations including all demands, claims, suits, proceedings etc. which may be made or instituted by any third party(ies) including governmental authorities on R Systems and are directly relatable to RightMatch or which may devolve on R Systems on account of this amalgamation.
- In consideration of the above mentioned rationale, this Scheme between RightMatch and R Systems is being proposed in accordance with the terms set out hereunder.

¹ As per the NCLT order dated January 28, 2020, the paid up share capital of R Systems is reduced from 120,337,925 equity shares to 119,598,945 equity shares. Further, pursuant to fresh allotment of shares under ESOP scheme the total paid up capital increased from 119,598,945 equity shares to 119,613,945 equity shares. Pursuant to such reduction and fresh allotment, the share percentage of RightMatch has increased from 7.34% to 7.38%, however the number of shares of RightMatch in R Systems remains the same.

(f) **Clause 21 of the Scheme – Conditionality of the Scheme**

The Scheme is and shall be conditional upon and subject to:-

- 21.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/ or creditors of the Amalgamating Company and the Amalgamated Company as prescribed under the Indian Act and relevant provisions of the Mauritius Act and as may be directed by the NCLT and Supreme Court of Mauritius or any other appropriate authority in the Relevant Jurisdiction as may be applicable.
- 21.2 The sanction of this Scheme by the NCLT and the Supreme Court of Mauritius.
- 21.3 Certified or authenticated copy of the Order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies by the Amalgamated Company.
- 21.4 Compliance by the Amalgamating Company of all necessary and applicable provisions of its applicable law including without limitation, all necessary filings to be made under applicable law of Mauritius.
- 21.5 The requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority including the Reserve Bank of India, which by law may be necessary for the implementation of this Scheme.

The features set out above being only the salient features of the Scheme of Amalgamation, the Unsecured Creditors of R Systems International Limited are requested to read the entire text of the Scheme of Amalgamation to get themselves fully acquainted with the provisions thereof.

11. Relationship between the parties

RightMatch forms part of the promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.38% of total paid-up equity share capital of R Systems.

12. The Board of Directors of the Amalgamating Company and the Amalgamated Company have decided to amalgamate the Amalgamating Company together with its business and undertakings, with the Amalgamated Company, so as to achieve benefits as set out in 'Rationale of the Scheme of Amalgamation' that forms part of the proposed Scheme of Amalgamation annexed.
13. The Scheme does not have a prejudicial effect on the key managerial personnel, directors, promoters, non-promoter members, creditors, employees of the Applicant Company, as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
14. None of the Directors, Promoters, Key Managerial Personnel, their relatives, Creditors and Employees of the Applicant Company respectively have any material interest, financial or otherwise, in the Scheme, save to the extent of shares held by them in the Applicant Company, if any.
15. No investigation proceedings have been instituted or are pending in relation to the Applicant Company under erstwhile Companies Act, 1956 and/ or under the Companies Act, 2013.
16. In accordance with the provisions of Sections 230 to 232, Section 234 of the Companies Act, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the Unsecured Creditors of the Applicant Company, voting by postal ballot or E-voting, agree to the Scheme.
17. On the Scheme being approved by the requisite majority of the Equity shareholders, Secured Creditors and Unsecured Creditors of the Applicant Company, the Applicant Company shall file a petition with the NCLT, New Delhi for sanction of the Scheme under Sections 230 to 232, Section 234 and other applicable provisions of the Indian Companies Act, 2013 and applicable provisions of The Mauritius Companies Act.

18. As per Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, the following documents are available for inspection by the Unsecured Creditors of Applicant Company at the Registered Office and Corporate Office of the Applicant Company and at the Lawyer's Office between 10:00 A.M to 5:00 P.M on all working days, up to Tuesday, July 07, 2020 (except Saturdays, Sundays and public holidays):
- (i) Copy of audited financial results for the quarter ended March 31, 2020 and audited financial statements of R Systems for year ended December 31, 2019 and audited financial statements of RightMatch as at July 31, 2019.
 - (ii) Copy of the Order of the NCLT, New Delhi dated May 22, 2020, passed in Company Application No. CA/CAA/48/ND/2020 directing the voting of the Unsecured Creditors of R Systems International Limited.
 - (iii) Scheme of Amalgamation between RightMatch Holdings Limited and R Systems International Limited and their respective shareholders and creditors.
 - (iv) Valuation Report dated October 24, 2019 issued by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer to comply with the applicable provisions of the Companies Act, 2013.
 - (v) Fairness Opinion from Corporate Professionals Capital Private Limited dated October 25, 2019.
 - (vi) Certificate issued by the Auditor of the Applicant Company to the effect that the accounting treatment proposed in the Scheme of Amalgamation is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
19. It is further provided that there are no other contracts or agreements that are material to the proposed Scheme.
20. It is confirmed that the copy of the Scheme, as approved by Board, has been filed with the Registrar of Companies, New Delhi and Haryana by the Applicant Company on May 22, 2020.
21. In compliance with the requirement of Section 230(5) of the Companies Act, 2013 and Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, notice in the prescribed form and seeking approvals, sanctions or no-objections shall be served to the concerned regulatory and government authorities for the purpose of the proposed Scheme.
22. No other approvals from regulators or governmental authorities are required at this stage nor any have been received or are pending in respect of the proposed Scheme at this stage.
23. In view of the information provided hereinabove and the documents attached along with this Notice and Explanatory statement, the requirement of Sections 230 to 232, Section 234 and 102 of the Companies Act, 2013 and rules made thereunder have been complied with.

Sd/-

SP Singh Chawla

(Chairperson appointed for the voting)

Place: NOIDA

Dated: May 30, 2020

SCHEME OF AMALGAMATION

BETWEEN

RIGHTMATCH HOLDINGS LTD.

AND

R SYSTEMS INTERNATIONAL LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

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

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

For R Systems International Ltd.


Company Secretary

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

The Corporate Identity Number of R Systems is L74899DL1993PLC053579.

Further, the Permanent Account Number of R Systems is AABCR9541B.

(B) PURPOSE AND RATIONALE OF THE SCHEME OF AMALGAMATION

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

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

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

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

For R Systems International Ltd.



Company Secretary

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

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

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

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

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

(C) PARTS OF THE SCHEME OF AMALGAMATION:

This Scheme of Amalgamation is divided into the following parts:

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

For R Systems International Ltd.


Company Secretary

PART – I

1. DEFINITIONS

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

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

For R Systems International Ltd.



Company Secretary

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

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

For R Systems International Ltd.


Company Secretary

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

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

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

For R Systems International Ltd.


Company Secretary

PART – II

DETAILS OF SHARE CAPITAL AND DIRECTORS

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

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

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

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

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

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

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

For R Systems International Ltd.


Company Secretary

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

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

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

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

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

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

For R Systems International Ltd.


Company Secretary

PART – III

AMALGAMATION OF RIGTHMATCH WITH R SYSTEMS

4. PROVISIONS UNDER THE MAURITIUS LAWS PERTAINING TO AMALGAMATION

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

For R Systems International Ltd.



Company Secretary

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

For R Systems International Ltd.


Company Secretary

5. TRANSFER AND VESTING

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

6. CONSIDERATION

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

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

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

For R Systems International Ltd.


Company Secretary

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

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

For R Systems International Ltd.


Company Secretary

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

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

For R Systems International Ltd.


Company Secretary

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

7. ACCOUNTING TREATMENT

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

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

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

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

8. LEGAL PROCEEDINGS

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

For R Systems International Ltd.


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

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

9. CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC

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

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

9.2. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney, if any given by, issued to or executed in favour of the Amalgamating Company shall stand transferred to the Amalgamated Company, as if the same were originally given by, issued to or executed in favour of the Amalgamated Company, and the Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Amalgamated Company. The Amalgamated Company shall make applications and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

9.3. The Amalgamated Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Amalgamating Company to which the Amalgamating Company is a party in order to give formal effect to the above provisions. The Amalgamated Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Amalgamating Company.

For R Systems International Ltd.


Company Secretary

10. STAFF, WORKMEN AND EMPLOYEES

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

11. OTHER ENTITLEMENTS

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

12. CONDUCT OF AFFAIRS UNTIL THE EFFECTIVE DATE

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

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

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

13. DIVIDENDS

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

For R Systems International Ltd.


Company Secretary

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

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

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

15. SAVING OF CONCLUDED TRANSACTIONS

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

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

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

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

17. DISSOLUTION OF THE AMALGAMATING COMPANY

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

For R Systems International Ltd.



Company Secretary

PART – IV

GENERAL TERMS AND CONDITIONS

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

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

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19. APPROVAL OF THE SCHEME THROUGH E-VOTING

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

20. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

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

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

21. CONDITIONALITY OF THE SCHEME

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

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

For R Systems International Ltd.


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

22. SEVERABILITY

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

23. EFFECT OF NON-RECEIPT OF APPROVALS

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

For R Systems International Ltd.


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

24. COSTS, CHARGES AND EXPENSES

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

For R Systems International Ltd.


Company Secretary

Annexure II

JAIN GANDHARV & ASSOCIATES
CHARTERED ACCOUNTANTS

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

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

October 24, 2019

Prepared by:
Jain Gandharv & Associates
Chartered Accountants

CA. Gandharv Jain
Registered Valuer

JAIN GANDHARV & ASSOCIATES

CHARTERED ACCOUNTANTS

October 24, 2019

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

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

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

Dear Sirs,

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

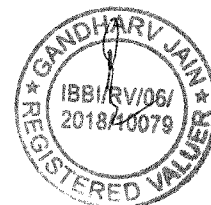
1. SCOPE AND PURPOSE OF THIS REPORT

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

2. BRIEF BACKGROUND OF THE COMPANIES

2.1. R SYSTEMS INTERNATIONAL LIMITED

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



JAIN GANDHARV & ASSOCIATES

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2.1.2. The equity shares of R Systems are presently listed on the National Stock Exchange of India Limited and BSE Limited.

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

2.2. RIGHTMATCH HOLDINGS LIMITED

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

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

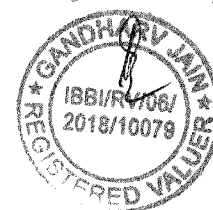
3. SOURCES OF INFORMATION

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

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

4. LIMITATIONS

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



JAIN GANDHARV & ASSOCIATES

CHARTERED ACCOUNTANTS

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

5. BASIS FOR DETERMINATION OF RATIO

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

6. RECOMMENDED RATIO

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

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



JAIN GANDHARV & ASSOCIATES

CHARTERED ACCOUNTANTS

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

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

Computation of Fair Share Exchange Ratio

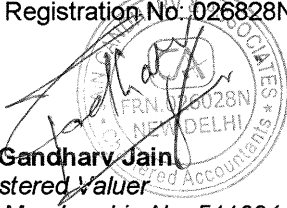
Valuation Approach	R Systems International Limited		RightMatch Holdings Limited	
	Value per Share	Weight	Value per Share	Weight
Asset Approach	N.A.*		N.A.*	
Income Approach				
Market Approach				
Relative Value per Share Exchange Ratio				

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

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

Thanking you,
Yours faithfully,

Jain Gandharv & Associates
Chartered Accountants
Firm Registration No: 026828N


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



JAIN GANDHARV & ASSOCIATES

CHARTERED ACCOUNTANTS

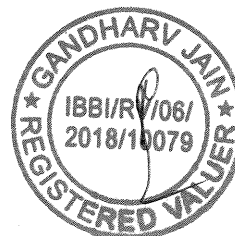
ANNEXURE 1

Historical Financial Statements of RightMatch Holdings Limited

RightMatch Holdings Limited Historical Balance Sheet

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

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



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ANNEXURE 2

Valuation of R Systems as per SEBI Guidelines

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

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

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

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

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

a) Asset Approach - Book Value Method

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

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



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JAIN GANDHARV & ASSOCIATES

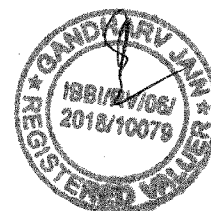
CHARTERED ACCOUNTANTS

R Systems International Limited

Calculation of Book Value

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

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



JAIN GANDHARV & ASSOCIATES

CHARTERED ACCOUNTANTS

b) Discounted Cash Flow Method

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

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

c) Comparable Company Multiple Method ("CCM")

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

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

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

R Systems International Limited
Calculation of Comparable Companies Multiples

In INR millions

Comparable Companies	Revenue (LTM)	EBITDA (LTM)	EBITDA Margin	Total Enterprise Value [30-Sep-2019]	EV/EBITDA	EV/Revenue
Birlasoft Limited	27,327	2,993	10.95%	13,463	4.50	0.49
Hexaware Technologies Limited	50,344	7,871	15.63%	113,084	14.37	2.25
L&T Technology Services Limited	53,012	9,778	18.45%	149,079	15.25	2.81
Mindtree Limited	73,365	9,548	13.01%	111,758	11.70	1.52
NIIT Technologies Limited	38,140	6,255	16.40%	79,894	12.77	2.09
Persistent Systems Limited	33,638	5,319	15.81%	35,225	6.62	1.05
Saksoft Limited	3,667	627	17.10%	2,553	4.07	0.70
Sonata Software Limited	31,472	3,454	10.98%	31,158	9.02	0.99
Mean					9.79	1.49
Median					10.36	1.29

Source: S&P Capital IQ, Moneycontrol

SCREEN:

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



JAIN GANDHARV & ASSOCIATES

CHARTERED ACCOUNTANTS

R Systems International Limited Comparable Company Multiples

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

Note:

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

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

R Systems International Limited Application of Comparable Company Multiples

In INR millions

	Revenue	EBITDA
Financial Data for Last Twelve Months (1)	7,779.60	730.90
Adjusted Selected Valuation Multiple	0.77x	6.22x
Indicated Enterprise Value	5,999.26	4,544.48
Multiply by: Assigned Valuation Weight (2)	50.0%	50.0%
Weighted Values	2,999.63	2,272.24

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

5,271.87

Rounded

5,272.00

Zero Period Adjustments:

Add: Surplus Cash & Cash Equivalents (3)	924.01
Add: Investment Property (4)	95.50
Add: Investment in Saraswati Co-operative Bank Ltd. (5)	0.03
Less: Debt Outstanding (6)	(39.88)
Less: Present Value of Contingent Consideration (7)	(125.41)

Total Equity Value

6,126.24

No. of Outstanding Shares (No's)

120,337,925

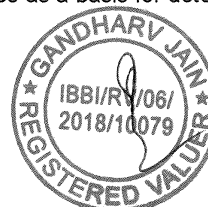
Fair Value Per Equity Share (INR)

50.91

d) Comparable Transaction Multiple Method ("CTM")

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

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



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

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

R Systems International Limited
Comparable Transaction Method

Target Company	Enterprise Value (INR mm)	Revenue (INR mm)	EBITDA (INR mm)	EBITDA Margin	Enterprise Value/Revenues	Enterprise Value/EBITDA	Sale Date
NIIT Technologies Limited	76,852	36,762	6,089	17%	2.09	12.62	7-Apr-19
NIIT Technologies Limited	76,852	36,762	6,089	17%	2.09	12.62	7-Apr-19
NIIT Technologies Limited	77,987	36,762	6,089	17%	2.12	12.81	7-Apr-19
NIIT Technologies Limited	78,976	38,140	6,255	16%	2.07	12.63	6-Apr-19
Mindtree Limited	151,183	66,461	10,175	15%	2.27	14.86	18-Mar-19
Polaris Consulting & Services Limited	42,790	26,279	3,544	13%	1.63	12.07	26-Jul-18
Polaris Consulting & Services Limited	32,468	22,987	2,723	12%	1.41	11.92	26-Oct-17
Polaris Consulting & Services Limited	18,672	19,981	2,345	12%	0.93	7.96	5-Nov-15
Polaris Consulting & Services Limited	19,795	19,981	2,345	12%	0.99	8.44	5-Nov-15
Hexaware Technologies Limited	34,738	20,541	4,167	20%	1.69	8.34	23-Aug-13
Hexaware Technologies Limited	35,597	21,676	4,518	21%	1.64	7.88	23-Aug-13
Mean				15.58%	1.72	11.10	
Median				16.48%	1.69	12.07	

SCREEN:

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

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

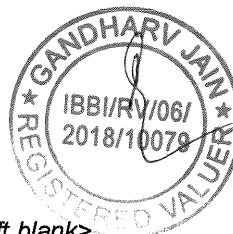
R Systems International Limited
Comparable Transactions Multiples

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

Note:

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

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



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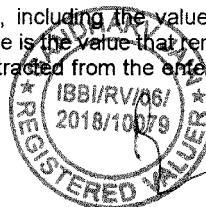
JAIN GANDHARV & ASSOCIATES
 CHARTERED ACCOUNTANTS

R Systems International Limited
Application of Comparable transaction Multiples

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

Notes to CCM and CTM Methods

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



JAIN GANDHARV & ASSOCIATES

CHARTERED ACCOUNTANTS

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

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

Conclusion of Value

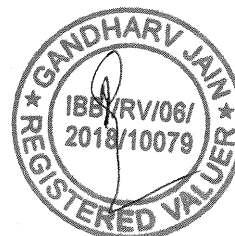
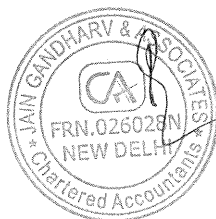
The basis of the valuation of R Systems have been determined after taking into consideration all the factors and methods mentioned previously. Though different values have been arrived under each of the valuation methods, for the purposes of recommending the equity share value it is necessary to arrive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

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

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

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

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



FAIRNESS OPINION

R SYSTEMS INTERNATIONAL LIMITED

25th October, 2019



Strictly Private & Confidential



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

Dated: 25.10.2019

SEBI Reg. No: INM000011435

To,

The Board of Directors

R SYSTEMS INTERNATIONAL LIMITED

C-40, C Block,

Sector 59, Noida-201307,

Uttar Pradesh, India

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

Dear Sir,

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

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

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

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

Corporate Professionals Capital Private Limited

CIN - U74899DL2000PTC104508

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



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

Yours Faithfully

For Corporate Professionals Capital Private Limited

A handwritten signature in black ink, appearing to read 'Maneesh Srivastava', written over a horizontal line.

Maneesh Srivastava
[Authorized Signatory]

Contents

Context and Background	4
Brief about Companies	5
Key Facts & Certain Extracts of the Scheme	6
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Conclusion & Opinion	8
Caveats	9



CONTEXT AND BACKGROUND

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

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



Brief about Companies**R Systems International Limited**

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

RightMatch Holdings Ltd.

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



KEY FACTS & CERTAIN EXTRACTS OF THE SCHEME

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

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



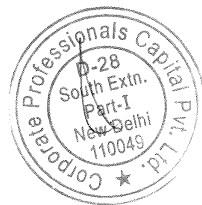
Valuer Analysis

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

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

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

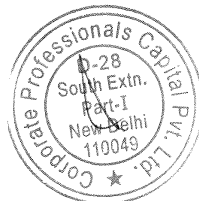
"8,828,489 (Eight million eight hundred twenty-eight thousand four hundred eighty-nine only) fully paid up equity shares of the face value of Re. 1 (Rupee One) each of R Systems International Limited to be issued and allotted to the Equity Shareholders of RightMatch Holdings Limited in the proportion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



CONCLUSION & OPINION

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

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



CAVEATS

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





R SYSTEMS INTERNATIONAL LIMITED

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

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

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

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

REF: SECT/01/2020/03

JANUARY 06, 2020

To,
The General Manager,
Department of Corporate Services,
BSE Limited
P.J. Towers, Dalal Street,
Mumbai – 400 001

BSE Scrip Code: 532735

Dear Sir,

SUB: SUBMISSION OF COMPLAINT REPORT WITH RESPECT TO APPLICATION UNDER REGULATION 37 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR SCHEME OF AMALGAMATION BETWEEN RIGHTMATCH HOLDINGS LIMITED AND R SYSTEMS INTERNATIONAL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

This is with reference to the Application/ Case No. 101782 placed on the website of the BSE Limited on December 12, 2019 with respect to Scheme of Amalgamation between RightMatch Holdings Limited and R Systems International Limited and their respective shareholders and creditors (“Scheme”).

In this regard, we are enclosing Complaints Report indicating Nil Complaints pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 for period commencing from December 12, 2019 to January 02, 2020.

We request you to take the same on record and provide us the in-principle approval/ No Objection Letter for the abovementioned Scheme.

Thanking You,

Yours Truly,

For **R Systems International Limited**

Bhasker Dubey

(Company Secretary & Compliance Officer)



REPORT ON COMPLAINTS

PART-A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchanges / SEBI	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

PART-B

Sr. No.	Name of complainant	Date of Complaint	Status (Resolved/pending)
	Not Applicable		

For R Systems International Limited



Bhasker Dubey
(Company Secretary & Compliance Officer)
Date: January 06, 2020





R SYSTEMS INTERNATIONAL LIMITED

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

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Fax : +91-120-4082699 | www.rsystems.com

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

REF: SECT/01/2020/14

JANUARY 29, 2020

To,

The Managing Director
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra - (E),
Mumbai - 400 051.

Scrip Code: RSYSTEMS

Dear Sir,

SUB: SUBMISSION OF COMPLAINT REPORT WITH RESPECT TO APPLICATION UNDER REGULATION 37 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR SCHEME OF AMALGAMATION BETWEEN RIGHTMATCH HOLDINGS LIMITED AND R SYSTEMS INTERNATIONAL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

This is with reference to the Application Number 22523 placed on the website of the National Stock Exchange of India Limited on January 07, 2020 with respect to Scheme of Amalgamation between RightMatch Holdings Limited and R Systems International Limited and their respective shareholders and creditors ("Scheme").

In this regard, we are enclosing Complaints Report indicating Nil Complaints pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 for period commencing from January 07, 2020 to January 28, 2020.

We request you to take the same on record and provide us the in-principle approval/ No Objection Letter for the abovementioned Scheme.

Thanking You,

Yours Truly,

For R Systems International Limited


Bhasker Dubey

(Company Secretary & Compliance Officer)





R SYSTEMS INTERNATIONAL LIMITED

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

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

REPORT ON COMPLAINTS

PART-A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchanges / SEBI	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

PART-B

Sr. No.	Name of complainant	Date of Complaint	Status (Resolved/pending)
Not Applicable			

For R Systems International Limited

Bhasker Dubey
(Company Secretary & Compliance Officer)
Date: January 29, 2020



DCS/AMAL/SD/R37/1683/2019-20

February 17, 2020

The Company Secretary,
R Systems International Limited.
 GF-1-A, 6, Devika Tower, Nehru Place,
 New Delhi, Delhi- 110019

Sir,

Sub: Observation letter regarding the Scheme of Amalgamation of R Systems International Limited.

We are in receipt of Draft Scheme of Amalgamation of R Systems International Limited filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated February 14, 2020 has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that Scheme shall be implemented only after seeking approval of the majority of public shareholders through e-voting."
- "Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circular."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,


 **Nitinkumar Pujari**
Senior Manager



National Stock Exchange Of India Limited

Ref: NSE/LIST/22523_III

February 17, 2020

The Company Secretary
R Systems International Limited
GF-1-A, 6, Devika Tower,
Nehru Place, New Delhi-110019.

Kind Attn.: Mr. Bhasker Dubey

Dear Sir,

Sub.: Observation Letter for Draft Scheme of Amalgamation involving Amalgamation of RightMatch Holdings Limited and R Systems International Limited and their respective shareholders and creditors.

We are in receipt of Draft Scheme of Amalgamation ('the Scheme') involving Amalgamation of RightMatch Holdings Limited (Transferor Company) with and into R Systems International Limited (Transferee Company) and their respective shareholders and creditors vide application dated December 6, 2019.

Based on our letter reference no Ref: NSE/LIST/22523 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated February 14, 2020, has given following comments:

- a. *The Scheme shall be implemented only after seeking approval of the majority of public shareholders through e-voting.*
- b. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of the receipt of this letter is displayed on the website of the listed company.*
- c. *The Company shall duly comply with various provisions of the Circular.*
- d. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT*
- e. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

This Document is Digitally Signed

Signer: Harshad P Dharod
Date: Mon, Feb 17, 2020 19:45:56 IST
Location: NSE



National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051,
India +91 22 26598100 | www.nseindia.com | CIN U67120MH1992PLC069769



Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we conveyed our “No-objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from February 17, 2020, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Harshad Dharod
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL: http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer: Harshad P Dharod
Date: Mon, Feb 17, 2020 19:45:56 IST
Location: NSE

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF R SYSTEMS INTERNATIONAL LIMITED AT ITS MEETING HELD ON OCTOBER 25, 2019 AT 11:30 A.M. AT C-40, SECTOR -59, NOIDA-201307 AS PER THE PROVISIONS OF SECTION 232(2)(c) OF THE COMPANIES ACT, 2013

A meeting of the Board of Directors of R Systems International Limited (“Board”) was held on October 25, 2019 wherein the Board approved the proposed Scheme of Amalgamation between RightMatch Holdings Limited (“RightMatch” or “Transferor Company”) and R Systems International Limited (“R Systems” or “Transferee Company”) and their respective shareholders and creditors (“Scheme”).

- In terms of Section 232(2)(c) of Companies Act, 2013 (the “Act”), a report from the Board of R Systems explaining the effect of the compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders has to be appended with the notice to shareholders. Further the said report has to specify any special valuation difficulties, if any, in the valuation. This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of the Act.
- Having regard to the aforesaid provision, the following was discussed by the Board of Directors in their meeting held on October 25, 2019:
 1. For the purposes of the Scheme, a valuation report was obtained on October 24, 2019 issued by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer to comply with the applicable provisions of the Companies Act, 2013. The valuation report provided the following share entitlement ratio:-

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

Thus, pursuant to Amalgamation, the equity shares of Transferee Company held by Transferor Company shall stand cancelled and accordingly the equity share capital of Transferee Company to the extent of face value of shares held by Transferor

Company shall be substituted by the equivalent No. of Equity Shares being issued by Transferee Company to shareholders of Transferor Company.

Fairness Opinion is obtained from Corporate Professionals Capital Private Limited which provided:-

".....we have reviewed the valuer's Report on Share Entitlement ratio issued by the Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer, and are of the opinion that the share entitlement Report is fair and reasonable from the perspective of Equity Shareholders of R Systems International Ltd."

2. As far as the shareholders of the Company are concerned (Promoters as well as Non-Promoters), there would not be any dilution of shareholding of R Systems pursuant to the Scheme and the interest of shareholders of the company remains unaffected.

3. The Scheme would not have any effect on the Key Managerial Personnel of the Company except for issue of shares to them in lieu of their shareholding in Transferor Company.

For R Systems International Limited

Sd/-

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

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

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

Opinion

We have audited the accompanying Statement of Standalone Financial Results of **R SYSTEMS INTERNATIONAL LIMITED** ("the Company"), for the quarter ended March 31, 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

In our opinion and to the best of our information and according to the explanations given to us, this Statement:

- a. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- b. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the quarter ended March 31, 2020.

Basis for Opinion

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

Management's Responsibilities for the Standalone Financial Results

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

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

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

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

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

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

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

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

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

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

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

Place: New Delhi
Date: 08 May, 2020

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)
UDIN: 20087104AAAAABN5727

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

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

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

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

Statement of Standalone Audited Financial Results for the Quarter Ended March 31, 2020

(Rs. in million, except per share data)

S.No.	Particulars (Refer notes)	Three months ended			Year ended
		31.03.2020	31.12.2019	31.03.2019	31.12.2019
		(Audited)	(Audited)	(Audited)	(Audited)
1	Income				
(a)	Revenue from operations	1,059.54	1,009.69	931.11	3,917.69
(b)	Other income	16.76	30.31	58.04	146.71
	Total income	1,076.30	1,040.00	989.15	4,064.40
2	Expenses				
(a)	Employee benefits expense	735.61	687.58	628.30	2,641.84
(b)	Finance costs	8.47	1.21	0.71	4.26
(c)	Depreciation and amortisation expense	32.48	21.85	19.66	85.91
(d)	Other expenses	213.03	177.47	164.28	700.81
	Total expenses	989.59	888.11	812.95	3,432.82
3	Profit before tax	86.71	151.89	176.20	631.58
4	Tax expense				
(a)	Current tax	30.07	(3.84)	37.97	104.22
(b)	Deferred tax charge / (credit)	(18.82)	(2.63)	20.03	12.41
	Total tax expense / (credit)	11.25	(6.47)	58.00	116.63
5	Net profit for the period / year	75.46	158.36	118.20	514.95
6	Other comprehensive income / (loss) <i>Items that will not be reclassified to profit or loss</i>				
(a)	Re-measurements of the defined benefit plans	(8.34)	1.36	(6.39)	(12.70)
(b)	Deferred tax relating to re-measurements of the defined benefit plans	2.43	(0.40)	2.23	4.37
	Total Other comprehensive income / (loss)	(5.91)	0.96	(4.16)	(8.33)
7	Total comprehensive income for the period / year (5+6)	69.55	159.32	114.04	506.62
8	Earnings per share (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.63	1.32	0.96	4.27
(b)	Diluted	0.63	1.32	0.96	4.27

See accompanying notes to the financial results

Notes:

- 1 The financial results for the quarter ended March 31, 2020 have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'). The above results were reviewed by the Audit Committee and have been approved by the Board of Directors at their meetings held on May 08, 2020.
- 2 The Statutory Auditors have carried out an audit for the quarter ended March 31, 2020, quarter ended March 31, 2019 and for the quarter and year ended December 31, 2019. The audit report for the aforementioned results is not modified.
- 3 The Company has adopted Ind AS 116 effective annual reporting period beginning January 01, 2020 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (January 01, 2020). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on January 01, 2020.

This has resulted in recognising a right-of-use asset of Rs. 242.00 million (net of accumulated depreciation of Rs. 8.72 million) and a corresponding lease liability of Rs. 240.43 million by adjusting retained earnings (debit) of Rs. 10.49 million, net of taxes. This includes reclassification of assets and liabilities previously classified under finance leases and prepaid rent. In the statement of financial results for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

4 Estimation of uncertainties relating to the global health pandemic from COVID-19:

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs and certain investments, the Company has considered internal and external information upto the date of approval of these standalone financial results including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumption used and based on certain indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial results and the Company will continue to closely monitor any material changes to future economic conditions.

- 5 During the year ended December 31, 2019, the Company had issued 37,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.
- 6 The standalone segment information is set out in Annexure A.

For and on behalf of the Board of Directors of
R SYSTEMS INTERNATIONAL LIMITED

Sd/-

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

Place : NOIDA
Date : May 08, 2020

R SYSTEMS INTERNATIONAL LIMITED
Standalone Segment Information

(Rs. in million)

S.No.	Particulars	Three months ended			Year ended
		31.03.2020	31.12.2019	31.03.2019	31.12.2019
		(Audited)	(Audited)	(Audited)	(Audited)
1	Segment revenue				
	- Information technology services	886.13	848.20	743.02	3,199.49
	- Business process outsourcing services	173.41	161.49	188.09	718.20
	Revenue from operations	1,059.54	1,009.69	931.11	3,917.69
2	Segment results before tax, interest and exceptional items				
	- Information technology services	86.68	143.24	158.17	583.37
	- Business process outsourcing services	12.74	14.28	16.63	57.93
	Total	99.42	157.52	174.80	641.30
	(i) Finance costs	(8.47)	(1.21)	(0.71)	(4.26)
	(ii) Interest income	10.11	12.26	15.24	50.50
	(iii) Other unallocable income	6.53	6.25	5.25	24.66
	(iv) Other unallocable expenses	(20.88)	(22.93)	(18.38)	(80.62)
	Profit before tax	86.71	151.89	176.20	631.58

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

**INDEPENDENT AUDITOR'S REPORT
To The Members of R SYSTEMS INTERNATIONAL LIMITED
REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	Auditor's Response
Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption	We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.

Key audit matter	Auditor's Response
<p data-bbox="260 213 802 306">of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p data-bbox="260 337 802 793">The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p data-bbox="260 824 802 886">Refer Note 19 to the Standalone Financial Statements.</p>	<p data-bbox="826 213 1377 337">Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul data-bbox="826 368 1377 1893" style="list-style-type: none"> <li data-bbox="826 368 1377 462">• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. <li data-bbox="826 493 1377 793">• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving inquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. <li data-bbox="826 824 1377 1011">• Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. <li data-bbox="826 1042 1377 1893">• Selected a sample of continuing and new contracts and performed the following procedures among others: <ul style="list-style-type: none"> <li data-bbox="882 1135 1377 1228">• Read, analysed and identified the distinct performance obligations in these contracts. <li data-bbox="882 1228 1377 1321">• Compared these performance obligations with that identified and recorded by the Company. <li data-bbox="882 1321 1377 1560">• Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes. <li data-bbox="882 1560 1377 1798">• In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated costs from the revenue recognition systems. <li data-bbox="882 1798 1377 1893">• Sample of revenues disaggregated by geography and customer industry type were tested with the

Key audit matter	Auditor's Response
	<p>performance obligations specified in the underlying contracts.</p> <ul style="list-style-type: none"> • Performed analytical procedures for reasonableness of revenues disclosed by geography and customer's industry type.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexures to Director's report and Risk Management Report, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on December 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)
(UDIN: 20087104AAAABE4007)

Place: NOIDA
Date: February 09, 2020

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **R SYSTEMS INTERNATIONAL LIMITED** ("the Company") as of December 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: NOIDA
Date: February 09, 2020

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)
(UDIN: 20087104AAAABE4007)

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) In respect of its property, plant and equipment:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) All property, plant and equipment were physically verified by the management 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, Customs Duty, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities and there were no undisputed amounts payable in respect of these dues outstanding as at December 31, 2019 for a period of more than six months from the date they became payable.

(b) Details of dues of Income-Tax and Value Added tax which have not been deposited as on December 31, 2019 on account of disputes are given below:

Nature of Statute	Nature of Dues	Amount* (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	1.61	Nil	A/Y 2008-09	Remanded back to Assessing Officer by Income Tax Appellate Tribunal, New Delhi.
Income Tax Act, 1961	Income Tax demand	1.73	Nil	A/Y 2009-10	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income Tax demand	0.16	Nil	A/Y 2010-11	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income Tax demand	0.31	Nil	A/Y 2017-18	Commissioner of Income Tax (Appeals), New Delhi
UP VAT Act, 2008	Entry Tax demand	0.11	Nil	F/Y 2008-09	Additional Commissioner (Appeals), Noida

* amount as per demand orders including interest and penalty wherever quantified in the order.

As per records maintained by the Company, there are no dues of Goods and Service Tax which have not been deposited as on December 31, 2019 on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions. The Company has not taken any loan or borrowing from government and banks and it has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans were applied by the Company for the purpose for which those were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the

requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: NOIDA
Date: February 09, 2020

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)
(UDIN: 20087104AAAABE4007)

R Systems International Limited
Standalone Balance Sheet as at December 31, 2019

		(Rs. in million)	
	Notes	As at December 31, 2019	As at December 31, 2018
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	3 (a)	344.72	248.27
(b) Capital work in progress	3 (b)	17.94	15.73
(c) Investment property	3 (c)	21.84	23.31
(d) Intangible assets	3 (d)	1.11	1.69
(e) Financial assets			
(i) Investments	4	995.86	995.39
(ii) Other financial assets	5	71.51	65.59
(f) Deferred tax assets (net)	24	48.86	56.90
(g) Non-current tax assets (net)		32.20	24.54
(h) Other non-current assets	6	37.36	47.96
Total non-current assets (A)		1,571.40	1,479.38
B. Current assets			
(a) Financial assets			
(i) Investments	4	342.45	199.50
(ii) Trade receivables	7	573.57	621.13
(iii) Cash and cash equivalents	8a	447.09	300.19
(iv) Other bank balances	8b	182.90	175.05
(v) Other financial assets	9	389.73	494.85
(b) Other current assets	10	132.14	99.72
Total current assets (B)		2,067.88	1,890.44
Total assets (A+B)		3,639.28	3,369.82
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	11	119.60	123.25
(b) Other equity	12	2,627.32	2,572.28
Total equity (A)		2,746.92	2,695.53
Liabilities			
B. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	39.47	15.91
(ii) Other financial liabilities	14	3.99	2.96
(b) Provisions	15	133.20	109.60
Total non-current liabilities (B)		176.66	128.47
C. Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	35	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		46.24	46.73
(ii) Other financial liabilities	16	348.75	150.49
(b) Provisions	17	96.79	85.69
(c) Current tax liability (net)		41.27	18.35
(d) Other current liabilities	18	182.65	244.56
Total current liabilities (C)		715.70	545.82
Total liabilities (B+C)		892.36	674.29
Total equity and liabilities (A+B+C)		3,639.28	3,369.82
Summary of significant accounting policies	2		
See accompanying notes to the standalone financial statements	1-39		

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087 104

Place : NOIDA
Date : February 09, 2020

For and on behalf of the Board of Directors of
R SYSTEMS INTERNATIONAL LIMITED

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Frankfurt, Germany
Date : February 09, 2020

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 09, 2020

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 09, 2020

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 09, 2020

R Systems International Limited
Standalone statement of Profit and Loss for the year ended December 31, 2019

		(Rs. in million)	
	Notes	Year ended December 31, 2019	Year ended December 31, 2018
A Income			
(i) Revenue from operations	19	3,917.69	3,172.13
(ii) Other income	20	146.71	87.28
Total income		4,064.40	3,259.41
B Expenses			
(i) Employee benefits expense	21	2,641.84	2,169.18
(ii) Finance costs	22	4.26	2.32
(iii) Depreciation and amortisation expense	23	85.91	73.01
(iv) Other expenses	24	700.81	609.46
Total expenses		3,432.82	2,853.97
C Profit before tax (A-B)		631.58	405.44
D Tax expense			
(i) Current tax	25	104.22	99.35
(ii) Deferred tax charge / (credit)		12.41	(4.05)
Total tax expense		116.63	95.30
E Profit after tax for the year (C-D)		514.95	310.14
F Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		(12.70)	(0.77)
Deferred tax relating to re-measurements of the defined benefit plans		4.37	0.27
Total other comprehensive income		(8.33)	(0.50)
G Total comprehensive income for the year (E+F)		506.62	309.64
H Earnings per share (EPS)			
[Nominal value of shares Re. 1/- each (Previous year Re. 1/- each)]	26		
Basic		4.27	2.52
Diluted		4.27	2.52

See accompanying notes to the standalone financial statements

1-39

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

**For and on behalf of the Board of Directors of
R SYSTEMS INTERNATIONAL LIMITED**

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Date : February 09, 2020

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 09, 2020

R Systems International Limited
Standalone Statement of Changes in Equity for the year ended December 31, 2019

A. Equity share capital

	(Rs. in million)
Balance at January 01, 2018	123.21
Share issued against ESOP	0.04
Issue of shares pursuant to merger of GM Solutions Private Limited [refer to Note 11(d)(i)]	29.75
Cancellation of shares pursuant to merger of GM Solutions Private Limited [refer to Note 11(d)(i)]	(29.75)
Balance at December 31, 2018	123.25
Balance at January 01, 2019	123.25
Buy-back of shares [refer to Note 11(d)(ii)]	(3.69)
Share issued against ESOP	0.04
Balance at December 31, 2019	119.60

Note:

(1) Equity share capital is net of Rs. 0.74 million (December 31, 2018 : Rs. 0.74 million; January 01, 2018 : Rs. 0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (g)(i).

B. Other equity (refer to Note 12)

Particulars	Reserves and Surplus					Other comprehensive Income	Total other equity
	Securities premium	Capital redemption reserve	Stock options outstanding	General Reserve	Retained earnings	Re-measurement of defined benefit plans	
Balance at January 01, 2018	275.95	-	3.39	158.73	1,900.20	8.04	2,346.31
Net profit after tax for the year					310.14		310.14
ESOP provision for the year			1.40				1.40
Share issued against ESOP	2.29		(1.87)				0.42
Dividend paid (including CDT)					(85.49)		(85.49)
Other comprehensive income for the year						(0.50)	(0.50)
Balance at December 31, 2018	278.24	-	2.92	158.73	2,124.85	7.54	2,572.28
Balance at January 01, 2019	278.24	-	2.92	158.73	2,124.85	7.54	2,572.28
Net profit after tax for the year			2.92		514.95		514.95
Buy-back of shares [refer to Note 11(d)(ii)]	(236.16)	3.69		(3.69)			(236.16)
ESOP provision for the year			0.67				0.67
Share issued against ESOP	2.29		(1.87)				0.42
Interim dividend (including CDT) (refer to Note 37)					(216.51)		(216.51)
Other comprehensive income for the year						(8.33)	(8.33)
Balance at December 31, 2019	44.37	3.69	1.72	155.04	2,423.29	(0.79)	2,627.32

Note:

(1) Securities premium account is net of Rs. 2.28 million (December 31, 2018 : Rs. 2.28 million; January 01, 2018 : Rs. 2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (g)(i).

See accompanying notes to the standalone financial statements

1-39

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 087104

Place : NOIDA
Date : February 09, 2020

Sd/-
SATINDER SINGH REKHI
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NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 09, 2020

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 09, 2020

R Systems International Limited
Standalone Cash Flow Statement for the year ended December 31, 2019

	(Rs. in million)	
	Year ended December 31, 2019	Year ended December 31, 2018
A. Cash flows from operating activities		
Net profit after tax	514.95	310.14
Adjustments for:		
Tax expense	116.63	95.30
Depreciation and amortisation expense	85.91	73.01
Provision / (Reversal) for doubtful debts (net)	(9.92)	15.70
Employee share based payments expense	0.67	1.40
Unrealised foreign exchange loss / (gain)	(16.27)	7.67
Unrealised loss / (gain) on derivative instruments	9.30	(6.26)
Interest income	(50.50)	(57.81)
Rental income from investment property	(6.72)	(6.78)
Net gain arising on financial assets measured at FVTPL	(17.94)	(10.20)
Profit on sale / discarding of property, plant and equipment (net)	(0.46)	(0.01)
Interest expenses	4.26	2.32
Operating profit before working capital changes	629.91	424.48
Movements in working capital:		
(Increase) / Decrease in trade receivables	70.58	(74.09)
(Increase) / Decrease in other assets	(82.72)	(77.79)
Increase / (Decrease) in provisions	22.00	17.11
Increase / (Decrease) in trade payables and other liabilities	(41.56)	53.57
Cash generated from operations	598.21	343.28
Direct taxes paid, net of refunds	(88.96)	(113.37)
Net cash from operating activities (A)	509.25	229.91
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(132.51)	(113.93)
Purchase of intangible assets	(0.90)	(0.57)
Proceeds from sale of property, plant and equipment	1.98	1.37
Proceeds from redemption of debentures	-	175.12
Investment in mutual fund	(125.00)	(140.00)
Investment in subsidiary	(0.47)	(53.14)
Proceeds from / (investment in) fixed deposits with scheduled banks (net)	293.08	(126.97)
Interest received	49.72	60.80
Rental income from investment property	6.72	6.56
Net cash from / (used in) investing activities (B)	92.62	(190.76)
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	8.83	4.65
Repayment of long-term borrowings- current maturities	(5.62)	(5.02)
Proceeds from other non-current assets	0.01	(0.05)
Amount used in buy-back of equity shares	(239.85)	-
Proceeds from issuance of equity shares	0.45	0.45
Interest paid	(4.23)	(2.07)
Interim dividend (refer to Note 37)	(180.51)	(67.79)
CDT on interim dividend	(37.10)	(17.70)
Net cash used in financing activities (C)	(458.02)	(87.53)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	143.85	(48.38)
Add: Cash and cash equivalents at the beginning of the year	300.19	348.68
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	3.05	(0.11)
Cash and cash equivalents at the end of the year (refer to Note 8a)	447.09	300.19

Note:

(1) Figures in brackets indicate cash outflow.

See accompanying notes to the standalone 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 09, 2020

For and on behalf of the Board of Directors of
R SYSTEMS INTERNATIONAL LIMITED

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SATINDER SINGH REKHI
Managing Director
DIN: 00006955
Place : Frankfurt, Germany
Date : February 09, 2020

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DIN: 00006966
Place : NOIDA
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Sd/-
NAND SARDANA
Chief Financial Officer
Place : NOIDA
Date : February 09, 2020

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer
Place : NOIDA
Date : February 09, 2020

R Systems International Limited

Notes to Standalone Financial Statements for the year ended December 31, 2019

1. Nature of operations

R Systems International Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company is a leading global provider of technology, artificial intelligence, RPA services and solutions along with business process outsourcing services. The Company delivers its services and solutions to leading technology companies and businesses to enable their digital transformation. The Company's services and solutions span over five major business verticals i.e. Technology, Telecom, Healthcare and Life Science, Finance and Insurance, and Retail & e-commerce.

2. Significant Accounting Policies

(a) Statement of compliance

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

The Company has consistently applied accounting policies to all periods except for the following changes in Ind AS which have been adopted using the cumulative catch-up transition method.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with effect from January 01, 2019. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted the standard using the cumulative catch-up transition method and accordingly comparatives for the year ending December 31, 2018 have not been retrospectively adjusted. The application of Ind AS 115 did not have material impact on the financial statements.

(b) Functional and presentation currency

These financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

(c) Basis of preparation and presentation

The financial statements of the Company have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

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

Level 3 inputs are unobservable inputs for the asset or liability.

(d) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

When part of an item of property plant and equipment has different useful lives, they are accounted for as separate items (major component) of property plant and equipment. Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

(e) Depreciation

Depreciation is calculated on cost of items of Property, Plant and Equipment and Investment Property, less their estimated residual values using the straight line method over the useful lives of the assets estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

<u>Category</u>	<u>Useful life</u>
Leasehold land	Lease Period
Buildings	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and equipment - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installation	10 years

(f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

A summary of amortisation policies applied to the Company's intangible assets are as below:

<u>Category</u>	<u>Useful life</u>
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.

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

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

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

(iv) Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(v) Investment in subsidiary companies

Investment in subsidiary companies is measured at cost.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

- (i) For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- (ii) Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- (iii) For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(k) Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as:

- Financial liabilities at amortised cost

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

- Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all change recognised in the statement of profit and loss.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

The Company also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit or loss.

(l) Impairment

i. Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

For trade receivables, the Company recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii. Non-financial assets

The Company's non-financial assets, excluding deferred tax assets, are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(m) Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the

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Notes to Standalone Financial Statements for the year ended December 31, 2019

carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(n) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(o) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company is a lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land and building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

(p) Revenue

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

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

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

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

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

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

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

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

Unbilled revenue for fixed price contracts are classified as non-financial asset if the contractual right to consideration is dependent on completion of contractual milestones. Unbilled revenue on contracts other than above is classified as a financial asset.

(q) Other income

Other income is comprised primarily of interest income, gain/loss on investments and exchange gain/loss on forward contracts and exchange differences arising on conversion / settlement of foreign currency monetary items. Interest income is recognised on a time proportion basis taking into account the carrying amount and the effective interest rate. Dividend income is recognised when the Company's right to receive dividend is established.

(r) Foreign currency transactions and balances

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non- monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognised as income or expenses in the year in which they arise.

(s) Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

- (i) The Company's contribution to provident fund, employee state insurance scheme and other social security plans are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.
- (ii) Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the re-measurements, comprising of actuarial gains and losses which are recognised in full in the

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statement of other comprehensive income in the reporting period in which they occur. Re-measurements are not reclassified to profit and loss subsequently.

(iii) **Compensated absences**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Company recognises actuarial gains and losses immediately in the statement of profit and loss.

The Company presents the entire Compensated absences liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(t) Employee stock compensation expenses

The employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – “Share Based Payments”, the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognised as employee compensation cost over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognised in the statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(u) Income taxes

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Deferred tax

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognised as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(v) Segment reporting

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Each segment item reported is measured at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

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Inter segment transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

(w) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by R Systems Employee Welfare Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(x) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(y) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

(z) Business combinations

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

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(aa) Cash and cash equivalents

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

(bb) Use of estimates and judgement

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

i. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii. Income taxes

The Company's major tax jurisdictions is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

The Company reviews carrying amount of deferred tax assets at the end of each reporting period.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Impairment of investments

The Company reviews its carrying value of investments at each Balance Sheet date, or more frequently when there is an indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

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New standards and interpretations not yet adopted

a. Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The standard permits two possible methods of transition:

- Full retrospective – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Company will adopt the standard on January 1, 2020 by using the modified retrospective approach and accordingly comparatives for the year ending December 31, 2019 will not be retrospectively adjusted. The Company is in the process of evaluating the impact of adoption of Ind AS 116 on its financial statements.

b. Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs (“MCA”) has notified Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each treatment, or a group of tax treatments, that the companies have used or plan to use in their tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application.

The amendment is effective for annual periods beginning on or after April 1, 2019. The Company will adopt the standard on January 1, 2020 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. January 1, 2020 without adjusting comparatives. The effect of this amendment is expected to be insignificant.

c. Amendment to Ind AS 12 ‘Income Taxes’

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment also clarifies that an entity shall recognise the income tax consequences of dividends when it recognises a liability to pay the dividend. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company will adopt the standard on January 1, 2020. The effect of this amendment is expected to be insignificant.

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d. Amendment to Ind AS 19 'Employee Benefits'

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The amendment is effective for annual periods beginning on or after April 1, 2019. The Company will adopt the standard on January 1, 2020. The effect of this amendment is expected to be insignificant.

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3 (a). Property, plant and equipment

Particulars	Leasehold land	Buildings and leasehold improvements	Plant and equipment	Electric Installation	Furniture and fittings ¹	Computers	Vehicles ²	Office equipment	(Rs. in million)
									Total
At cost									
Gross Block									
As at January 01, 2018	14.58	85.77	55.09	19.75	89.07	317.99	46.80	33.90	662.95
Additions	-	-	-	-	2.18	44.01	8.84	4.37	59.40
Deletions	-	-	(0.01)	(0.01)	(0.01)	(18.08)	(4.78)	(2.21)	(25.10)
As at December 31, 2018	14.58	85.77	55.08	19.74	91.24	343.92	50.86	36.06	697.25
Additions	-	-	3.50	-	22.07	133.68	18.57	3.11	180.93
Deletions	-	-	-	-	-	(6.15)	(5.46)	(0.31)	(11.92)
As at December 31, 2019	14.58	85.77	58.58	19.74	113.31	471.45	63.97	38.86	866.26
Accumulated Depreciation									
As at January 01, 2018	3.15	24.98	23.38	17.46	73.13	219.10	18.30	25.00	404.50
Charge for the year	0.17	3.78	4.10	0.50	2.21	47.29	5.90	4.27	68.22
Deletions	-	-	(0.01)	(0.01)	(0.01)	(18.08)	(3.57)	(2.06)	(23.74)
As at December 31, 2018	3.32	28.76	27.47	17.95	75.33	248.31	20.63	27.21	448.98
Charge for the year	0.14	3.80	4.24	0.27	4.11	59.18	7.04	4.18	82.96
Deletions	-	-	-	-	-	(6.12)	(4.00)	(0.28)	(10.40)
As at December 31, 2019	3.46	32.56	31.71	18.22	79.44	301.37	23.67	31.11	521.54
Net block									
As at December 31, 2018	11.26	57.01	27.61	1.79	15.91	95.61	30.23	8.85	248.27
As at December 31, 2019	11.12	53.21	26.87	1.52	33.87	170.08	40.30	7.75	344.72

Notes:

(1) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2019 Rs. 33.00 million (December 31, 2018 Rs. 11.00 million), Depreciation charge for the year Rs. 3.03 million (previous year Rs. 1.10 million), Accumulated depreciation as at December 31, 2019 Rs. 5.27 million (December 31, 2018 Rs. 2.24 million) and Net book value as at December 31, 2019 Rs. 27.73 million (December 31, 2018 Rs. 8.76 million).

(2) Vehicles amounting to Rs. 25.78 million (as at December 31, 2018 : Rs. 20.95 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.

(3) Refer to Note 32 for capital commitment, Note 33(a) for finance lease obligation and Note 8(c) for assets pledged as security for liabilities.

3 (b). Capital work in progress

	(Rs. in million)
	Amount
As at December 31, 2018	15.73
As at December 31, 2019	17.94

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019****3 (c). Investment property****(Rs. in million)**

Particulars	As at December 31, 2019	As at December 31, 2018
Cost of land and building given on operating lease		
Balance at beginning of the year	35.96	35.96
Additions	-	-
Balance at the end of year	35.96	35.96
Accumulated depreciation		
Balance at beginning of the year	12.65	11.18
Charge for the year	1.47	1.47
Balance at the end of year	14.12	12.65
Net block	21.84	23.31

Measurement of fair values

Investment property consists of land and building situated at Pune, India and is accounted for at cost. The Company has estimated that the fair value of investment property as at December 31, 2019 was Rs. 95.50 million (Previous year: 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, 2019	As at December 31, 2018
Software (at cost)		
Gross Block		
Balance at beginning of the year	135.33	134.88
Additions	0.90	0.57
Deletions	-	(0.12)
Balance at the end of year	136.23	135.33
Accumulated amortisation		
Balance at beginning of the year	133.64	130.44
Charge for the year	1.48	3.32
Deletions	-	(0.12)
Balance at the end of year	135.12	133.64
Net block	1.11	1.69

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Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
4. Investments		
A. Non-current investments		
Unquoted investments (fully paid), measured at FVTPL		
Investment in Saraswat Co-operative Bank Ltd 2,500 (previous year 2,500) shares of Rs. 10 each fully paid up	0.03	0.03
Total Investment measured at FVTPL	0.03	0.03
Investment in subsidiaries, measured at cost		
(i) Investment in R Systems, Inc., USA 2,150 (previous year 2,150) shares of "no par" value	281.17	281.17
(ii) Investment in R Systems (Singapore) Pte. Ltd., Singapore 5,780,768 (previous year 5,780,768) ordinary shares of "no par" value	274.56	274.56
(iii) Investment in R Systems Technologies Limited, USA 243,750 (previous year 243,750) common stock of "no par" value Less: Provision for diminution in the value of investment	10.79 <u>(10.78)</u> 0.01	10.79 <u>(10.78)</u> 0.01
(iv) Investment in ECnet Limited, Singapore 63,891,260 (previous year 63,891,260) ordinary shares of "no par" value Less: Provision for diminution in the value of investment	36.34 <u>(5.53)</u> 30.81	36.34 <u>(5.53)</u> 30.81
(v) Investment in Computaris International Limited, UK 66,500 (previous year 66,500) ordinary shares of GBP 0.01 each fully paid up	350.63	350.63
(vi) Investment in RSYS Technologies Limited, Canada 200 (previous year 200) Class A common shares of CAD 1 each fully paid up 25 (previous year 25) Class B preferred shares of CAD 3,992 each fully paid up 250 (previous year 250) Class B preferred shares of CAD 4,000 each fully paid up	58.18	58.18
(vii) Investment in IBIZ Consultancy Services India Private Limited (refer to note 50,000 (previous year Nil) equity shares of Rs. 10 each fully paid	0.47	-
Total investment measured at cost	995.83	995.36
Aggregate carrying value of Non-current unquoted investments	995.86	995.39
Provision for investments	16.31	16.31
Note:		
During the year, the Company has acquired shares of its step down subsidiary IBIZ Consultancy Services India Private Limited. Consequent to the acquisition, IBIZ Consultancy Services India Private Limited has become a direct subsidiary of the Company.		
B. Current Investment		
Quoted investment in mutual funds, measured at FVTPL		
30,223 (previous year 18,376) units of SBI Premier Liquid Fund	92.38	52.64
22,709 (previous year 14,627) units of HDFC Liquid Fund	87.17	52.63
223,226 (previous year 115,669) units of ICICI Prudential Liquid Fund	64.65	31.41
205,428 (previous year 106,472) units of Aditya Birla Sunlife Liquid Fund	64.73	31.41
15,428 (previous year 15,428) units of Axis Liquid Fund	33.52	31.41
Total investment in Mutual funds	342.45	199.50
Total current investment (quoted)	342.45	199.50

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
5. Other non-current financial assets		
Unsecured, considered good		
Security deposits	23.00	18.53
Margin money deposits (refer to Note 8b)	46.55	45.20
Interest accrued on fixed deposits	1.83	1.57
Staff advance	0.13	0.29
	71.51	65.59
6. Other non-current assets		
Unsecured, considered good		
Capital advances	9.92	40.64
Prepaid expenses	27.44	7.32
	37.36	47.96
7. Trade receivables (Unsecured)		
Considered good	573.57	621.13
Credit impaired	2.41	18.19
Less: Allowance for doubtful debts (expected credit loss allowance)	(2.41)	(18.19)
	573.57	621.13

Refer to Note 31 for related party balances.

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date.

Ageing	Expected credit loss *
Not due	0.01%
0-90 days	0.02%
90-180 days	0.18%
180-365 days	0.50%
More than 365 days	2.00%

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

Movement in expected credit loss allowance	Year ended December 31, 2019	Year ended December 31, 2018
	Balance at the beginning of the year	18.19
Provision / (Reversal) for doubtful debts (net)	(9.92)	15.70
Bad debts written off	(4.59)	(5.75)
Effect of foreign exchange fluctuation	(1.27)	1.47
Balance at the end of the year	2.41	18.19

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
8a. Cash and cash equivalents		
(a) Cash on hand	0.51	0.45
(b) Balances with scheduled banks		
(i) in current accounts	19.36	16.91
(ii) in EEFC accounts	147.89	64.64
(iii) Deposit accounts with original maturity of less than 3 months	204.72	142.40
(c) Balances with other banks		
(i) in current accounts	74.61	75.79
Cash and cash equivalents	447.09	300.19
8b. Other bank balances		
(a) In other deposit accounts		
(i) original maturity more than 12 months	229.77	352.10
(ii) original maturity more than 3 months but less than 12 months	-	172.10
(iii) held as margin money	46.55	45.20
Deposits with banks carried at amortised costs	276.32	569.40
Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9	(229.77)	(352.10)
Less: Margin money deposit disclosed under Note 5	(46.55)	(45.20)
	-	172.10
(b) Balances with scheduled banks		
(i) in unclaimed dividend accounts	2.39	2.95
(i) Bank balance towards interim dividend [refer to Note 37]	180.51	-
Total - Other bank balances	182.90	175.05

Note:

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

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8c. Cash and bank balances

S. No.	Particulars	(Rs. in million)	
		As at December 31, 2019	As at December 31, 2018
A	Cash on Hand	0.51	0.45
	Balances with scheduled banks		
B	In current accounts		
1	ICICI Bank Limited	8.62	4.99
2	HDFC Bank Limited	4.29	2.60
3	Oriental Bank of Commerce	0.55	3.16
4	State Bank of India	1.00	0.76
5	Axis Bank Limited	4.84	5.26
6	Kotak Mahindra Bank Limited	0.06	0.14
		19.36	16.91
C	In cash credit / overdraft account*		
1	Axis bank account	-	-
D	In EEFC accounts		
1	ICICI Bank Limited- USD	73.69	12.90
2	ICICI Bank Limited- CAD	0.12	-
3	Axis Bank Limited-USD	64.93	44.14
4	Axis Bank Limited-EURO	7.29	5.88
5	Axis Bank Limited-GBP	0.57	0.55
6	Axis Bank Limited-CAD	1.29	1.17
		147.89	64.64
E	In deposit accounts		
1	State Bank of India	25.54	24.21
2	ICICI Bank Limited	12.37	57.34
3	Axis Bank Limited	269.38	399.90
4	Kotak Mahindra Bank Limited	113.75	184.61
5	HDFC Bank Limited	60.00	45.74
		481.04	711.80
F	In unclaimed dividend accounts		
1	HDFC Bank Limited	2.12	2.68
2	Kotak Mahindra Bank Limited	0.27	0.27
		2.39	2.95
G	Bank balance towards interim dividend		
1	HDFC Bank Limited (refer to Note 37)	180.51	-
		180.51	-
	Balance with other banks		
H	In current accounts		
1	California Bank & Trust, USA	74.61	75.79
	Total cash and bank balances (A+B+C+D+E+F+G+H)	906.31	872.54
	Cash and cash equivalents (refer to Note 8a)	447.09	300.19
	Deposits with banks (refer to Note 8b)	276.32	569.40
	Balance in unclaimed dividend accounts (refer to Note 8b)	2.39	2.95
	Bank balance towards interim dividend (refer to Note 8b)	180.51	-
	Total cash and bank balances	906.31	872.54

* Cash credit limit / bank guarantee / loan equivalent risk / letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019**

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
9. Other current financial assets		
Staff advance	2.91	2.81
Recoverable from related parties (refer to Note 31)	2.56	1.04
Unbilled revenue (refer to Note 19)	136.89	110.10
Security deposits	1.92	0.68
Bank deposits with original maturity of more than 12 months (refer to Note 8b)	229.77	352.10
Mark-to-market gain on derivative instruments (refer to Note 28)	13.29	22.59
Interest accrued on fixed deposits	2.17	5.02
Others	0.22	0.51
	389.73	494.85
10. Other current assets		
Balance with indirect tax authorities	41.89	24.62
Unbilled revenue (refer to Note 19)	13.29	-
Prepaid expenses	70.93	62.74
Advance to vendors	0.73	0.43
Tour and travel advance	5.30	11.93
	132.14	99.72

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R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
11. Equity share capital		
Authorised		
206,000,000 (December 31 2018: 206,000,000) equity shares of Re. 1 each	206.00	206.00
Issued, subscribed and fully paid up		
120,337,925 (December 31 2018: 123,990,425) equity shares of Re. 1 each	120.34	123.99
Less: Shares held by R Systems Employees Welfare Trust [refer to Note g(i) below]	0.74	0.74
	119.60	123.25

Notes:

(a) Reconciliation of number of shares and amount of share capital outstanding at the beginning and at the closing of the year:

Particulars	Year ended December 31, 2019		Year ended December 31, 2018	
	Number	Amount (Rs. in million)	Number	Amount (Rs. in million)
At the beginning of the year	123,990,425	123.99	123,952,925	123.95
Buy-back of shares [refer to Note (d)(ii) below]	(3,690,000)	(3.69)	-	-
Shares issued pursuant to merger of GM Solutions Private Limited [refer to Note (d)(i) below]	-	-	29,746,353	29.75
Shares extinguished pursuant to merger of GM Solutions Private Limited [refer to Note (d)(i) below]	-	-	(29,746,353)	(29.75)
Issued during the year*	37,500	0.04	37,500	0.04
Outstanding at the closing of the year	120,337,925	120.34	123,990,425	123.99

*The Company has issued 37,500 (previous year 37,500) equity shares of 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:

(i) Shares issued pursuant to merger of GM Solutions Private Limited:

Pursuant to the scheme of amalgamation between GM Solutions Private Limited (GM Solutions) and the Company and their respective shareholders and creditors, 29,746,353 fully paid equity shares of the face value of Re. 1/- each of the Company were issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions and equivalent number of shares of the Company as held by GM Solutions were cancelled and extinguished. There was no change in the paid up share capital of the Company pursuant to the aforesaid Amalgamation.

(ii) Shares bought back:

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

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

During the year ended December 31 2015, the Company bought back 0.68 million equity shares of Re. 1 each for an aggregate amount of Rs. 59.57 million. All the shares bought back had been extinguished within the statutory time limits and the said buy back was closed on April 23, 2015.

11. Equity share capital (contd.)

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

Name of shareholder	As at December 31 2019		As at December 31 2018	
	No. of shares held	% of Holding	No. of shares held	% of Holding
RightMatch Holdings Limited (refer to Note 36)	8,828,489	7.34	9,076,218	7.32
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	11,818,061	9.82	12,150,731	9.80
Sartaj Singh Rekhi	19,260,269	16.01	19,800,619	15.97
Ramneet Singh Rekhi	16,396,505	13.63	16,857,524	13.60
Bhavook Tripathi #	44,091,982	36.64	44,662,112	36.02

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Not having significant influence over the Company.

(g) Shares reserved for issue under options

(i) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the Plan' or 'ESOP Plan 2001')

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust) to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of 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 shareholders 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 account balances of R Systems Trust have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the R Systems Trust functions as an extension of the Company. Therefore, an amount of 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, 2019 and the year ended December 31, 2018 is set out below:

	Year ended December 31, 2019	Year ended December 31, 2018
At the beginning		
- Grants outstanding under the plan (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

11. Equity share capital (contd.)

Board of Directors of R Systems International Limited at its meeting held on May 02, 2019 have approved the Scheme of Reduction of Capital pursuant to the provisions of section 66 of the Companies Act, 2013. The scheme provided for re-organisation and reduction of equity share capital of the Company. The said scheme has been approved by Shareholders of the Company on May 28, 2019. The Company has applied to the Hon'ble National Company Law Tribunal, New Delhi, for its necessary directions and approval.

Subsequent to the year end, the reduction in share capital of the Company has been approved by the National Company Law Tribunal, New Delhi vide order dated January 28, 2020. Pursuant to the said order, the paid up share capital of the Company will be reduced by the aforesaid 0.74 million equity shares of the Company held by the R Systems Trust.

11. Equity share capital (contd.)

(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.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2019 and year ended December 31, 2018 is set out below:

	Year ended December 31, 2019	Year ended December 31, 2018
At the beginning		
- Options exercisable under the plan (Re. 1 per share)	75,000	112,500
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	-
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	(37,500)	(37,500)
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
At the end		
- Options exercisable under the plan (Re. 1 per share)	37,500	75,000
- 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 2019, the weighted average share price at the exercise date was Rs. 46.68 (Previous year Rs. 38.78).

The weighted average remaining contractual life for the stock options as at December 31, 2019 is 76 months (as at December 31, 2018 : 88 months).

Fair value of share options

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	Outstanding option under ESOP Plan 2001*	Outstanding option under ESOP Plan 2007
Stock option fair value using Black - Scholes option pricing	Nil	49.89
Exercise price	154.00	12.07
Expected volatility (in %)	0.5	55.32-55.83
Expected option life	2.5 years (being half of the maximum option life)	4 years i.e. 25% vesting at the end of each year from the date of grant
Exercise period	1 year from the date of grant	10 years from the date of grant
Dividend yield (in %)	15.00	1.32
Risk-free interest rate (in %)	11.30	7.84

* Originally the price was based on 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.

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019**

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
12. Other equity		
a. Securities premium	44.37	278.24
Securities premium is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.		
b. Capital redemption reserve	3.69	-
The capital redemption reserve was created by transfer from general reserve of an amount equal to the nominal value of equity shares bought back by the Company. It is utilised in accordance with the provisions of the Companies Act, 2013.		
c. Stock options outstanding	1.72	2.92
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.		
d. General Reserve	155.04	158.73
The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.		
e. Retained earnings	2,423.29	2,124.85
Retained earnings comprises the Company's undistributed earnings after taxes.		
f. Other comprehensive income	(0.79)	7.54
Re-measurement of defined benefit plans		
Other comprehensive income consists of re-measurements of net defined benefit liability/assets (net of tax).		
Total other Equity	2,627.32	2,572.28

Note:

(1) Year-wise movement of the individual line items above is given in the Statement of Changes in Equity.

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019**

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
13. Non- current borrowings (at amortised cost)		
Term loans for motor vehicles from non banking financial corporation (secured)	13.20	9.36
Finance lease obligations (Unsecured)	31.99	10.61
	45.19	19.97
Less:		
Current maturities of term loans for motor vehicles (refer to Note 16)	5.08	3.86
Current maturities of finance lease obligation (refer to Note 16)	0.64	0.20
	39.47	15.91
Notes:		
(1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 10.26% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.		
(2) Finance lease obligations are unsecured. The interest rate implicit in aforesaid lease is 10.80% to 11.94% per annum. The lease obligations are repayable in 180 months from the date of lease.		
14. Other non-current financial liabilities		
Security deposits	3.99	2.96
	3.99	2.96
15. Provisions		
Long-term provision for employee benefits		
- Gratuity	133.20	109.60
	133.20	109.60
Also refer to Note 21 for detailed disclosures		

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019**

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
16. Other current financial liabilities		
Current maturity of term loan for motor vehicles (refer to Note 13)	5.08	3.86
Current maturity of finance lease obligations (refer to Note 13)	0.64	0.20
Payable to subsidiary companies	21.74	16.36
Security deposits received	9.08	9.48
Liability for interim dividend (refer to Note 37)	179.40	-
Investor education and protection fund (not due) - Unclaimed dividend	2.39	2.95
Employee benefits payable	127.01	112.15
Capital creditors	-	2.08
Other financial liabilities	3.41	3.41
	348.75	150.49
17. Provisions		
Short-term provision for employee benefits		
- Gratuity	-	4.80
- Compensated absence	96.79	80.89
	96.79	85.69
Also refer to Note 21 for detailed disclosures		
18. Other current liabilities		
Statutory dues payable		
Tax deducted at source	15.83	14.22
Provident fund / 401K payable	16.85	14.20
Goods and service tax payable	3.15	3.35
Others	0.34	0.23
Unearned revenues (refer to Note 19)	146.48	212.56
	182.65	244.56

Particulars	(Rs. in million)	
	Year ended December 31, 2019	Year ended December 31, 2018
19. Revenue from operations		
Sale of services	3,917.69	3,172.13
	3,917.69	3,172.13

Disaggregate revenue information

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

Revenue by geography for the year ended December 31, 2019:

India	110.42
North America	3,148.94
South East Asia	56.80
Europe	596.21
Others	5.33
	3,917.69

Revenue by customer's industry type for the year ended December 31, 2019:

Technology	2,209.45
Telecom	391.88
Healthcare and life science	456.24
Finance and insurance	401.10
Others	459.02
	3,917.69

Trade receivables and contract balances

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

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

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

Invoicing in excess of earnings is classified as unearned revenue.

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

During the year ended December 31, 2019, the company recognised revenue of Rs. 208.14 million arising from opening unearned revenue as of January 1, 2019.

During the year ended December 31, 2019, Rs. 0.91 million of unbilled revenue pertaining to fixed price contracts as of January 1, 2019 has been billed to customers as per billing milestones.

Performance obligations and remaining performance obligations

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

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

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

Particulars	(Rs. in million)	
	Year ended December 31, 2019	Year ended December 31, 2018
20. Other income		
Interest income on		
- Bank deposits	49.99	49.76
- Debentures	-	7.67
- Financial instruments measured at amortised cost	0.51	0.38
Rental income from investment property	6.72	6.78
Foreign exchange fluctuation (net)	59.98	11.83
Reversal of provision for doubtful debts (net)	9.92	-
Profit on sale of property, plant and equipment (net)	0.46	0.01
Miscellaneous income	1.19	0.65
Net gain arising on financial assets measured at FVTPL	17.94	10.20
	146.71	87.28

21. Employee benefits expense		
Salaries, wages and bonus	2,442.98	1,991.49
Gratuity expenses	26.64	36.50
Contribution to provident and other funds	93.22	76.72
Employees' share based payments expense	0.67	1.40
Staff welfare expenses	78.33	63.07
	2,641.84	2,169.18

Gratuity

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 2 million (previous year Rs. 2 million).

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

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Service cost	19.00	29.50
Net interest cost	7.64	7.00
Net gratuity expense recognised in profit and loss	26.64	36.50
Re-measurement loss / (gain) recognised in OCI	12.70	0.77
Total Cost Recognised in Comprehensive Income	39.34	37.27

Details of defined benefit gratuity plan:

Particulars	As at December 31, 2019	As at December 31, 2018
Defined benefit obligation	158.81	130.56
Fair value of plan assets	25.61	16.16
Net defined benefit obligation	133.20	114.40

Changes in the defined benefit obligation are as follows:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening defined benefit obligation	130.56	99.10
Service cost	19.00	29.50
Interest cost	8.83	7.33
Benefits paid	(12.70)	(6.38)
Actuarial (gains) / losses on obligation	13.12	1.01
Closing defined benefit obligation	158.81	130.56

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

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening fair value of plan assets	16.16	4.33
Expected return	1.19	0.33
Contributions by the employer	20.54	17.64
Benefits paid	(12.70)	(6.38)
Actuarial gains / (losses) on obligation	0.42	0.24
Closing fair value of plan assets	25.61	16.16

21. Employee benefits expense (contd.)

Sensitivity Analysis

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

Defined Benefit Obligation	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
Discount rate		
a. Discount rate - 100 basis points	172.06	140.74
b. Discount rate + 100 basis points	147.32	121.70
Salary increase rate		
a. Rate - 100 basis points	148.27	122.33
b. Rate + 100 basis points	169.70	139.21

Maturity Profile of Defined Benefit Obligation

Expected Future Cash flows	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
Year 1	22.54	20.96
Year 2	17.08	15.24
Year 3	15.16	13.74
Year 4	13.93	12.07
Year 5	11.82	10.92
Year 6 to10	48.24	39.65

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

	As at December 31, 2019	As at December 31, 2018
Investments with Life Insurance Corporation of India	100%	100%

The principal assumptions used in determining gratuity are shown below:

(A) Financial Assumptions

	As at December 31, 2019	As at December 31, 2018
Discount rate	6.65%	7.35%
Increment rate	First year 10%, thereafter 7%	First year 10%, thereafter 7%

(B) Demographic Assumptions

	As at December 31, 2019	As at December 31, 2018
Mortality Rate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	Below Age 30 yrs - 35%	Below Age 30 yrs - 35%
	Age 30 to 34 Yrs - 22%	Age 30 to 34 Yrs - 22%
	Age 34 to 44 Yrs - 17%	Age 34 to 44 Yrs - 17%
	Age 44 to 50 Yrs - 3%	Age 44 to 50 Yrs - 3%
	Age 50 to 54 Yrs - 2%	Age 50 to 54 Yrs - 2%
	Above Age 54 Yrs -1%	Above Age 54 Yrs -1%
Retirement age	60 Yrs	60 Yrs

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019**

Particulars	(Rs. in million)	
	Year ended December 31, 2019	Year ended December 31, 2018
22. Finance costs		
Interest expense on term loans for motor vehicles	1.08	0.81
Interest expense on finance lease obligation	3.18	1.26
Interest expense on financial instruments measured at amortised cost	-	0.25
	4.26	2.32
23. Depreciation and amortisation expense		
Depreciation of property, plant and equipment	82.96	68.22
Depreciation on investment property	1.47	1.47
Amortisation of intangible assets	1.48	3.32
	85.91	73.01
24. Other expenses		
Power and fuel	42.22	40.53
Rent - premises	49.27	33.06
Software subscription charges	74.88	63.01
Repair and maintenance	46.20	38.08
Commission	19.03	26.06
Travelling and conveyance	210.90	180.83
Communication costs	58.09	59.24
Legal and professional fees (including subcontracting expenses)	104.52	78.42
Auditors' remuneration (refer detail below)	5.11	5.15
Provision for doubtful debts (net)	-	15.70
Contribution towards corporate social responsibility (refer detail below)	6.52	3.96
Miscellaneous expenses	84.07	65.42
	700.81	609.46
(i) Detail of auditors remuneration		
Particulars	Year ended December 31, 2019	Year ended December 31, 2018
As auditor:		
Audit fee		
- Statutory audit fee	1.70	2.12
- Quarterly audit fee	2.56	2.31
- Out-of-pocket expenses	0.65	0.28
In other capacity:		
- Certification	0.20	0.44
	5.11	5.15
(ii) Contribution towards corporate social responsibility		
Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Amount required to be spent by the Company during the year	8.25	9.19
Amount spend by the Company in accordance with its Corporate Social Responsibility Policy	6.52	3.96

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

Particulars	(Rs. in million)	
	Year ended December 31, 2019	Year ended December 31, 2018
25. Income tax		
Current income tax		
In respect of the current year	130.62	101.88
In respect of the prior periods	(26.40)	(2.53)
Deferred tax charge / (credit)	12.41	(4.05)
Income tax expense recognised in the statement of profit and loss	116.63	95.30
Income tax recognised in other comprehensive income		
Deferred tax arising on income and expense recognised in other comprehensive income		
Net loss / (gain) on re-measurement of defined benefit plan	(4.37)	(0.27)
	112.26	95.03

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Profit before tax	631.58	405.44
Enacted income tax rate in India	29.12%	34.94%
Computed expected tax expense	183.92	141.68

Effect of:

Income exempt from tax	(57.30)	(49.46)
Temporary differences reversing during the tax holiday period	(1.70)	(1.58)
Expenses that are not deductible in determining taxable profit	3.94	3.76
Different tax rates of branches operating in other tax jurisdictions	-	2.08
Tax pertaining to prior years	(26.40)	(2.53)
Change in corporate tax rate	12.35	-
Others	1.82	1.35
Income tax expense recognised in the statement of profit and loss	116.63	95.30

Deferred tax

Deferred tax assets / (liabilities) as at December 31, 2019 in relation to: (Rs. in million)

Particulars	As at January 01, 2019	Credited / (Charged) to profit and loss	Credited / (Charged) in other comprehensive income	Others	As at December 31, 2019
Difference between accounting base and tax base for depreciable assets	(10.06)	(1.56)	-	-	(11.62)
Provision for doubtful debts	4.84	(4.16)	-	-	0.68
Provision for gratuity	38.54	(4.12)	4.37	-	38.79
Provision for compensated absence	28.27	(0.09)	-	-	28.18
Other employee benefits	4.74	(0.79)	-	-	3.95
Mark to market loss / (gain) on forward contracts	(5.40)	2.85	-	-	(2.55)
Net gain on fair value of mutual funds	(4.03)	(4.54)	-	-	(8.57)
Total	56.90	(12.41)	4.37	-	48.86

Deferred tax assets / (liabilities) as at December 31, 2018 in relation to:

Particulars	As at January 01, 2018	(Charged) / Credited to profit and loss	Credited / (Charged) in other comprehensive income	Others	As at December 31, 2018
Difference between accounting base and tax base for depreciable assets	(15.47)	5.41	-	-	(10.06)
Provision for doubtful debts	2.40	2.44	-	-	4.84
Provision for gratuity	32.80	5.47	0.27	-	38.54
Provision for compensated absence	28.60	(0.33)	-	-	28.27
Other employee benefits	4.70	0.04	-	-	4.74
Mark to market loss / (gain) on forward contracts	-	(5.40)	-	-	(5.40)
Net gain on fair value of mutual funds	(0.45)	(3.58)	-	-	(4.03)
MAT credit entitlement	5.84	-	-	(5.84)	-
Total	58.42	4.05	0.27	(5.84)	56.90

The Company has a unit at Greater Noida registered as Special Economic Zone (SEZ) unit which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

A significant portion of the profits of the Company's operations are exempt from income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated Special Economic Zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019**

26. Earnings per share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Net profit after tax (Rs. in million)	514.95	310.14
Weighted average number of equity shares for calculating Basic EPS	120,577,253	123,238,808
Weighted average number of equity shares resulting from assumed exercise of employee stock options	24,493	31,934
Weighted average number of equity shares for calculating Diluted EPS	120,601,747	123,270,742
Earnings per share [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
Basic (Rs.)	4.27	2.52
Diluted (Rs.)	4.27	2.52

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R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

27. Financial instruments

The carrying values and fair values of financial instruments by categories are as follows:

Particulars	Note reference	Basis of measurement	(Rs. in million)				Fair value hierarchy
			As at December 31, 2019		As at December 31, 2018		
			Carrying value	Fair value	Carrying value	Fair value	
Assets							
Investments in subsidiaries	4	At cost	995.83	995.83	995.36	995.36	
Investments in other equity instruments	4	FVTPL	0.03	0.03	0.03	0.03	Level 3
Investments in mutual funds	4	FVTPL	342.45	342.45	199.50	199.50	Level 1
Trade receivables	7	Amortised cost	573.57	573.57	621.13	621.13	
Cash and cash equivalents	8a	Amortised cost	447.09	447.09	300.19	300.19	
Other bank balances	8b	Amortised cost	182.90	182.90	175.05	175.05	
Mark-to-market gain on derivative instruments	9	FVTPL	13.29	13.29	22.59	22.59	Level 2
Other financial assets (Other than derivative instruments)	5,9	Amortised cost	447.95	447.95	537.85	537.85	
Total			3,003.11	3,003.11	2,851.70	2,851.70	
Liabilities							
Borrowings (including finance lease obligation)	13	Amortised cost	45.19	45.19	19.97	19.97	
Trade payables		Amortised cost	46.24	46.24	46.73	46.73	
Other financial liabilities	14,16	Amortised cost	347.02	347.02	149.39	149.39	
Total			438.45	438.45	216.09	216.09	

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

28. Financial risk management**Financial risk factors and risk management objectives**

The Company's activities expose it to foreign currency risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Foreign currency risk

The Company's exchange risk arises from its foreign currency revenues (primarily in U.S. Dollars and Euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian Rupees. As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues measured in Rupees may decrease.

Derivative financial instruments

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has recognised mark-to-market gain of Rs. 13.29 million (Previous year gain of Rs. 22.59 million) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2019.

The following table gives details in respect of outstanding foreign currency forward contracts:

Particulars	As at December 31, 2019	As at December 31, 2018
USD		
Foreign currency (million)	20.30	16.80
Average rate	73.19	71.50
Rupees (million)	1,485.69	1,201.20
EURO		
Foreign currency (million)	4.05	3.15
Average rate	83.63	86.43
Rupees (million)	338.72	272.24

The following table analyses Company's foreign currency exposure from non-derivative financial instruments as of December 31, 2019 and December 31, 2018:

	(Rs. in million)			
As at December 31, 2019	USD	EURO	Others[#]	Total
Trade receivables	395.09	82.77	64.64	542.50
Other financial assets	3.20	-	1.57	4.77
Cash and cash equivalents	213.23	7.29	1.98	222.50
Trade payables	39.46	-	9.35	48.81
<hr/>				
As at December 31, 2018	USD	EURO	Others[#]	Total
Trade receivables	414.93	137.69	40.91	593.53
Other financial assets	1.40	0.07	1.70	3.17
Cash and cash equivalents	132.83	5.88	1.72	140.43
Trade payables	36.76	-	7.61	44.37

[#] Others include currencies such as SGD, GBP and CAD.

Foreign currency sensitivity analysis

For the year ended December 31, 2019 and December 31, 2018, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would decrease / increase Company's profit before tax margin by approximately 1.67% and 1.80%, respectively.

28. Financial risk management (contd.)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from deposits held with banks, investments with financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

Particulars	(Rs. in million)	
	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from top customer	372.24	370.59
Revenue from top 5 customers	1,212.12	1,195.88

No customer accounted for more than 10% of the revenue for the year ended December 31, 2019. One customer accounted for more than 10% of the revenue for the year ended December 31, 2018.

Investments including bank deposits

Credit risk on cash and bank balances is limited as the Company generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating. The Company does not expect any losses from non-performance by the counterparties.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus cash is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current requirements.

As at December 31, 2019, the Company had a working capital of Rs. 1,351.07 million including cash and cash equivalents and current fixed deposits of Rs. 447.09 million and current investments of Rs. 342.45 million. 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. 472.29 million and current investments of Rs. 199.50 million. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of financial liabilities:

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
Less than 1 year		
Borrowings (including accrued interest)	5.72	4.06
Trade payables	46.24	46.73
Other financial liabilities	343.03	146.43
More than 1 year		
Borrowings (including accrued interest)	39.47	15.91
Other financial liabilities	3.99	2.96

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019****29. Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective, when managing capital, is to maintain an optimal structure so as to maximise shareholder value. The capital structure is as follows:

Particulars	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
Total equity attributable to the equity share holders of the Company	2,746.92	2,695.53
As percentage of total capital	98.38%	99.26%
Term loans for motor vehicles (including current maturities)	13.20	9.36
Finance lease obligations (including current maturities)	31.99	10.61
Total borrowings	45.19	19.97
As percentage of total capital	1.62%	0.74%
Total capital (equity and borrowings)	2,792.11	2,715.50

The Company is predominantly equity financed which is evident from the capital structure table above. Further, the Company has always been a net cash company with surplus cash and bank balances invested in fixed deposit with banks and liquid mutual funds.

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R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

30. Segment information

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided. The CODM has identified the following as its reportable segments.

- a) Information technology services
- b) Business process outsourcing services

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities of the Company are used interchangeably between segments and the CODM does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

Geographic segments are based on the areas in which the major customers of the Company operate and / or the area in which the assets are located. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, North America, South East Asian countries, Europe and Other areas.

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R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

The following table provides required information for reportable segments for the year ended December 31, 2019 and December 31, 2018:

Particulars	(Rs. in million)						
	Information technology services		Business process outsourcing services		Corporate and others		Total
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
REVENUE							
External sales	3,199.49	2,436.54	718.20	735.59	3,917.69	3,172.13	
Total revenue	3,199.49	2,436.54	718.20	735.59	3,917.69	3,172.13	
RESULT							
Segment result	583.37	299.28	57.93	108.83	641.30	408.11	
Unallocated corporate expenses					(80.62)	(75.14)	
Operating profit					560.68	332.97	
Finance costs					(4.26)	(2.32)	
Interest income					50.50	57.81	
Other unallocable income					24.66	16.98	
Tax expense					(116.63)	(95.30)	
Net profit after tax					514.94	310.14	
Other segment Information							
Depreciation and amortisation	76.52	63.37	7.78	8.00	1.61	1.64	73.01

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

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	Year ended
	December 31, 2019	December 31, 2018
India	110.42	97.76
North America	3,148.94	2,384.85
South East Asia	56.80	54.17
Europe	596.21	630.32
Others	5.33	5.02
Total	3,917.69	3,172.13

Please refer to Note 28 on financial risk management for information on revenue from major customers.

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R Systems International Limited

Notes to Standalone Financial Statements for the year ended December 31, 2019

31. Related Party Disclosures

(i) Names of related parties:

Subsidiaries	<p>R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Technologies Limited, USA ECnet Ltd, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada IBIZ Consultancy Services India Private Limited, India*</p> <p>Following is the subsidiary of R Systems, Inc., USA</p> <ul style="list-style-type: none">• Innovizant LLC, USA (100% membership interest held by R Systems Inc. USA effective January 1, 2019) <p>Following are the subsidiaries of ECnet Ltd, Singapore</p> <ul style="list-style-type: none">• ECnet (M) Sdn Bhd, Malaysia• ECnet Systems (Thailand) Co. Ltd., Thailand• ECnet (Shanghai) Co. Ltd., People's Republic of China• ECnet (Hong Kong) Ltd., Hong Kong• ECnet, Inc., USA (liquidated on January 28, 2019)• ECnet Kabushiki Kaisha, Japan <p>Following are the subsidiaries of Computaris International Limited, U.K.</p> <ul style="list-style-type: none">• Computaris Romania Srl, Romania• Computaris Polska sp z o.o., Poland• ICS Computaris International Srl, Moldova• Computaris Malaysia Sdn. Bhd., Malaysia• Computaris USA, Inc., USA (liquidated on October 22, 2018)• Computaris Philippines Pte. Ltd. Inc., Philippines• Computaris Suisse Sarl (incorporated on April 27, 2018) <p>Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore</p> <ul style="list-style-type: none">• IBIZ Consulting Pte. Ltd., Singapore with the following step down subsidiaries:<ul style="list-style-type: none">➢ IBIZ Consulting Services Pte Ltd, Singapore➢ IBIZ Consulting Services Sdn. Bhd., Malaysia➢ PT. IBIZCS Indonesia., Indonesia➢ IBIZ Consulting (Thailand) Co. Ltd, Thailand (with effect from June 21, 2019)➢ IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)<ul style="list-style-type: none">○ IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China (wholly owned subsidiary of IBIZ HK)
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* During the year, the Company has acquired 100% shares of its step down subsidiary IBIZ Consultancy Services India Private Limited. Consequent to the acquisition, IBIZ Consultancy Services India Private Limited has become a direct subsidiary of the Company.

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

Names of other related parties with whom transactions have taken place during the year:

Key management personnel	<ul style="list-style-type: none"> a. Satinder Singh Rekhi, Managing Director b. Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director c. Avirag Jain, Director & Chief Technology Officer d. Ruchica Gupta, Non-Executive Independent Director e. Kapil Dhameja, Non-Executive Independent Director f. Aditya Wadhwa, Non-Executive Independent Director g. Nand Sardana, Chief Financial Officer h. Bhasker Dubey, Company Secretary & Compliance Officer (appointed w.e.f. February 10, 2018) i. Ashish Thakur, Company Secretary & Compliance Officer (resigned on February 10, 2018)
Relatives of Key management Personnel	<ul style="list-style-type: none"> a. Amrita Kaur Rekhi, (related to Satinder Singh Rekhi) b. Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Chief Operating Officer – R Systems USA Operations c. Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)] d. Harpreet Rekhi, (related to Satinder Singh Rekhi) e. Sartaj Rekhi, (related to Satinder Singh Rekhi) f. Ramneet Rekhi, (related to Satinder Singh Rekhi) g. Anita Behl, (related to Satinder Singh Rekhi)
Enterprises where key management personnel or their relatives exercise significant influence	<ul style="list-style-type: none"> a. RightMatch Holdings Limited, Mauritius (refer to Note 36) b. Satinder and Harpreet Rekhi Family Trust, USA

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

(ii) Details of transactions with related parties for the year ended December 31, 2019 and December 31, 2018:

(Rs. in million)

	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from information technology and BPO services rendered to		
ECnet Ltd, Singapore	52.22	54.17
R Systems, Inc., USA	27.43	27.95
RSYS Technologies Limited, Canada	54.76	8.03
Computaris International Limited, U.K.	29.96	27.54
Innovizant LLC, USA	19.92	-
Computaris Romania Srl, Romania	11.57	-
IBIZ Consulting Pte. Ltd., Singapore	4.58	-
Total	200.44	117.69
Software development and IT enabled services received from		
IBIZ Consultancy Services India Private Limited, India	0.57	2.34
Total	0.57	2.34
Sales and marketing services received from		
RSYS Technologies Limited, Canada	33.65	16.60
Total	33.65	16.60
Travel and other expenses reimbursed by the Company to		
ECnet Ltd, Singapore	0.77	0.66
R Systems, Inc., USA	45.64	38.29
R Systems (Singapore) Pte Ltd, Singapore	9.95	10.27
RSYS Technologies Limited, Canada	5.05	0.25
IBIZ Consulting Services Pte Ltd, Singapore	-	0.56
IBIZ Consultancy Services India Private Limited, India	-	0.12
Innovizant LLC, USA	0.13	-
Total	61.54	50.15
Travel and other expenses reimbursed to the Company by		
ECnet Ltd, Singapore	3.40	2.53
R Systems, Inc., USA	3.70	4.89
R Systems (Singapore) Pte Ltd, Singapore	0.18	0.21
RSYS Technologies Limited, Canada	0.36	0.43
IBIZ Consulting Pte Ltd, Singapore	0.22	0.01
IBIZ Consulting Services Pte Ltd, Singapore	-	0.03
Computaris International Limited, U.K.	1.26	0.23
Computaris Romania Srl, Romania	0.12	-
Innovizant LLC, USA	0.60	-
RightMatch Holdings Ltd, Mauritius	0.54	-
Total	10.38	8.33
Reimbursement by the Company for purchase of assets to		
R Systems, Inc., USA	-	0.33
Total	-	0.33
Investment in shares of subsidiary		
RSYS Technologies Limited, Canada	-	53.14
Total	-	53.14

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

	Year ended December 31, 2019	Year ended December 31, 2018
Purchase of shares of subsidiary		
IBIZ Consulting Pte. Ltd., Singapore	0.47	-
Total	0.47	-
Remuneration to key management personnel		
Short term employee benefits	115.66	106.71
Post-employment benefits	0.37	2.14
Other long-term employee benefits	0.19	0.24
Share based payments	0.67	1.40
Sitting fee to independent directors	0.83	0.75
Total	117.72	111.24
Shares buyback		
Satinder & Harpreet Rekhi Family Trust, USA	21.62	-
RightMatch Holdings Ltd, Mauritius	16.10	-
Sartaj Singh Rekhi	35.12	-
Ramneet Singh Rekhi	29.97	-
Satinder Singh Rekhi	5.58	-
Mandeep Singh Sodhi	1.08	-
Lt. Gen. Baldev Singh (Retd.)	0.21	-
Harpreet Rekhi	2.68	-
Amrita Kaur Rekhi	1.59	-
Nand Sardana	0.22	-
Total	114.17	-
Dividend paid		
Satinder & Harpreet Rekhi Family Trust, USA	-	7.29
RightMatch Holdings Ltd, Mauritius	-	5.44
Sartaj Singh Rekhi	-	9.00
Ramneet Singh Rekhi	-	7.65
Satinder Singh Rekhi	-	1.36
Mandeep Singh Sodhi	-	0.36
Lt. Gen. Baldev Singh (Retd.)	-	0.07
Kuldeep Baldev Singh	-	0.00*
Anita Behl	-	0.00*
Harpreet Rekhi	-	0.59
Amrita Kaur Rekhi	-	0.35
Nand Sardana	-	0.08
Avirag Jain	-	0.00*
Total	-	32.20
Rent		
Satinder Singh Rekhi	8.32	8.16
Total	8.32	8.16
* Dividend paid to: (a) Kuldeep Baldev Singh Rs. 3,648; (b) Anita Behl Rs. 1,018; (c) Avirag Jain Rs. 60.		

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

(iii) Outstanding balances of related parties as at December 31, 2019 and December 31, 2018:

(Rs. in million)

Balance outstanding	As at December 31, 2019	As at December 31, 2018
Trade Receivables		
ECnet Ltd, Singapore	15.29	9.91
R Systems, Inc., USA	2.31	2.25
RSYS Technologies Limited, Canada	20.95	3.83
Computaris International Limited, UK	1.05	3.07
Computaris Romania Srl, Romania	2.54	-
IBIZ Consulting Pte Ltd, Singapore	1.63	-
Total	43.77	19.06
Other current financial assets		
R Systems, Inc., USA	2.00	0.77
RSYS Technologies Limited, Canada	0.02	0.17
IBIZ Consulting Pte Ltd, Singapore	-	0.03
RightMatch Holdings Limited, Mauritius	0.54	-
Computaris International Limited, UK	-	0.07
Total	2.56	1.04
Other current liabilities		
ECnet Ltd, Singapore	0.33	0.64
R Systems, Inc., USA	12.18	8.46
R Systems (Singapore) Pte Ltd, Singapore	2.54	2.62
RSYS Technologies Limited, Canada	6.48	4.35
IBIZ Consultancy Services India Private Limited, India	-	0.29
Innovizant LLC, USA	0.21	-
Total	21.74	16.36
Assets obtained free of cost on returnable basis		
R Systems, Inc., USA	5.79	8.39
R Systems (Singapore) Pte Ltd, Singapore	-	0.14
Total	5.79	8.53
Balance payable to key management personnel		
Satinder Singh Rekhi	10.71	10.42
Lt. Gen. Baldev Singh (Retd.)	2.02	2.29
Avirag Jain	1.11	1.61
Total	13.84	14.32

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

32. Capital and other commitments

	(Rs. in million)	
	As at December 31, 2019	As at December 31, 2018
(i) Capital commitments:		
Estimated amount of unexecuted capital contracts [net of advances of Rs. 9.92 million (previous year : Rs. 40.64 million)]	11.18	14.44
(ii) Other commitments:		
For commitments relating to lease arrangements, refer to Note 33.		

33. Leases

a) Finance Lease - Company as lessee

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	(Rs. in million)			
	Year ended December 31, 2019		Year ended December 31, 2018	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	4.14	0.64	1.44	0.20
After one year but not more than five years	17.40	4.36	6.13	1.49
More than five years	41.88	26.99	13.90	8.92
Total minimum lease payments	63.42	31.99	21.47	10.61
Less: amounts representing finance charges	31.43	-	10.86	-
Present value of minimum lease payments	31.99	31.99	10.61	10.61

b) Operating Lease - Company as lessee

The Company has operating lease for office premises and vehicle. Lease payments recognised as expense during the year ended December 31, 2019 and December 31, 2018 is Rs. 49.27 million and Rs. 33.06 million, respectively.

The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

	(Rs. in million)	
	Year ended December 31, 2019	Year ended December 31, 2018
Not later than one year	41.49	12.75
Later than one year but not later than five years	99.52	14.81
Later than five years	219.86	

Non-cancellable operating lease arrangements extend for a maximum period of 7 years from their respective dates of inception. The leases have varying terms, escalation clauses, renewal rights and no restrictions are imposed.

c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. Lease rentals recognised as income during the year ended December 31, 2019 and December 31, 2018 is Rs.6.72 million and Rs. 6.78 million, respectively.

The operating lease arrangement extends for a maximum period of 3 years and has price escalation clause of 5% for every subsequent 3 years of the extended term. The lease is cancellable and there are no restrictions imposed on lease agreements.

R Systems International Limited**Notes to Standalone Financial Statements for the year ended December 31, 2019**

34. Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

		(Rs. in million)	
Sl. No.	Particulars	Year ended December 31, 2019	Year ended December 31, 2018
A	Total comprehensive income	506.62	309.64
B	Add:		
(i)	Provision / (reversal) for doubtful debts	(9.92)	15.70
(ii)	Interest expense on financial instruments measured at amortised cost	-	0.25
(iii)	Tax expense (including tax relating to re-measurements of the defined benefit plans)	112.26	95.03
(iv)	Depreciation and amortisation expense	85.91	73.01
		188.25	183.99
C	Less:		
(i)	Profit on sale / discarding of property, plant and equipment	0.46	0.01
(ii)	Depreciation and amortisation expense	85.91	73.01
(iii)	Surplus in profit and loss on measurement of assets/liabilities at fair value	24.92	10.20
(iv)	Bad debts written off	4.59	5.75
(v)	Interest income on financial instruments measured at amortised cost	0.51	0.38
		116.39	89.35
	Net Profit for the year (A+B-C)	578.48	404.28
D	Add:		
	Remuneration paid to the whole time directors	56.64	54.83
E	Net Profit for the purpose of managerial remuneration	635.12	459.11
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	63.51	45.91
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	31.76	22.96

R Systems International Limited
Notes to Standalone Financial Statements for the year ended December 31, 2019

35. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based upon the information and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2019	As at December 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

36. Subject to necessary approvals of Shareholders, creditors, Stock Exchanges, National Company Law Tribunal or any other appropriate authority, the Board of Directors of the Company at its meeting held on October 25, 2019 has approved the Scheme of Amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between RightMatch Holdings Limited (RightMatch) and the Company and their respective shareholders and creditors ("Scheme"). RightMatch forms part of the promoter and promoter group of the Company. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of the Company.

As per the proposed Amalgamation, RightMatch will be amalgamated into the Company. 8,828,489 equity shares of the Company as held by RightMatch will get cancelled and equivalent number of equity shares of the Company will be issued and allotted to the equity shareholders of RightMatch in the same proportion of their respective shareholding in RightMatch. The appointed date for the purpose of Scheme is January 1, 2020. The Company has applied to relevant authorities for their necessary directions and sanctions.

37. The Board of Directors of the Company at its meeting held on December 14, 2019 has declared an interim dividend for the year 2019 at the rate Rs. 1.50/- per equity share of face value of Re. 1 each. As at December 31, 2019, the Company transferred the interim dividend amount to a separate bank account. The aforesaid interim dividend has been paid on January 06, 2020.
38. The Company has received an approval from Department of Commerce, Ministry of Commerce & Industry, Government of India on September 23, 2019 for setting up a new 'Special Economic Zone' (SEZ - Unit II) unit located at Greater Noida West (NCR) having area of 30,706 sq. ft. Subsequent to the year end, the Company has commenced its operation in SEZ Unit II on February 04, 2020.

R Systems International Limited

Notes to Standalone Financial Statements for the year ended December 31, 2019

39. The financial statements have been approved by the Board of Directors at its meeting held on February 09, 2020.

**For and on behalf of the Board of Directors of
R Systems International Limited**

Sd/-
SATINDER SINGH REKHI
Managing Director
DIN: 00006955

Place : Frankfurt, Germany
Date : February 09, 2020

Sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 09, 2020

Sd/-
NAND SARDANA
Chief Financial Officer

Place : NOIDA
Date : February 09, 2020

Sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 09, 2020

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

RightMatch Holdings Ltd.

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

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RightMatch Holdings Ltd.

CORPORATE INFORMATION

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

**ADMINISTRATOR,
SECRETARY &
TAX AGENT:**

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

REGISTERED OFFICE: IFS Court, Bank Street
TwentyEight, Cybercity
Ebene 72201
Mauritius

AUDITORS: **Crowe ATA**
2nd Floor, Ebene Esplanade
24, Bank Street, Cybercity
Ebene 72201
Mauritius

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

RightMatch Holdings Ltd.

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

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

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDEND

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

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

DIRECTORS

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

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

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

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

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

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

AUDITORS

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.

Report on the audit of the special purpose financial statements

Opinion

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

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

Basis for opinion

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

Other information

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.

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

Other information (Continued)

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

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

Responsibilities of the directors

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.

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

In forming our opinion, we report as follows:

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

Restricted use of this report

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

SD/-
Crowe ATA
Public Accountants

SD/-
K.S. Sewraz, FCCA
Signing Partner
Licensed by FRC

Date: 02 October 2019
Ebene, Mauritius

RightMatch Holdings Ltd.

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

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

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

RightMatch Holdings Ltd.**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019**

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

Approved and authorised for issue by the board of directors on **02 October 2019** and signed on its behalf by:

SD/-

Director

SD/-

Director

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

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

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

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

RightMatch Holdings Ltd.**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

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

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

RightMatch Holdings Ltd.

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

1. GENERAL INFORMATION

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

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

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES

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

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

IFRS 9 Financial Instruments and associated amendments to various other standards

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

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

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

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

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

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

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

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

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

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

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

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

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

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

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

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

Key changes to current practice are:

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

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

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

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

Entities can choose to apply the interpretation:

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

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

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

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

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

IFRS 16 Leases

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

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

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

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

Interpretation 23 Uncertainty over Income Tax Treatments

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

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

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

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

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

Interpretation 23 Uncertainty over Income Tax Treatments (Continued)

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

5. SUMMARY OF ACCOUNTING POLICIES

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

(a) Revenue recognition

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

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

(b) Expense recognition

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(c) *Foreign currency translation (Continued)*

(ii) *Transactions and balances (Continued)*

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

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

(d) *Financial instruments*

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

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

Classification and initial measurement of financial assets

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

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

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

(i) *Equity investments*

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

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

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

5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(d) *Financial instruments (Continued)*

(i) *Equity investments (Continued)*

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

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

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

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

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

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

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

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

(ii) *Cash and cash equivalents*

Cash and cash equivalents consist of balance with bank.

(iii) *Accruals*

Accruals are stated at their nominal value.

(iv) *Loan from shareholders and related party*

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

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

5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(e) *Equity*

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

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

(f) *Taxation*

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

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

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

(g) *Provisions*

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

(h) *Related parties*

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

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Determination of functional currency

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

(b) Impairment of financial assets

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

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

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

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

7. ESTIMATION UNCERTAINTY

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

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

8. TAXATION

Income tax

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

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

8. TAXATION (CONTINUED)

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

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

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

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

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

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

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

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

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

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

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

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

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

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

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

10. STATED CAPITAL

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

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

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

11. FAIR VALUE ESTIMATION

(a) Values of financial instruments

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

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

- Fair valuation hierarchy

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
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11. FAIR VALUE ESTIMATION (CONTINUED)

(a) Values of financial instruments (Continued)

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

Assets At 31 July 2019	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at FVTOCI	5,614,250	-	-	5,614,250
Cash and cash equivalents	-	-	120,796	120,796
	5,614,250	-	120,796	5,735,046

Liabilities At 31 July 2019	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Payables	-	-	14,089	14,089
	-	-	14,089	14,089

Assets At 31 December 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at FVTOCI	6,387,534	-	-	6,387,534
Advance to shareholders	-	-	196,693	196,693
Cash and cash equivalents	-	-	3,626	3,626
	6,387,534	-	200,319	6,587,853

Liabilities At 31 December 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Amount due to related party	-	-	-	-
Payables	-	-	1,827	1,827
	-	-	1,827	1,827

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

11. FAIR VALUE ESTIMATION (CONTINUED)

(a) Values of financial instruments (Continued)

- Fair valuation hierarchy (Continued)

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

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

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

12. FINANCIAL RISK MANAGEMENT

Financial risks

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

(i) Currency risk

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

(ii) Concentration risk

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

**NOTES TO THE FINANCIAL STATEMENTS
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12. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk

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

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

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

(iv) Liquidity risk

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

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

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

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

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) Sensitivity analysis

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

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

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

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

(vi) Capital risk management

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

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

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12. FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Price risk

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

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

(viii) Market risk

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

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

(b) Currency profile

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

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

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

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13. RELATED PARTY TRANSACTIONS

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

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

14. CAPITAL MANAGEMENT

Internally imposed capital requirements

The Company's objectives when managing capital are:

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

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14. CAPITAL MANAGEMENT (CONTINUED)

Internally imposed capital requirements (continued)

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

Externally imposed capital requirements

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

15. COMPARATIVES

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

16. PRIOR YEAR RESTATEMENT

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

17. EVENTS AFTER THE REPORTING PERIOD

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