

Press Release Q1 2018



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## **R Systems Announces Results for Q1 2018**

**Q1 2018: Revenue: Rs. 152.2 Crores with EBITDA: Rs. 6.9 Crores  
10% YoY Revenue Growth in US\$ Terms  
Added 150 plus Associates over the Quarter**

Noida, India – May 04, 2018

### **Highlights**

#### **Consolidated results for the quarter ended March 31, 2018**

- Consolidated revenue from operations for Q1 2018 was Rs. 152.20 crores (US\$ 23.64 mn) compared to Rs. 144.30 crores (US\$ 21.56 mn) in Q1 2017 and Rs. 155.52 crores (US\$ 24.01 mn) in Q4 2017. YoY increase 5.48% (9.66% in US\$).
- EBITDA for Q1 2018 was Rs. 6.89 crores (US\$ 1.07 mn) compared to Rs. 7.24 crores (US\$ 1.08 mn) in Q1 2017 and Rs. 9.60 crores (US\$ 1.48 mn) in Q4 2017.
- Net profit after taxes for Q1 2018 was Rs. 3.85 crores (US\$ 0.60 mn) compared to Rs. 4.69 crores (US\$ 0.70 mn) in Q1 2017 and Rs. 7.32 crores (US\$ 1.13 mn) in Q4, 2017.

### **Others**

- 5 key wins during the quarter.
- Total associates as on March 31, 2018 were 2,514 compared to 2,353 at the end of December 31, 2017. Added 150 plus associates over the quarter.

Rekhi Singh, Managing Director stated “We are pleased with healthy 10% YoY revenue growth as augmented by enhanced tractions in our digital offerings. However, our margins are still muted primarily due to onetime impact of changes in post-retirement benefits in India, yearly salary raises, ramp up costs and continued investment in newer technologies.”

He added, “We are witnessing strong sales funnel towards our product engineering offerings where we partner with customers in their digital transformation. Discipline in execution coupled with recent USD and Euro appreciation against rupee will help us to improve our margins. Our balance sheet continues to be strong with cash and bank balance of Rs. 172 crores and net worth of Rs. 278 crores.”

Avirag Jain, 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 strengthened our delivery team with addition of 150 plus associates over the quarter to support new engagements and promising sales pipeline.”



## **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 5 key wins. The brief of these wins is listed below:

A US based global provider of gift and prepaid card solutions has engaged R Systems to digitalize its operations by developing card management software to streamline its operation for future profitable growth.

One of the leading providers of vehicle tracking systems has mandated R System to provide end to end development and support services for their existing fleet management and electronic logging device system.

A UK based company focusing on enabling newer platforms for motor retailers and garage operations to enhance digital experiences for its consumers, has engaged R Systems for development, customization and enhancement of its motor retail software products.



A Singapore based market leader in dairy-based ingredients supply, innovative dairy ingredient solutions and stockfeed blending has engaged IBIZ to implement Microsoft Dynamics ERP and Advance Scheduling System to address their operational challenges and improve visibility.

One of leading electronics manufacturers in the world and our existing customer has mandated R Systems for digitalizing its solution to manage its yearly budget and rebates for various regional activities like marketing, advertisement etc.

### **Liquidity and Shareholder Funds**

Cash and bank balances, including bank deposits and liquid funds as at March 31, 2018, were Rs. 171.86 crores compared to Rs. 162.16 crores as at December 31, 2017. Total shareholder funds as at March 31, 2018 were Rs. 277.67 crores compared to Rs. 269.87 crores as at December 31, 2017.

### **Dividend Declaration**

The Board of Directors at its meeting held on May 4, 2018 has recommended an interim dividend of Re. 0.60 per share having face value of Re. 1/- each.

## Financial Performance

### Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2018

(As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended March 31,		Quarter Ended December 31, 2017
		2018	2017	
<b>1</b>	<b>Revenue</b>			
(a)	Revenue from operations	1,522.03	1,442.98	1,555.23
(b)	Other income	23.23	54.52	51.12
	<b>Total revenue</b>	<b>1,545.26</b>	<b>1,497.50</b>	<b>1,606.35</b>
<b>2</b>	<b>Expenses</b>			
(a)	Employee benefits expense	1,115.23	1,012.61	1,084.03
(b)	Finance costs	0.72	2.43	(0.27)
(c)	Depreciation and amortisation expense	32.90	32.22	34.61
(d)	Other expenses	341.34	358.08	375.78
	<b>Total expenses</b>	<b>1,490.19</b>	<b>1,405.34</b>	<b>1,494.15</b>
<b>3</b>	<b>Profit before tax</b>	<b>55.07</b>	<b>92.16</b>	<b>112.20</b>
<b>4</b>	<b>Tax expense</b>			
(a)	Current tax	24.79	46.02	38.89
(b)	Deferred tax charge / (credit)	(8.23)	(0.78)	0.12
	<b>Total tax expense</b>	<b>16.56</b>	<b>45.24</b>	<b>39.01</b>
<b>5</b>	<b>Net profit for the period</b>	<b>38.51</b>	<b>46.92</b>	<b>73.19</b>
<b>6</b>	<b>Earnings per share (Face value of Re. 1/- each)</b>			
(a)	Basic	0.31	0.38	0.59
(b)	Diluted	0.31	0.38	0.59

## Financial Performance

### Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2018 (Contribution Analysis Format)

(Figures in mn)

Particulars	Q1 2018		Q1 2017		Q4 2017	
	INR	US\$	INR	US\$	INR	US\$
<b>Revenues</b>	<b>1,522.03</b>	<b>23.64</b>	<b>1,442.98</b>	<b>21.56</b>	<b>1,555.23</b>	<b>24.01</b>
Cost of revenues	1,059.68	16.46	1,010.63	15.10	1,082.37	16.71
<b>Gross margin</b>	<b>462.35</b>	<b>7.18</b>	<b>432.35</b>	<b>6.46</b>	<b>472.86</b>	<b>7.30</b>
SG & A Expenses	30.38%		29.96%		30.40%	
	393.46	6.11	359.93	5.38	376.90	5.82
	25.85%		24.94%		24.23%	
<b>EBITDA</b>	<b>68.89</b>	<b>1.07</b>	<b>72.42</b>	<b>1.08</b>	<b>95.96</b>	<b>1.48</b>
Depreciation and amortization	4.53%		5.02%		6.17%	
	32.90	0.51	32.22	0.48	34.61	0.53
<b>Income from operations</b>	<b>35.99</b>	<b>0.56</b>	<b>40.20</b>	<b>0.60</b>	<b>61.35</b>	<b>0.95</b>
Interest expense	(0.72)	(0.01)	(2.43)	(0.03)	0.27	0.00
Other income (net)	19.80	0.31	54.39	0.81	50.58	0.78
<b>Income before income tax</b>	<b>55.07</b>	<b>0.86</b>	<b>92.16</b>	<b>1.38</b>	<b>112.20</b>	<b>1.73</b>
Income tax expense	16.55	0.26	45.24	0.68	39.01	0.60
<b>Net earnings</b>	<b>38.51</b>	<b>0.60</b>	<b>46.92</b>	<b>0.70</b>	<b>73.19</b>	<b>1.13</b>

## Financial Performance

### Consolidated Balance Sheet as at March 31, 2018

(Rs. in mn)

Particulars	As at	
	31-Mar-18	31-Dec-17
<b>ASSETS</b>		
<b>A. Non-current assets</b>		
Fixed Assets	351.43	353.78
Investment property	24.42	24.78
Goodwill	87.67	84.05
Financial assets	165.89	172.36
Deferred tax assets(net)	66.90	58.51
Non-current tax assets	36.18	34.11
Other non-current assets	14.21	12.56
<b>Total non-current assets (A)</b>	<b>746.70</b>	<b>740.15</b>
<b>B. Current assets</b>		
Financial assets		
(i) Investments	137.72	136.88
(ii) Trade receivables	1,142.10	1,207.64
(iii) Cash and cash equivalents	832.39	923.90
(iv) Bank balances other than (iii) above	783.41	589.86
(vi) Other financial assets	168.61	186.35
Other current assets	146.70	119.76
<b>Total current assets (B)</b>	<b>3,210.93</b>	<b>3,164.39</b>
<b>TOTAL ASSETS (A+B)</b>	<b>3,957.63</b>	<b>3,904.54</b>
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
Equity share capital	123.21	123.21
Other equity	2,653.45	2,575.52
Non-Controlling Interest	-	-
<b>Total equity (A)</b>	<b>2,776.66</b>	<b>2,698.73</b>
<b>Liabilities</b>		
<b>B. Non-current liabilities</b>		
Financial liabilities		
(i) Borrowings	15.03	15.85
(ii) Other financial liabilities	1.91	2.23
Deferred tax liabilities (net)	-	0.26
Provisions	107.02	91.18
Other non-current liabilities	0.15	0.29
<b>Total non-current liabilities (B)</b>	<b>124.11</b>	<b>109.81</b>
<b>C. Current liabilities</b>		
Financial liabilities	516.89	527.67
Provisions	199.42	186.97
Other current liabilities	340.55	381.36
<b>Total current liabilities (C)</b>	<b>1,056.86</b>	<b>1,096.00</b>
<b>Total liabilities (B+C)</b>	<b>1,180.97</b>	<b>1,205.81</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>	<b>3,957.63</b>	<b>3,904.54</b>

## Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 18	Dec 31, 17	Mar 31, 17
Revenues	100.00	100.00	100.00
Gross margin	30.38	30.40	29.96
SG & A	25.85	24.23	24.94
EBITDA	4.53	6.17	5.02
EBT	3.62	7.21	6.39
PAT	2.53	4.71	3.25

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 18	Dec 31, 17	Mar 31, 17
Top 10 Clients	36.13%	33.41%	34.77%
Top 5 Clients	23.33%	21.84%	22.78%
Top 3 Clients	16.66%	15.57%	15.43%
Largest Client	5.88%	5.96%	5.79%

Revenues by Geographies	Quarter ended		
	Mar 31, 18	Dec 31, 17	Mar 31, 17
USA	55.72%	54.88%	58.35%
Europe	20.71%	18.74%	19.78%
SEAC ( South East Asia )	18.58%	23.30%	18.28%
India	1.77%	2.02%	1.15%
Others	3.22%	1.06%	2.44%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 18	Dec 31, 17	Mar 31, 17
Onsite	96.65%	98.00%	97.84%
Offshore	74.10%	76.45%	70.90%
Blended	76.90%	79.26%	74.57%

Utilization (including trainees)	Quarter ended		
	Mar 31, 18	Dec 31, 17	Mar 31, 17
Onsite	96.65%	98.00%	97.84%
Offshore	71.84%	73.93%	66.56%
Blended	74.84%	76.98%	70.59%



## Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 18	Dec 31, 17	Mar 31, 17
<b>Technical</b>	<b>2,147</b>	<b>1,994</b>	<b>1,997</b>
<b>Software services</b>			
Onsite	294	291	288
Offshore	1,213	1,203	1,246
<b>BPO</b>			
Offshore	588	438	352
<b>Trainees</b>	<b>52</b>	<b>62</b>	<b>111</b>
<b>Support</b>	<b>367</b>	<b>359</b>	<b>359</b>
<b>Total count</b>	<b>2,514</b>	<b>2,353</b>	<b>2,356</b>

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At	
	Mar 31, 18	Dec 31, 17
Receivable	1,142.10	1,207.64
Receivable in days (“DSO”)	72	60
Total cash and bank balance	1,718.58	1,621.63
Fixed assets	351.43	353.78
Shareholders’ funds	2,776.66	2,698.73

Development/Service Centres Location	As on Mar 31, 2018	
	Covered areas in sq ft.	No. of seats
<b>India</b>		
Noida	93,679	1,791
Chennai	5,905	65
	99,584	1,857
<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	49
	31,334	298
<b>Total</b>	<b>156,607</b>	<b>2,405</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, Media & Entertainment, Telecom, Retail & E-commerce, Manufacturing & Logistics, Technology, and Healthcare & Life Sciences 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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