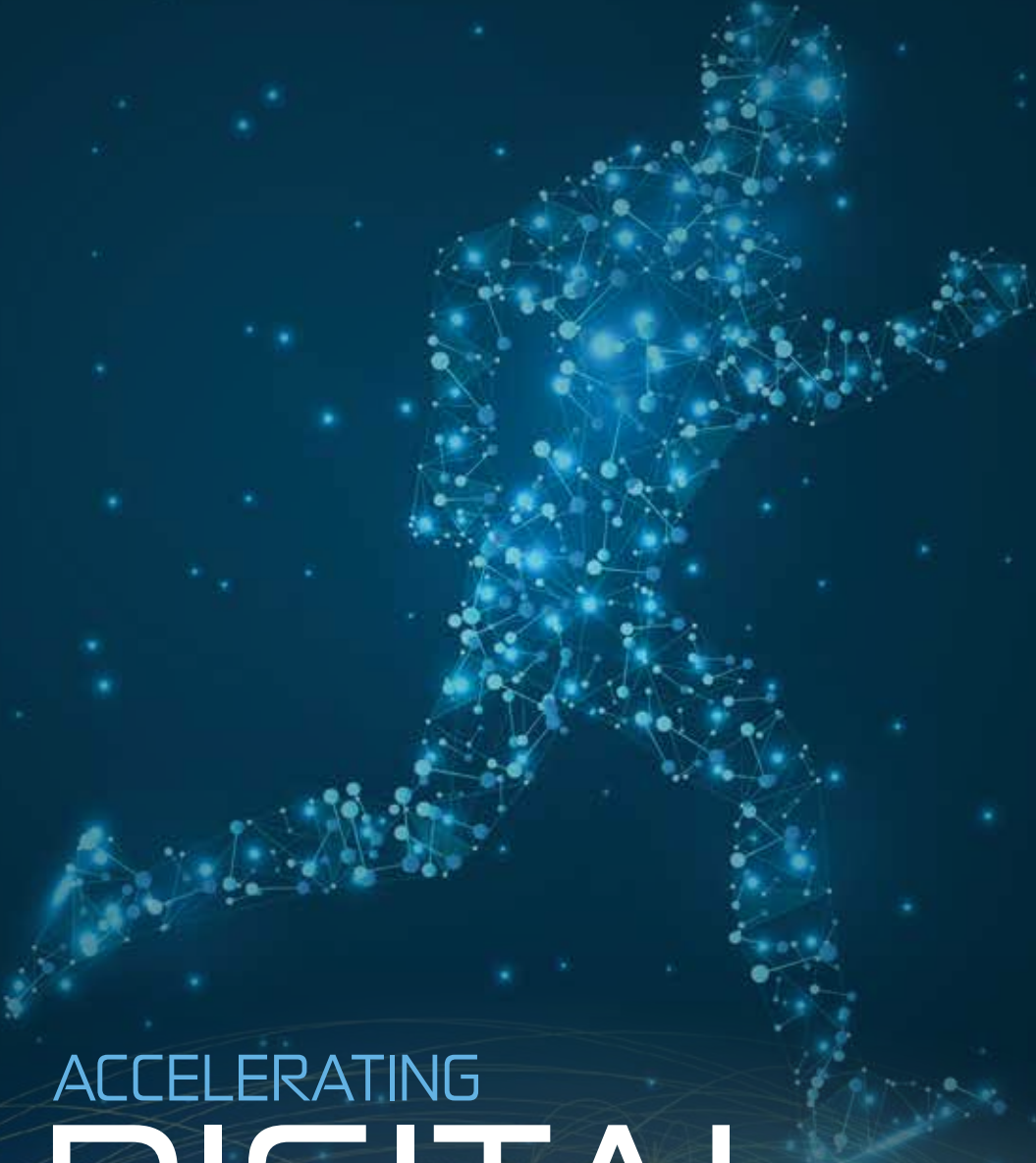


Press Release Q2 2018



ACCELERATING  
**DIGITAL**  
TRANSFORMATION

## **R Systems Announces Results for Q2 2018**

**Q2 2018: Revenue: Rs. 168.8 Crores with EBITDA: Rs. 12 Crores  
14% YoY Revenue Growth  
Added 80 plus Technical Associates during the Quarter**

Noida, India – July 27, 2018

### **Highlights**

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

- Consolidated revenue from operations for Q2 2018 was Rs. 168.84 crores (US\$ 25.28 mn) compared to Rs. 147.92 crores (US\$ 22.91 mn) in Q2 2017 and Rs. 152.20 crores (US\$ 23.64 mn) in Q1 2018. YoY increase 14.14% (10.34% in US\$).
- EBITDA for Q2 2018 was Rs. 12.03 crores (US\$ 1.81 mn) compared to Rs. 5.91 crores (US\$ 0.92 mn) in Q2 2017 and Rs. 6.89 crores (US\$ 1.07 mn) in Q1 2018. Q2 2018 EBITDA as % of revenue was 7.12% as against 4.00% of Q2 2017.
- Net profit after taxes for Q2 2018 was Rs. 8.94 crores (US\$ 1.35 mn) compared to Rs. 5.10 crores (US\$ 0.80 mn) in Q2 2017 and Rs. 3.85 crores (US\$ 0.60 mn) in Q1, 2018.

### **Others**

- 8 key wins during the quarter.
- Technical associates as on June 30, 2018 were 2,233 compared to 2,147 at the end of March 31, 2018.

Rekhi Singh, Managing Director stated “We concluded the quarter with revenue of Rs. 169 crores and EBITDA of Rs. 12 crores. Quarterly revenue grew 14 % year on year with growth across all business units, good client additions and enhanced focus on digital offerings as supported by rupee depreciation. The margins have improved compared to previous quarters but we see further scope for improvement through discipline in execution and continued growth momentum.”

He added, “Our balance sheet continues to be strong with cash and bank balance of Rs. 160 crores and net worth of Rs. 281 crores.”

Avirag Jain, Director and CTO said “We had a robust revenue growth during this quarter backed by new customer additions. We are partnering with leading enterprises and niche technology start-ups to fuel their growth engine with our digital capabilities.” He added, “We continue to invest in research and innovation and strengthening our digital offerings with cloud, analytics, mobility, IoT etc.”



## 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:

An IT solution provider transforming unstructured organizational content into actionable intelligence has collaborated with R Systems for digital enhancement of its product using latest technologies.

One of the leading banks in Caribbean region offering wide range of financial services has engaged R Systems to re-engineer and digitally transform their existing financial software systems and core banking services.

A leading networking and telecommunications ISV and our existing customer has mandated Computaris to implement a bundle of new projects for a leading telecom operator in USA to redesign and transform its core business applications as part of their digital strategy.



One of the Leaders in telecom and digital TV technologies in ASEAN region providing communication solutions for public and private sectors has engaged ECnet to implement Infor Syteline ERP to integrate its various business processes to deliver financial insights and operational excellence.

A Singapore based farm-to-table restaurant and organic fresh product retailer has engaged IBIZ to implement Microsoft Dynamics ERP, LS Retail, CRM and Mobile based Warehouse Management solution to streamline and automate its operations.

### **Liquidity and Shareholder Funds**

Cash and bank balances, including bank deposits and liquid funds as at June 30, 2018, were Rs. 160.04 crores compared to Rs. 162.16 crores as at December 31, 2017. Total shareholder funds as at June 30, 2018 were Rs. 280.94 crores compared to Rs. 269.87 crores as at December 31, 2017.

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2018

(As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended June 30,		Quarter Ended March 31, 2018
		2018	2017	
<b>1</b>	<b>Revenue</b>			
(a)	Revenue from operations	1,688.37	1,479.24	1,522.03
(b)	Other income	23.51	39.59	23.23
	<b>Total revenue</b>	<b>1,711.88</b>	<b>1,518.83</b>	<b>1,545.26</b>
<b>2</b>	<b>Expenses</b>			
(a)	Employee benefits expense	1,124.38	1,034.87	1,115.23
(b)	Finance costs	0.63	0.76	0.72
(c)	Depreciation and amortisation expense	33.60	34.11	32.90
(d)	Other expenses	457.46	386.79	341.34
	<b>Total expenses</b>	<b>1,616.07</b>	<b>1,456.53</b>	<b>1,490.19</b>
<b>3</b>	<b>Profit before tax</b>	<b>95.81</b>	<b>62.30</b>	<b>55.07</b>
<b>4</b>	<b>Tax expense</b>			
(a)	Current tax	17.76	28.85	24.79
(b)	Deferred tax credit	(11.38)	(17.60)	(8.23)
	<b>Total tax expense</b>	<b>6.38</b>	<b>11.25</b>	<b>16.56</b>
<b>5</b>	<b>Net profit for the period</b>	<b>89.43</b>	<b>51.05</b>	<b>38.51</b>
<b>6</b>	<b>Earnings per share (Face value of Re. 1/- each)</b>			
(a)	Basic	0.73	0.41	0.31
(b)	Diluted	0.73	0.41	0.31

## Financial Performance

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

(Figures in mn, except per share data)

Sr. No.	Particulars	Six Month Ended June 30	
		2018	2017
<b>1</b>	<b>Revenue</b>		
(a)	Revenue from operations	3,210.40	2,922.22
(b)	Other income	46.74	94.11
	<b>Total revenue</b>	<b>3,257.14</b>	<b>3,016.33</b>
<b>2</b>	<b>Expenses</b>		
(a)	Employee benefits expense	2,239.61	2,047.48
(b)	Finance costs	1.35	3.19
(c)	Depreciation and amortisation expense	66.50	66.33
(d)	Other expenses	798.80	744.87
	<b>Total expenses</b>	<b>3,106.26</b>	<b>2,861.87</b>
<b>3</b>	<b>Profit before tax</b>	<b>150.88</b>	<b>154.46</b>
<b>4</b>	<b>Tax expense</b>		
(a)	Current tax	42.55	74.87
(b)	Deferred tax credit	(19.61)	(18.38)
	<b>Total tax expense</b>	<b>22.94</b>	<b>56.49</b>
<b>5</b>	<b>Net profit for the period</b>	<b>127.94</b>	<b>97.97</b>
<b>6</b>	<b>Earnings per share (Face value of Re. 1/- each)</b>		
(a)	Basic	1.04	0.80
(b)	Diluted	1.04	0.80

## Financial Performance

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

(Figures in mn)

Particulars	Q2 2018		Q2 2017		Q1 2018	
	INR	US\$	INR	US\$	INR	US\$
<b>Revenues</b>	<b>1,688.37</b>	<b>25.28</b>	<b>1,479.24</b>	<b>22.91</b>	<b>1,522.03</b>	<b>23.64</b>
Cost of revenues	1,147.46	17.17	1,025.10	15.88	1,059.68	16.46
<b>Gross margin</b>	<b>540.91</b>	<b>8.11</b>	<b>454.14</b>	<b>7.03</b>	<b>462.35</b>	<b>7.18</b>
<b>SG &amp; A</b>	32.04%		30.70%		30.38%	
Expenses	420.64	6.30	395.03	6.11	393.46	6.11
	24.91%		26.70%		25.85%	
<b>EBITDA</b>	<b>120.27</b>	<b>1.81</b>	<b>59.11</b>	<b>0.92</b>	<b>68.89</b>	<b>1.07</b>
	7.12%		4.00%		4.53%	
Depreciation and amortization	33.60	0.50	34.11	0.53	32.90	0.51
<b>Income from operations</b>	<b>86.67</b>	<b>1.31</b>	<b>25.00</b>	<b>0.39</b>	<b>35.99</b>	<b>0.56</b>
Interest expense	(0.63)	(0.01)	(0.76)	(0.01)	(0.72)	(0.01)
Other income (net)	9.77	0.14	38.06	0.60	19.80	0.31
<b>Income before income tax</b>	<b>95.81</b>	<b>1.44</b>	<b>62.30</b>	<b>0.98</b>	<b>55.07</b>	<b>0.86</b>
Income tax provision	6.38	0.09	11.25	0.18	16.56	0.26
<b>Net earnings</b>	<b>89.43</b>	<b>1.35</b>	<b>51.05</b>	<b>0.80</b>	<b>38.51</b>	<b>0.60</b>

## Financial Performance

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

(Figures in mn)

Particulars	Jan to Jun 18		Jan to Jun 17	
	INR	US\$	INR	US\$
<b>Revenue</b>	<b>3,210.40</b>	<b>48.92</b>	<b>2,922.22</b>	<b>44.47</b>
Cost of revenue	2,207.14	33.63	2,035.73	30.98
<b>Gross margin</b>	<b>1,003.26</b>	<b>15.29</b>	<b>886.49</b>	<b>13.49</b>
<b>SG &amp; A</b>				
Expenses	814.10	12.41	754.96	11.49
	25.59%		25.84%	
<b>EBITDA</b>	<b>189.16</b>	<b>2.88</b>	<b>131.53</b>	<b>2.00</b>
	5.89%		4.50%	
Depreciation and amortization	66.50	1.01	66.33	1.01
<b>Income from operations</b>	<b>122.66</b>	<b>1.87</b>	<b>65.20</b>	<b>0.99</b>
Interest expense	(1.35)	(0.02)	(3.19)	(0.05)
Other income (net)	29.57	0.45	92.45	1.41
<b>Income before income tax</b>	<b>150.88</b>	<b>2.30</b>	<b>154.46</b>	<b>2.35</b>
Income tax provision	22.94	0.35	56.49	0.86
<b>Net earnings</b>	<b>127.94</b>	<b>1.95</b>	<b>97.97</b>	<b>1.49</b>



## Financial Performance

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

(Rs. in million)

Particulars	As at		
	June 30, 2018	December 31, 2017	January 1, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	309.08	300.38	289.52
(b) Capital work in progress	0.62	0.59	26.29
(c) Investment property	24.05	24.78	26.26
(d) Goodwill	88.19	84.05	82.35
(e) Other Intangible assets	41.99	52.82	82.40
(f) Financial assets			
(i) Investment	87.57	87.57	175.15
(ii) Other financial assets	78.06	84.79	83.96
(g) Deferred tax assets (net)	76.61	58.51	46.15
(h) Non-current tax assets	40.80	34.11	34.80
(i) Other non-current assets	27.62	12.56	31.11
	<b>774.59</b>	<b>740.16</b>	<b>877.99</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Investments	279.89	136.88	87.57
(ii) Trade receivables	1,219.85	1,207.64	1,081.78
(iii) Cash and cash equivalents	823.38	923.90	1,133.85
(iv) Other balances with banks	531.74	589.86	21.78
(v) Other financial assets	202.46	186.35	205.15
(b) Other current assets	178.00	119.77	114.17
	<b>3,235.32</b>	<b>3,164.40</b>	<b>2,644.30</b>
<b>Total assets</b>	<b>4,009.91</b>	<b>3,904.56</b>	<b>3,522.29</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	123.25	123.21	123.13
(b) Other equity	2,686.20	2,575.53	2,349.16
(c) Non Controlling Interest	-	-	-
<b>Total equity</b>	<b>2,809.45</b>	<b>2,698.74</b>	<b>2,472.29</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14.78	15.85	19.15
(ii) Other financial liabilities	2.53	2.23	53.59
(b) Deferred tax liabilities (net)	-	0.26	-
(c) Provisions	97.29	91.18	89.42
(d) Other non-current liabilities	0.01	0.29	0.80
	<b>114.61</b>	<b>109.81</b>	<b>162.96</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	315.35	338.92	296.75
(ii) Other financial liabilities	226.54	185.25	183.97
(b) Provisions	198.41	186.97	175.07
(c) Other current liabilities	345.55	384.87	231.25
	<b>1,085.85</b>	<b>1,096.01</b>	<b>887.04</b>
<b>Total liabilities</b>	<b>1,200.46</b>	<b>1,205.82</b>	<b>1,050.00</b>
<b>Total equity and liabilities</b>	<b>4,009.91</b>	<b>3,904.56</b>	<b>3,522.29</b>

## Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Jun 30, 18	Jun 30, 17	Mar 31, 18
Revenues	100.00	100.00	100.00
Gross margin	32.04	30.70	30.38
SG & A	24.91	26.70	25.85
EBITDA	7.12	4.00	4.53
EBT	5.67	4.21	3.62
EAT	5.30	3.45	2.53

Revenue from Top 10 Clients	Quarter ended		
	Jun 30, 18	Jun 30, 17	Mar 31, 18
Top 10 Clients	35.80%	33.60%	36.13%
Top 5 Clients	24.07%	21.95%	23.33%
Top 3 Clients	16.49%	15.45%	16.66%
Largest Client	6.63%	6.22%	5.88%

Revenues by Geographies	Quarter ended		
	Jun 30, 18	Jun 30, 17	Mar 31, 18
USA	58.40%	55.64%	55.72%
Europe	17.53%	19.12%	20.71%
SEAC ( South East Asia )	18.81%	19.78%	18.58%
India	1.73%	1.84%	1.77%
Others	3.53%	3.62%	3.22%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Utilization (excluding trainees)	Quarter ended		
	Jun 30, 18	Jun 30, 17	Mar 31, 18
Onsite	95.43%	96.79%	96.65%
Offshore	74.09%	72.40%	74.10%
Blended	76.57%	75.63%	76.90%

Utilization (including trainees)	Quarter ended		
	Jun 30, 18	Jun 30, 17	Mar 31, 18
Onsite	95.43%	96.79%	96.65%
Offshore	72.42%	69.63%	71.84%
Blended	75.05%	73.11%	74.84%

## Consolidated Operational Data (Un-audited)

Human resources	As at		
	Jun 30, 18	Jun 30, 17	Mar 31, 18
<b>Technical</b>	2,233	2,018	2,147
<b>Software services</b>			
Onsite	319	285	294
Offshore	1,239	1,268	1,213
<b>BPO</b>			
Offshore	634	406	588
Trainees	41	59	52
<b>Support</b>	356	354	367
<b>Total count</b>	<b>2,589</b>	<b>2,372</b>	<b>2,514</b>

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At	
	Jun 30, 18	Dec 31, 17
Receivable	1,219.85	1,207.64
Receivable in days (“DSO”) #	65	60
Total cash and bank balance	1,600.43	1,621.63
Fixed assets	351.69	353.78
Shareholders’ funds	2,809.45	2,698.73

# for the respective quarters

Development/Service Centres Location	As on Jun 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	1,109	12
	16,189	190
<b>Europe</b>		
Romania	19,795	184
Poland	8,141	65
Moldova	3,398	55
	31,334	304
<b>Total</b>	<b>156,607</b>	<b>2,410</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.

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