JAIN GANDHARV & ASSOCIATES
CHARTERED ACCOUNTANTS

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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

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For R Systems International Limited

Authorised Signatory

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.

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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.

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For R Systems International Limited

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GANDHARV JAIN IBBI/RV/06/2018/10079 REGISTERED VALUER

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"

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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

GANDHARV JAIN
IBBI/RV/06/2018/10079
REGISTERED VALUER

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

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ANNEXURE 1

Historical Financial Statements of RightMatch Holdings Limited

RightMatch Holdings Limited
Historical Balance Sheet

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

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) <u>Asset Approach - Book Value Method</u>

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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GANDHARV JAIN REGISTERED VALUER IBBI/RV/06/2018/10079

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R Systems International Limited
Calculation of Book Value

	In INR millions
	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.

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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
Brisoft 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					**10.56**	**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.

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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	76,976	38,140	6,200	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	25,270	3,544	13%	1.63	12.07	26-Jul-18
Polaris Consulting & Services Limited	32,468	22,967	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	19,786	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				**15.56%**	**1.72**	**11.10**	
Median				**16.40%**	**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.

JAIN GANDHARV & ASSOCIATES FRN 020298N NEW DELHI Chartered Accountants

GANDHARV JAIN IBBI/RV/06/2018/10079 REGISTERED VALUER

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For R Systems International Limited

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R Systems International Limited
Application of Comparable transaction Multiples

In INR millions

	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

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

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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**	

JAIN GANDHARV & ASSOCIATES FRN.026028N NEW DELHI Chartered Accountants

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