



DELIVERING DIGITAL SUCCESS STORIES...

Press Release Q1 2019



R Systems Announces Results for Q1 2019

Reports 29% YoY Revenue Growth Addition of 100 Associates over the Quarter

Noida, India – May 02, 2019

Highlights

Consolidated results for the quarter ended March 31, 2019

- Consolidated revenue from operations for Q1 2019 was Rs. 196.30 crores (US\$ 27.91 mn) compared to Rs. 152.20 crores (US\$ 23.64 mn) in Q1 2018 and Rs. 192.45 crores (US\$ 26.84 mn) in Q4 2018. YoY increase 28.97%.
- EBITDA for Q1 2019 was Rs. 17.63 crores (US\$ 2.51 mn) compared to Rs. 6.89 crores (US\$ 1.07 mn) in Q1 2018 and Rs. 18.24 crores (US\$ 2.57 mn) in Q4 2018. EBITDA grew from 4.53% of revenue in Q1 2018 to 8.98% of revenue in Q1 2019.
- Net profit after taxes for Q1 2019 was Rs. 12.38 crores (US\$ 1.76 mn) compared to Rs. 3.85 crores (US\$ 0.60 mn) in Q1 2018 and Rs. 26.00 crores (US\$ 3.74 mn) in Q4, 2018.

Others

- 5 key wins during the quarter.
- Net addition of 100 associates during the quarter.
- Expanded our Greater Noida SEZ facility with 28,000 sq. ft.

Rekhi Singh, Managing Director stated “We had a good quarter where revenue grew 29% with sustained improvement across key business units. This growth momentum has been augmented by digital offerings which supported certain large wins during this quarter and further assisted by acquisition of Innovizant.” He added, “Our quarterly margins have improved compared to first quarter of earlier years despite the salary raises and rupee appreciation. We are confident for further improvement in margins through continued growth momentum and discipline in execution.”

Avirag Jain, Director & CTO said “We started 5 key engagements during the quarter wherein we are addressing key business challenges of our customers by building agile and scalable solutions using digital technologies.” He added, “We have expanded our Greater Noida SEZ facility with 28,000 sq. ft. and strengthened our team with addition of 100 associates over the quarter to support new engagements and promising sales funnel.”



Key Operational Highlights

Established in 1993, R Systems is a leading provider of technology, artificial intelligence, analytics and knowledge services. We partner with customer to enable or elevate their digital transformation with our diversified digital offerings. Our technology offerings include product engineering, cloud enablement, QA testing and digital platforms and solutions. This includes solution offerings i.e. Microsoft, Infor, JDA and QlikView etc. through our IBIZ and ECnet subsidiaries in South East Asia. AI / Analytics services include advanced analytics, machine learning / artificial intelligence, business analytics and automation. R Systems' design services include UX engineering, visual design and mobile user experience. Our knowledge service offerings cover revenue cycle management, back office service, technical support, and customer care using multi-lingual capabilities and global delivery platform.

Our services and solutions span over five major business verticals i.e. Telecom, Technology, Healthcare & Life Science, Finance & Insurance and Retail & e-commerce. R Systems maintains sixteen development and service centres to serve customers in USA, Europe and the Far East.

The quarter concluded with 5 key wins. The brief of these wins is listed below:

One of the leading providers of video collaboration services has engaged R Systems to digitally transform their product to enrich people's lives.

A US based technology company providing cloud based document management platform converting unstructured content into actionable information has mandated R Systems to develop and integrate a new mobility based ingestion channel for one of its core product offering.

One of our existing customer providing solutions for smart schools in USA has awarded a new project to support digitalization of its communication & security systems.

One of the leading providers of digital HR solutions in Germany has selected R Systems to enhance its solution to manage the employee life cycle.

One of the leaders in travel retail industry headquartered in France has engaged IBIZ to upgrade their NAV application to Microsoft Dynamics Business Central for their Singapore and Malaysia centres. This system will integrate various business processes to deliver financial visibility and operational excellence.

Liquidity and Shareholder Funds

Cash balances as at March 31, 2019, was Rs. 200.26 crores compared to Rs. 199.84 crores as at December 31, 2018. The cash balance includes Rs. 23.99 crores kept in an escrow account for buyback. Total shareholder funds as at March 31, 2019 were Rs. 332.71 crores compared to Rs. 322.90 crores as at December 31, 2018.

Corporate Matters

Buy-back of Equity Shares

The Company has issued Public Announcement dated January 16, 2019, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date of February 01, 2019 on a proportionate basis through “Tender Offer” route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 23.99 crores. Subsequent to the quarter end, the Company has bought back 3.69 million equity shares for an aggregate amount of Rs. 23.99 crores on April 09, 2019 and aforesaid equity shares have been extinguished on April 15, 2019.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2019

(As per Ind AS)

(Figures in mn, except per share data)

| Sr. No. | Particulars | Quarter Ended March 31, | | Quarter Ended December 31, 2018 |
|----------|---|----------------------------|-----------------|---------------------------------------|
| | | 2019 | 2018 | |
| 1 | Income | | | |
| (a) | Revenue from operations | 1,962.99 | 1,522.03 | 1,924.53 |
| (b) | Other income | 62.42 | 19.88 | 178.78 |
| | Total income | 2,025.41 | 1,541.91 | 2,103.31 |
| 2 | Expenses | | | |
| (a) | Employee benefits expense | 1,346.55 | 1,115.23 | 1,278.96 |
| (b) | Finance costs | 3.80 | 0.72 | 0.58 |
| (c) | Depreciation and amortisation expense | 43.05 | 32.90 | 34.53 |
| (d) | Other expenses | 443.39 | 337.99 | 464.77 |
| | Total expenses | 1,836.79 | 1,486.84 | 1,778.84 |
| 3 | Profit before tax | 188.62 | 55.07 | 324.47 |
| 4 | Tax expense | | | |
| (a) | Current tax | 51.90 | 24.79 | 36.08 |
| (b) | Deferred tax charge / (credit) | 12.90 | (8.23) | 28.43 |
| | Total tax expense | 64.80 | 16.56 | 64.51 |
| 5 | Net profit for the period | 123.82 | 38.51 | 259.96 |
| 6 | Earnings per share (Face value of Re. 1/- each) (not annualized) | | | |
| (a) | Basic | 1.00 | 0.31 | 2.11 |
| (b) | Diluted | 1.00 | 0.31 | 2.11 |

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2019 (Contribution Analysis Format)

(Figures in mn)

| Particulars | Q1 2019 | | Q1 2018 | | Q4 2018 | |
|---------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| | INR | US\$ | INR | US\$ | INR | US\$ |
| Revenues | 1,962.99 | 27.91 | 1,522.03 | 23.64 | 1,924.53 | 26.84 |
| Cost of revenues | 1,302.19 | 18.51 | 1,059.68 | 16.46 | 1,269.06 | 17.68 |
| Gross margin | 660.80 | 9.40 | 462.35 | 7.18 | 655.47 | 9.16 |
| SG & A Expenses | 33.66% | | 30.38% | | 34.06% | |
| | 484.52 | 6.89 | 393.46 | 6.11 | 473.06 | 6.59 |
| | 24.68% | | 25.85% | | 24.58% | |
| EBITDA | 176.28 | 2.51 | 68.89 | 1.07 | 182.41 | 2.57 |
| Depreciation and amortization | 8.98% | | 4.53% | | 9.48% | |
| | 43.05 | 0.62 | 32.90 | 0.51 | 34.53 | 0.48 |
| Income from operations | 133.23 | 1.89 | 35.99 | 0.56 | 147.88 | 2.09 |
| Interest expense | (3.80) | (0.05) | (0.72) | (0.01) | (0.58) | (0.01) |
| Other income (net) | 59.19 | 0.84 | 19.80 | 0.31 | 177.17 | 2.59 |
| Income before income tax | 188.62 | 2.68 | 55.07 | 0.86 | 324.47 | 4.67 |
| Income tax expense | 64.80 | 0.92 | 16.56 | 0.26 | 64.51 | 0.93 |
| Net earnings | 123.82 | 1.76 | 38.51 | 0.60 | 259.96 | 3.74 |

Financial Performance

Consolidated Balance Sheet as at March 31, 2019 (As per Ind AS)

(Figures in mn)

| Particulars | As at | |
|-------------------------------------|-----------------|-------------------|
| | March 31, 2019 | December 31, 2018 |
| ASSETS | | |
| Non-current assets | | |
| (a) Property, plant and equipment | 384.74 | 306.91 |
| (b) Capital work in progress | 0.50 | 16.18 |
| (c) Investment property | 22.95 | 23.31 |
| (d) Goodwill | 107.58 | 89.93 |
| (e) Other Intangible assets | 174.26 | 27.64 |
| (f) Financial assets | | |
| (i) Investment | 0.03 | 0.03 |
| (ii) Other financial assets | 99.71 | 102.92 |
| (g) Deferred tax assets (net) | 56.14 | 67.46 |
| (h) Non-current tax assets | 30.60 | 56.95 |
| (i) Other non-current assets | 11.64 | 50.10 |
| | 888.15 | 741.43 |
| Current assets | | |
| (a) Financial assets | | |
| (i) Investments | 203.08 | 199.50 |
| (ii) Trade receivables | 1,332.62 | 1,365.45 |
| (iii) Cash and cash equivalents | 680.90 | 841.17 |
| (iv) Other balances with banks | 680.85 | 518.70 |
| (v) Other financial assets | 700.10 | 618.32 |
| (b) Other current assets | 213.98 | 150.10 |
| | 3,811.53 | 3,693.24 |
| Total assets | 4,699.68 | 4,434.67 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| (a) Equity share capital | 123.25 | 123.25 |
| (b) Other equity | 3,203.89 | 3,105.78 |
| (c) Non Controlling Interest | - | - |
| Total equity | 3,327.14 | 3,229.03 |
| Liabilities | | |
| Non-current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 36.52 | 15.91 |
| (ii) Other financial liabilities | 76.85 | 2.96 |
| (b) Deferred tax liabilities (net) | - | 0.25 |
| (c) Provisions | 107.45 | 109.60 |
| (d) Other non-current liabilities | 0.03 | 0.04 |
| | 220.85 | 128.76 |
| Current liabilities | | |
| (a) Financial liabilities | | |
| (i) Trade payables | 274.75 | 270.02 |
| (ii) Other financial liabilities | 241.81 | 212.81 |
| (b) Provisions | 150.36 | 142.63 |
| (c) Current tax liability (Net) | 62.36 | 52.01 |
| (d) Other current liabilities | 422.41 | 399.41 |
| | 1,151.69 | 1,076.88 |
| Total liabilities | 1,372.54 | 1,205.64 |
| Total equity and liabilities | 4,699.68 | 4,434.67 |

Consolidated Operational Data (Un-audited)

| Profitability in Percentage | Quarter ended | | |
|-----------------------------|---------------|------------|------------|
| | Mar 31, 19 | Mar 31, 18 | Dec 31, 18 |
| Revenues | 100.00 | 100.00 | 100.00 |
| Gross margin | 33.66 | 30.38 | 34.06 |
| SG & A | 24.68 | 25.85 | 24.58 |
| EBITDA | 8.98 | 4.53 | 9.48 |
| EBT | 9.61 | 3.62 | 16.86 |
| PAT | 6.31 | 2.53 | 13.51 |

| Revenue from Top 10 Clients | Quarter ended | | |
|-----------------------------|---------------|------------|------------|
| | Mar 31, 19 | Mar 31, 18 | Dec 31, 18 |
| Top 10 Clients | 35.31% | 36.13% | 35.18% |
| Top 5 Clients | 22.80% | 23.33% | 23.15% |
| Top 3 Clients | 15.88% | 16.66% | 15.52% |
| Largest Client | 6.13% | 5.88% | 5.86% |

| Revenues by Geographies | Quarter ended | | |
|--------------------------|----------------|----------------|----------------|
| | Mar 31, 19 | Mar 31, 18 | Dec 31, 18 |
| USA | 62.87% | 55.72% | 58.97% |
| Europe | 16.19% | 20.71% | 17.08% |
| SEAC (South East Asia) | 15.67% | 18.58% | 19.64% |
| India | 1.27% | 1.77% | 1.59% |
| Others | 4.00% | 3.22% | 2.72% |
| Total | 100.00% | 100.00% | 100.00% |

| Utilization (excluding trainees) | Quarter ended | | |
|----------------------------------|---------------|------------|------------|
| | Mar 31, 19 | Mar 31, 18 | Dec 31, 18 |
| Onsite | 94.95% | 96.65% | 95.27% |
| Offshore | 75.92% | 74.10% | 76.59% |
| Blended | 78.20% | 76.90% | 78.81% |

| Utilization (including trainees) | Quarter ended | | |
|----------------------------------|---------------|------------|------------|
| | Mar 31, 19 | Mar 31, 18 | Dec 31, 18 |
| Onsite | 94.95% | 96.65% | 95.27% |
| Offshore | 74.67% | 71.84% | 75.20% |
| Blended | 77.07% | 74.84% | 77.56% |

Consolidated Operational Data (Un-audited)

| Human resources | As at | | |
|--------------------------|--------------|--------------|--------------|
| | Mar 31, 19 | Mar 31, 18 | Dec 31, 18 |
| Technical | 2,463 | 2,147 | 2,379 |
| Software services | | | |
| Onsite | 384 | 294 | 370 |
| Offshore | 1,409 | 1,213 | 1,337 |
| BPO | | | |
| Offshore | 634 | 588 | 635 |
| Trainees | 36 | 52 | 37 |
| Support | 390 | 367 | 374 |
| Total count | 2,853 | 2,514 | 2,753 |

(Rs. in mn, except DSO)

| Key Balance Sheet Data | As at | |
|----------------------------|------------|------------|
| | Mar 31, 19 | Dec 31, 18 |
| Receivable | 1,332.62 | 1,365.45 |
| Receivable in days (“DSO”) | 62 | 63 |
| Cash and bank balance # | 2,002.56 | 1,998.41 |
| Shareholders’ funds | 3,327.14 | 3,229.03 |

includes Rs. 23.99 crores kept in an escrow account for buyback.

| Development/Service Centres Location | As on Mar 31, 2019 | |
|--------------------------------------|-------------------------|--------------|
| | Covered areas in sq ft. | No. of seats |
| India | | |
| Noida | 121,694 | 2,182 |
| Chennai | 5,905 | 65 |
| | 127,599 | 2,247 |
| USA | | |
| Sacramento, CA | 9,500 | 60 |
| Milpitas, CA | 1,787 | 12 |
| Chicago, IL | 3,003 | 15 |
| | 14,290 | 87 |
| South East Asia | | |
| Singapore | 8,054 | 91 |
| Malaysia | 6,434 | 81 |
| Thailand | 592 | 6 |
| Indonesia | 2,151 | 53 |
| | 17,231 | 231 |
| Europe | | |
| Romania | 19,795 | 184 |
| Poland | 9,006 | 81 |
| Moldova | 3,398 | 55 |
| | 32,199 | 320 |
| Total | 191,320 | 2,885 |



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 figures have been regrouped 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 a leading provider of technology, AI/ Analytics and knowledge services. We partner with software product companies and businesses for their digital transformation by building scalable, configurable and secure products and applications using digital 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 telecom, technology, healthcare & life science, finance & insurance and retail & e-commerce. R Systems maintains sixteen 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

Kumar Gaurav
AVP Finance & Accounts
Tel # 0120 – 4082650
Email: kumar.gaurav@rsystems.com

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