

Press Release Q3 2018



Caring - Innovating - Transforming



ACCELERATING  
**DIGITAL**  
TRANSFORMATION





## **R Systems Reports Record Revenue in Q3 2018**

**Q3 2018: Record Revenue: Rs. 186.4 Crores with 11% EBITDA  
10% QoQ Revenue Growth  
Added 120 plus Associates during the Quarter**

Noida, India – October 30, 2018

### **Highlights**

#### **Consolidated results for the quarter ended September 30, 2018**

- Consolidated revenue from operations for Q3 2018 was Rs. 186.39 crores (US\$ 26.71 mn) compared to Rs. 144.89 crores (US\$ 22.53 mn) in Q3 2017 and Rs. 168.84 crores (US\$ 25.28 mn) in Q2 2018. QoQ increase 10.40% (5.69% in US\$). YoY increase 28.64% (18.57% in US\$).
- EBITDA for Q3 2018 was Rs. 20.57 crores (US\$ 3.00 mn) compared to Rs. 10.93 crores (US\$ 1.69 mn) in Q3 2017 and Rs. 12.03 crores (US\$ 1.81 mn) in Q2 2018. Q3 2018 EBITDA as % of revenue was 11.03% as against 7.54% of Q3 2017.
- Net profit after taxes for Q3 2018 was Rs. 12.57 crores (US\$ 1.83 mn) compared to Rs. 5.81 crores (US\$ 0.89 mn) in Q3 2017 and Rs. 8.94 crores (US\$ 1.35 mn) in Q2 2018.

### **Others**

- 8 key wins during the quarter.
- Associates as at September 30, 2018 were 2,711 compared to 2,589 as at June 30, 2018 and 2,363 as at September 30, 2017.

Rekhi Singh, Managing Director stated “We concluded an extremely good quarter with record quarterly revenue of Rs. 186 crores with 11% EBITDA. Quarterly revenue grew 10 % quarter on quarter driven by strong demand of product engineering services around digital technologies. Our Investment in new technologies has started yielding visible result.” He added, “It is also encouraging to report double digit margins. This margins improvement is resulted from revenue growth from existing and new customers with discipline in execution as supported by rupee depreciation.”

He further added, “Our balance sheet continues to be strong with cash and bank balance of Rs. 190 crores and net worth of Rs. 302 crores.”

Avirag Jain, Director and CTO said “This quarter witnessed strong revenue growth with robust utilization yielding a remarkable operating performance.” He added, “Our sales funnel is also strong as we are getting good traction for digital technologies like cloud, analytics, mobility, IoT etc. We have also added more than 120 associates during this quarter to cater to growth.”



## Key Operational Highlights

Established in 1993, R Systems is a leading global provider of IT and ITeS solutions and services. As a trusted digital transformation partner, we help organizations to embrace digitalization towards greater efficiency and streamlined operations through our diversified offerings.

Product engineering continues to be an integral part of R Systems DNA. R Systems continuously endeavours to enhance customer experience right from the idea creation, product development, and product maintenance & support through integrated product lifecycle management (iPLM) services. The iPLM engagements are backed with strong engineering capabilities, facilitating the shift from a mere functional perspective to a holistic business process perspective of entire product life cycle. We partner with ISVs and businesses to create futuristic products using next-gen technologies.

R Systems leverage comprehensive range of ITeS services under the umbrella of Knowledge Services to a wide spectrum of clients for improving their organizational efficiencies. These services include speech analytics, revenue and claims management, customer care, and technical support. These services are delivered in multiple languages through our global delivery model.

ECnet® addresses supply chain, warehousing and inventory management. ECnet also operates as Infor Gold-certified channel partner for reselling and implementing several enterprise solutions, including enterprise resource planning, warehouse management, corporate performance management, business intelligence etc. ECnet has also partnered with JDA to offer category management solution suite to retail customers. Headquartered in Singapore, ECnet's footprint spread across Malaysia, Thailand, China and Japan.

IBIZ is Microsoft Gold-certified partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ operates across Singapore, Malaysia, China, Indonesia, Hong Kong and India.

Our services and solutions span over seven major business verticals i.e. Telecom, Media & Entertainment, Retail & E-commerce, Banking & Finance, Manufacturing & Logistics, Technology, and Healthcare & Life Sciences. Further, R Systems have also expanded its capabilities horizontally with Analytics, Mobility, IoT, Artificial Intelligence, Robotic Process Automation and Cloud across business verticals.

The quarter concluded with 8 key wins. The brief of few wins is listed below:

Our existing customer, a leading European telecom operator, has engaged R Systems to deliver a new-gen digital right management solution to secure digital video content along with enhancing the user experiences.

A global provider of IP based video solutions has engaged R Systems for development and maintenance of its live mobile television broadcasting solutions.



A US based company providing mobile and cloud based software solutions for residential home services industry, has mandated R Systems to enhance their solution using leading cloud CRM along with business intelligence.

A Singapore based manufacturer of mechanical and automation precision components has engaged IBIZ to implement Microsoft Dynamics ERP System to address their operational challenges and improve visibility.

One of the leading integrated electronics manufacturing services provider in APAC region has engaged ECnet to implement scalable and responsive supply chain management solution to improve efficiency of their procurement process.

### **Liquidity and Shareholder Funds**

Cash and bank balances, including bank deposits and liquid funds as at September 30, 2018, were Rs. 189.77 crores compared to Rs. 162.16 crores as at December 31, 2017. Total shareholder funds as at September 30, 2018 were Rs. 301.80 crores compared to Rs. 269.87 crores as at December 31, 2017.

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2018 (As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended September 30,		Quarter Ended June 30, 2018
		2018	2017	
<b>1</b>	<b>Revenue</b>			
(a)	Revenue from operations	1,863.95	1,448.91	1,688.37
(b)	Other income	21.32	16.57	23.51
	<b>Total revenue</b>	<b>1,885.27</b>	<b>1,465.48</b>	<b>1,711.88</b>
<b>2</b>	<b>Expenses</b>			
(a)	Employee benefits expense	1,225.28	1,041.64	1,124.38
(b)	Finance costs	0.71	0.64	0.63
(c)	Depreciation and amortisation expense	34.44	33.86	33.60
(d)	Other expenses	470.22	298.67	457.46
	<b>Total expenses</b>	<b>1,730.65</b>	<b>1,374.81</b>	<b>1,616.07</b>
<b>3</b>	<b>Profit before tax</b>	<b>154.62</b>	<b>90.67</b>	<b>95.81</b>
<b>4</b>	<b>Tax expense</b>			
(a)	Current tax	45.59	30.29	17.76
(b)	Deferred tax charge/(credit)	(16.66)	2.32	(11.38)
	<b>Total tax expense</b>	<b>28.93</b>	<b>32.61</b>	<b>6.38</b>
<b>5</b>	<b>Net profit for the period</b>	<b>125.69</b>	<b>58.06</b>	<b>89.43</b>
<b>6</b>	<b>Earnings per share (Face value of Re. 1/- each)</b>			
(a)	Basic	1.02	0.47	0.73
(b)	Diluted	1.02	0.47	0.73

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Nine Months Ended September 30, 2018 (As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	Nine Months Ended September 30,	
		2018	2017
<b>1</b>	<b>Revenue</b>		
(a)	Revenue from operations	5,074.35	4,371.13
(b)	Other income	68.06	110.67
	<b>Total revenue</b>	<b>5,142.41</b>	<b>4,481.80</b>
<b>2</b>	<b>Expenses</b>		
(a)	Employee benefits expense	3,464.90	3,089.12
(b)	Finance costs	2.06	3.84
(c)	Depreciation and amortisation expense	100.94	100.19
(d)	Other expenses	1,269.02	1,043.53
	<b>Total expenses</b>	<b>4,836.92</b>	<b>4,236.68</b>
<b>3</b>	<b>Profit before tax</b>	<b>305.49</b>	<b>245.12</b>
<b>4</b>	<b>Tax expense</b>		
(a)	Current tax	88.13	105.16
(b)	Deferred tax charge/(credit)	(36.28)	(16.07)
	<b>Total tax expense</b>	<b>51.85</b>	<b>89.09</b>
<b>5</b>	<b>Net profit for the period</b>	<b>253.64</b>	<b>156.03</b>
<b>6</b>	<b>Earnings per share (Face value of Re. 1/- each)</b>		
(a)	Basic	2.06	1.27
(b)	Diluted	2.06	1.27

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2018 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn)

Particulars	Q3 2018		Q3 2017		Q2 2018	
	INR	US\$	INR	US\$	INR	US\$
<b>Revenues</b>	<b>1,863.95</b>	<b>26.71</b>	<b>1,448.91</b>	<b>22.53</b>	<b>1,688.37</b>	<b>25.28</b>
Cost of revenues	1,234.33	17.66	1,019.12	15.84	1,147.46	17.17
<b>Gross margin</b>	<b>629.62</b>	<b>9.05</b>	<b>429.79</b>	<b>6.69</b>	<b>540.91</b>	<b>8.11</b>
	33.78%		29.66%		32.04%	
<b>SG &amp; A</b>						
Expenses	423.94	6.05	320.50	5.00	420.64	6.30
	22.74%		22.12%		24.91%	
<b>EBITDA</b>	<b>205.68</b>	<b>3.00</b>	<b>109.29</b>	<b>1.69</b>	<b>120.27</b>	<b>1.81</b>
	11.03%		7.54%		7.12%	
Depreciation and amortization	34.44	0.49	33.86	0.53	33.60	0.50
<b>Income from operations</b>	<b>171.24</b>	<b>2.51</b>	<b>75.43</b>	<b>1.16</b>	<b>86.67</b>	<b>1.31</b>
Interest expense	(0.71)	(0.01)	(0.64)	(0.01)	(0.63)	(0.01)
Other income (net)	(15.91)	(0.25)	15.88	0.25	9.77	0.14
<b>Income before income tax</b>	<b>154.62</b>	<b>2.25</b>	<b>90.67</b>	<b>1.40</b>	<b>95.81</b>	<b>1.44</b>
Income tax provision	28.93	0.42	32.61	0.51	6.38	0.09
<b>Net earnings</b>	<b>125.69</b>	<b>1.83</b>	<b>58.06</b>	<b>0.89</b>	<b>89.43</b>	<b>1.35</b>

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Nine Months Ended September 30, 2018 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn)

Particulars	Jan to Sep 18		Jan to Sep 17	
	INR	US\$	INR	US\$
<b>Revenue</b>	<b>5,074.35</b>	<b>75.63</b>	<b>4,371.13</b>	<b>66.99</b>
Cost of revenue	3,441.48	51.29	3,054.86	46.82
<b>Gross margin</b>	<b>1,632.87</b>	<b>24.34</b>	<b>1,316.27</b>	<b>20.17</b>
	32.18%		30.11%	
<b>SG &amp; A</b>				
Expenses	1,238.04	18.45	1,075.45	16.48
	24.40%		24.60%	
<b>EBITDA</b>	<b>394.83</b>	<b>5.89</b>	<b>240.82</b>	<b>3.69</b>
	7.78%		5.51%	
Depreciation and amortization	100.94	1.50	100.19	1.53
<b>Income from operations</b>	<b>293.89</b>	<b>4.39</b>	<b>140.63</b>	<b>2.16</b>
Interest expense	(2.06)	(0.03)	(3.84)	(0.06)
Other income (net)	13.66	0.20	108.33	1.66
<b>Income before income tax</b>	<b>305.49</b>	<b>4.56</b>	<b>245.12</b>	<b>3.76</b>
Income tax provision	51.85	0.77	89.09	1.37
<b>Net earnings</b>	<b>253.64</b>	<b>3.79</b>	<b>156.03</b>	<b>2.39</b>



## Financial Performance

### Consolidated Balance Sheet as at September 30, 2018 (As per Indian GAAP)

(Rs. in million)

Particulars	As at		
	September 30, 2018	June 30, 2018	December 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	311.51	309.08	300.38
(b) Capital work in progress	1.63	0.62	0.59
(c) Investment property	23.68	24.05	24.78
(d) Goodwill	93.07	88.19	84.05
(e) Other Intangible assets	36.00	41.99	52.82
(f) Financial assets			
(i) Investment	0.03	87.57	87.57
(ii) Other financial assets	79.54	78.06	84.79
(g) Deferred tax assets (net)	92.25	76.61	58.51
(h) Non-current tax assets	46.65	40.79	34.11
(i) Other non-current assets	27.45	27.62	12.56
	<b>711.81</b>	<b>774.58</b>	<b>740.16</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Investments	195.78	279.89	136.88
(ii) Trade receivables	1,372.79	1,219.85	1,207.65
(iii) Cash and cash equivalents	805.13	823.38	923.90
(iv) Other balances with banks	734.55	373.28	581.60
(v) Other financial assets	335.59	360.92	194.61
(b) Other current assets	209.45	178.00	119.76
	<b>3,653.29</b>	<b>3,235.32</b>	<b>3,164.40</b>
<b>Total assets</b>	<b>4,365.10</b>	<b>4,009.90</b>	<b>3,904.56</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	123.25	123.25	123.21
(b) Other equity	2,894.75	2,686.20	2,575.53
(c) Non Controlling Interest	-	-	-
<b>Total equity</b>	<b>3,018.00</b>	<b>2,809.45</b>	<b>2,698.74</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14.83	14.78	15.85
(ii) Other financial liabilities	2.77	2.53	2.23
(b) Deferred tax liabilities (net)	-	-	0.26
(c) Provisions	100.14	97.28	91.18
(d) Other non-current liabilities	0.01	0.01	0.29
	<b>117.75</b>	<b>114.60</b>	<b>109.81</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	347.06	315.35	338.92
(ii) Other financial liabilities	305.10	226.55	185.25
(b) Provisions	204.41	198.40	186.97
(c) Other current liabilities	372.78	345.55	384.87
	<b>1,229.35</b>	<b>1,085.85</b>	<b>1,096.01</b>
<b>Total liabilities</b>	<b>1,347.10</b>	<b>1,200.45</b>	<b>1,205.82</b>
<b>Total equity and liabilities</b>	<b>4,365.10</b>	<b>4,009.90</b>	<b>3,904.56</b>

## Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Sep 30, 18	Sep 30, 17	Jun 30, 18
Revenues	100.00	100.00	100.00
Gross margin	33.78	29.66	32.04
SG & A	22.74	22.12	24.91
EBITDA	11.03	7.54	7.12
EBT	8.30	6.26	5.67
EAT	6.74	4.01	5.30

Revenue from Top 10 Clients	Quarter ended		
	Sep 30, 18	Sep 30, 17	Jun 30, 18
Top 10 Clients	36.39%	34.60%	35.80%
Top 5 Clients	23.98%	22.43%	24.07%
Top 3 Clients	16.53%	16.16%	16.49%
Largest Client	6.44%	6.35%	6.63%

Revenues by Geographies	Quarter ended		
	Sep 30, 18	Sep 30, 17	Jun 30, 18
USA	60.16%	55.73%	58.40%
Europe	16.93%	20.10%	17.53%
SEAC ( South East Asia )	18.38%	19.27%	18.81%
India	1.52%	1.91%	1.73%
Others	3.01%	2.99%	3.53%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Utilization (excluding trainees)	Quarter ended		
	Sep 30, 18	Sep 30, 17	Jun 30, 18
Onsite	97.16%	98.20%	95.43%
Offshore	76.38%	72.36%	74.09%
Blended	78.85%	75.70%	76.57%

Utilization (including trainees)	Quarter ended		
	Sep 30, 18	Sep 30, 17	Jun 30, 18
Onsite	97.16%	98.20%	95.43%
Offshore	74.79%	70.28%	72.42%
Blended	77.39%	73.80%	75.05%

## Consolidated Operational Data (Un-audited)

Human resources	As at		
	Sep 30, 18	Sep 30, 17	Jun 30, 18
<b>Technical</b>	2,352	2,011	2,233
<b>Software services</b>			
Onsite	359	274	319
Offshore	1,308	1,235	1,239
<b>BPO</b>			
Offshore	643	444	634
Trainees	42	58	41
<b>Support</b>	359	352	356
<b>Total count</b>	<b>2,711</b>	<b>2,363</b>	<b>2,589</b>

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At	
	Sep 30, 18	Dec 31, 17
Receivable	1,372.79	1,207.65
Receivable in days (“DSO”) #	63	60
Total cash and bank balance	1,897.75	1,621.63
Fixed assets	349.14	353.79
Shareholders’ funds	3,018.00	2,698.74

# for the respective quarters

Development/Service Centres Location	As on Sep 30, 2018	
	Covered areas in sq ft.	No. of seats
<b>India</b>		
Noida	93,679	1,791
Chennai	5,905	65
	99,584	1,856
<b>USA</b>		
Sacramento, CA	9,500	60
<b>South East Asia</b>		
Singapore	8,054	91
Malaysia	6,434	81
Thailand	592	6
Indonesia	2,151	53
	17,231	231
<b>Europe</b>		
Romania	19,795	184
Poland	8,141	65
Moldova	3,398	55
	31,334	304
<b>Total</b>	<b>157,649</b>	<b>2,451</b>



**Notes:**

1. US\$ equivalent figures are derived by converting the Rupee figures using average rates for profit & loss items and closing rate for balance sheet items.
2. Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period presentation.

**About R Systems International Limited**

R Systems International Limited founded in 1993, is one of the leading providers of software product engineering and ITeS services and solutions. We partner with software product companies and businesses for their digital transformation by building scalable, configurable and secure products and applications using next-gen technologies and help our clients to support their customers worldwide for products and services using our global delivery model. R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Banking and Finance, Independent Software Vendors, Telecom and Digital Media, Retail & E-commerce, Healthcare, and Manufacturing and Logistic Industries. R Systems maintains fifteen development and service centres to serve customers in USA, Europe and the Far East.

**Safe Harbor:**

Investors are cautioned that this presentation contains forward looking statements that involve risks and uncertainties. The Company undertakes no obligation publicly to update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Actual results, performance, or achievements could differ from those expressed or implied in such forward-looking statements.

**For further information please contact:**

Nand Sardana  
Chief Financial Officer  
Tel # 0120 – 4303506  
Email: [nand.sardana@rsystems.com](mailto:nand.sardana@rsystems.com)

Kumar Gaurav  
AVP Finance & Accounts  
Tel # 0120 – 4082650  
Email: [kumar.gaurav@rsystems.com](mailto:kumar.gaurav@rsystems.com)

Bhasker Dubey  
Company Secretary & Compliance Officer  
Tel # 0120 – 4082633  
Email: [bhasker.dubey@rsystems.com](mailto:bhasker.dubey@rsystems.com)