

Press Release Year 2018



ACCELERATING
DIGITAL
TRANSFORMATION

R Systems Reports Record INR Revenue in Financial Year 2018

| | |
|----------------|---|
| FY 2018 | Revenue Rs. 699.9 Crores with 8.3% EBITDA |
| | 18.1% YoY Revenue Growth in Revenue and 126.5% YoY Net Profit Growth |
| | Added 400 Associates during the year |

Noida, India – February 8, 2019

Highlights

Consolidated results for the FY ended December 31, 2018

- Consolidated revenue for FY 2018 was Rs. 699.89 crores (US\$ 102.47 mn.) as against Rs. 592.64 crores (US\$ 91.01 mn.) in FY 2017; YoY increase 18.10% (12.59 % in US\$).
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) for FY 2018 was Rs. 57.73 crores (US\$ 8.46 mn.) i.e. 8.25% of revenue, as against Rs. 33.68 crores (US\$ 5.17 mn.) in FY 2017 i.e. 5.68% of revenue.
- Net profit after taxes for FY 2018 was Rs. 51.04 crores (US\$ 7.48 mn) as against Rs. 22.53 crores (US\$ 3.46 mn) in FY 2017. YOY increase 126.53% (116.26% in US\$).

Consolidated results for the quarter ended December 31, 2018

- Consolidated revenue from operations for Q4 2018 was Rs. 192.45 crores (US\$ 26.84 mn) compared to Rs. 155.52 crores (US\$ 24.01 mn) in Q4 2017 and Rs. 186.39 crores (US\$ 26.71 mn) in Q3 2018. QoQ increase 3.25% (0.48% in US\$). YoY increase 23.75% (11.77% in US\$).
- EBITDA for Q4 2018 was Rs. 18.24 crores (US\$ 2.57 mn) compared to Rs. 9.60 crores (US\$ 1.48 mn) in Q4 2017 and Rs. 20.57 crores (US\$ 3.00 mn) in Q3 2018. Q4 2018 EBITDA as % of revenue was 9.48% as against 6.17% of Q4 2017 and 11.03% for Q3 2018.
- Net profit after taxes for Q4 2018 was Rs. 26.00 crores (US\$ 3.74 mn) compared to Rs. 7.11 crores (US\$ 1.09 mn) in Q4 2017 and Rs. 12.54 crores (US\$ 1.83 mn) in Q3 2018.

Others

- 18 key wins during the year ended December 31, 2018.
- Total associates as on December 31, 2018 were 2,753 compared to 2,353 at the end of December 31, 2017. Net Addition of 400 associates over the year 2018.



Mr. Rekhi Singh, Managing Director said, "R Systems reported revenue of about Rs. 700 crores with EBITDA of 8.3% for the year 2018. I am pleased with healthy revenue growth and margin improvement. This robust performance is on the back of good traction towards our product engineering and digital practices and rupee depreciation. We have a strong balance sheet with constant cash generation to scale investment for future growth as well as reward the shareholders"

He emphasized, "We have a promising start for Year 2019 with encouraging sales pipeline. Further, Innovizant acquisition has strengthened our digital practice with its niche advance data analytics competencies. We are now well positioned to capitalize our investment in digital, sales, and marketing activities"

Mr. Avirag Jain CTO, said, "R Systems concluded 2018 with strong revenue growth backed by addition of large enterprises and niche technology start-ups customers. Our associates have worked diligently using cutting-edge technologies to deliver robust products and solutions across key industry verticals."

He further said, "We added 400 net associates over the year 2018 to cater to new customer additions and encouraging sales pipeline. The employee utilization remained healthy and helped us to improve margins"

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 endeavors 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 6 key wins. The brief of few wins is listed below:

A USA based healthcare technology startup developing a health care behaviour change solution has engaged R Systems to deliver a Mobile App to enable the healthcare providers to manage the wellbeing of their patients.

A leading provider of IT services and solutions for government as well as other industries has mandated R Systems to develop an identity management platform for their Single Sign-On applications.

A USA based non-profit organization, enabling people with philanthropic interests to donate for a cause, has engaged R Systems to enhance their existing Salesforce platform by creating community web platform for donors.

A Canada based customs brokerage and Compliance Company has mandated R Systems for development of analytics solution including management BI dashboards to enhance data visualization with greater speed, efficiency, and understanding.

An Indonesian supermarket chain of building materials and home improvement products has engaged IBIZ to upgrade Microsoft Dynamics ERP along with LS retail solutions to streamline and automate their retail and supply chain operations.

Liquidity and Shareholder Funds

Cash and bank balances, including bank deposits and liquid funds as at December 31, 2018, were Rs. 199.84 crores compared to Rs. 162.68 crores as at December 31, 2017. Total shareholder funds as at December 31, 2018 were Rs. 322.90 crores compared to Rs. 270.87 crores as at December 31, 2017.



Corporate and Other Matters

Expansion of SEZ Facility

The Company has received approval from Department of Commerce, Ministry of Commerce & Industry, Government of India on November 20, 2018 for expansion of existing 'Special Economic Zone' (SEZ) unit by addition of approx. 28,000 sq. ft. located at Greater Noida West (NCR). The aforesaid expansion will be operational during Q1 2019.

Innovizant Acquisition

Subsequent to the year ended December 31, 2018, R Systems, Inc. (a wholly owned subsidiary of the Company) has completed the acquisition of 100% interest in Innovizant LLC, a Chicago (USA) based company engaged in providing IT Services focused on advanced analytics, data engineering, and digital connected systems.

Share Buy-back

The Board of Directors of the Company at its meeting held on January 15, 2019 has approved the Buyback up to 3,690,000 fully paid up equity shares of the Company of face value of Re. 1/- each from its existing shareholders as on Record Date (i.e. February 01, 2019) on a proportionate basis through a tender offer route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy- Back of Securities) Regulations, 2018 at a price of Rs. 65/- per equity share, payable in cash for a total amount not exceeding Rs. 239.85 mn.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2018 (As per Ind AS)

(Figures in mn, except per share data)

| Sr. No. | Particulars | Quarter Ended December 31, | | Quarter Ended September 30, 2018 |
|----------|---|-------------------------------|-----------------|--|
| | | 2018 | 2017 | |
| 1 | Income | | | |
| (a) | Revenue from operations | 1,924.53 | 1,555.23 | 1,863.95 |
| (b) | Other income | 178.78 | 51.12 | (16.03) |
| | Total income | 2,103.31 | 1,606.35 | 1,847.92 |
| 2 | Expenses | | | |
| (a) | Employee benefits expense | 1,278.96 | 1,084.03 | 1,225.28 |
| (b) | Finance costs | 0.58 | 0.13 | 0.71 |
| (c) | Depreciation and amortisation expense | 34.53 | 34.61 | 34.44 |
| (d) | Other expenses | 464.77 | 377.44 | 433.20 |
| | Total expenses | 1,778.84 | 1,496.21 | 1,693.63 |
| 3 | Profit before tax | 324.47 | 110.14 | 154.29 |
| 4 | Tax expense | | | |
| (a) | Current tax | 36.08 | 38.89 | 45.59 |
| (b) | Deferred tax charge / (credit) | 28.43 | 0.12 | (16.67) |
| | Total tax expense | 64.51 | 39.01 | 28.92 |
| 5 | Net profit for the period | 259.96 | 71.13 | 125.37 |
| 6 | Earnings per share (Face value of Re. 1/- each) (not annualized) | | | |
| (a) | Basic | 2.11 | 0.58 | 1.02 |
| (b) | Diluted | 2.11 | 0.58 | 1.02 |

Financial Performance

Consolidated Profit & Loss Statement for Year Ended December 31, 2018 (As per Ind AS)

(Figures in mn, except per share data)

| Sr. No. | Particulars | Year Ended December 31, | |
|----------|--|----------------------------|-----------------|
| | | 2018 | 2017 |
| 1 | Income | | |
| (a) | Revenue from operations | 6,998.89 | 5,926.38 |
| (b) | Other income | 192.49 | 161.87 |
| | Total income | 7,191.38 | 6,088.25 |
| 2 | Expenses | | |
| (a) | Employee benefits expense | 4,743.85 | 4,173.15 |
| (b) | Finance costs | 2.65 | 3.98 |
| (c) | Depreciation and amortisation expense | 135.48 | 134.80 |
| (d) | Other expenses | 1,682.58 | 1,422.88 |
| | Total expenses | 6,564.56 | 5,734.81 |
| 3 | Profit before tax | 626.82 | 353.44 |
| 4 | Tax expense | | |
| (a) | Current tax | 124.22 | 149.89 |
| (b) | MAT credit entitlement | - | (5.84) |
| (c) | Deferred tax charge / (credit) | (7.85) | (15.95) |
| | Total tax expense | 116.37 | 128.10 |
| 5 | Net profit for the period | 510.45 | 225.34 |
| 6 | Earnings per share (Face value of Re. 1/- each) | | |
| (a) | Basic | 4.14 | 1.83 |
| (b) | Diluted | 4.14 | 1.83 |

Financial Performance

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

(Figures in mn)

| Particulars | Q4 2018 | | Q4 2017 | | Q3 2018 | |
|---------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| | INR | US\$ | INR | US\$ | INR | US\$ |
| Revenues | 1,924.53 | 26.84 | 1,555.23 | 24.01 | 1,863.95 | 26.71 |
| Cost of revenues | 1,269.06 | 17.68 | 1,082.37 | 16.71 | 1,225.97 | 17.54 |
| Gross margin | 655.47 | 9.16 | 472.86 | 7.30 | 637.98 | 9.17 |
| SG & A | 34.06% | | 30.40% | | 34.23% | |
| Expenses | 473.06 | 6.59 | 376.91 | 5.82 | 432.30 | 6.17 |
| | 24.58% | | 24.23% | | 23.19% | |
| EBITDA | 182.41 | 2.57 | 95.95 | 1.48 | 205.68 | 3.00 |
| | 9.48% | | 6.17% | | 11.03% | |
| Depreciation and amortization | 34.53 | 0.48 | 34.61 | 0.53 | 34.44 | 0.49 |
| Income from operations | 147.88 | 2.09 | 61.34 | 0.95 | 171.24 | 2.51 |
| Interest expense | (0.58) | (0.01) | (0.13) | (0.01) | (0.71) | (0.01) |
| Other income (net) | 177.17 | 2.59 | 48.93 | 0.75 | (16.24) | (0.25) |
| Income before income tax | 324.47 | 4.67 | 110.14 | 1.69 | 154.29 | 2.25 |
| Income tax provision | 64.51 | 0.93 | 39.01 | 0.60 | 28.92 | 0.42 |
| Net earnings | 259.96 | 3.74 | 71.13 | 1.09 | 125.37 | 1.83 |

Financial Performance

Consolidated Profit & Loss Statement for the Year Ended December 31, 2018 (Contribution Analysis Format)

(Figures in mn)

| Particulars | Year 2018 | | Year 2017 | |
|---------------------------------|-----------------|---------------|-----------------|--------------|
| | INR | US\$ | INR | US\$ |
| Revenue | 6,998.89 | 102.47 | 5,926.38 | 91.01 |
| Cost of revenue | 4,702.17 | 68.84 | 4,137.23 | 63.53 |
| Gross margin | 2,296.72 | 33.63 | 1,789.15 | 27.48 |
| | 32.82% | | 30.19% | |
| SG & A | | | | |
| Expenses | 1,719.46 | 25.17 | 1,452.35 | 22.31 |
| | 24.57% | | 24.51% | |
| EBITDA | 577.26 | 8.46 | 336.80 | 5.17 |
| | 8.25% | | 5.68% | |
| Depreciation and amortization | 135.48 | 1.98 | 134.80 | 2.07 |
| Income from operations | 441.78 | 6.48 | 202.00 | 3.10 |
| Interest expense | (2.65) | (0.04) | (3.98) | (0.05) |
| Other income (net) | 187.69 | 2.74 | 155.42 | 2.38 |
| Income before income tax | 626.82 | 9.19 | 353.44 | 5.43 |
| Income tax provision | 116.37 | 1.70 | 128.10 | 1.97 |
| Net earnings | 510.45 | 7.48 | 225.34 | 3.46 |

Financial Performance

Consolidated Balance Sheet as at December 31, 2018 (As per Ind AS)

(Rs. in million)

| Particulars | As at | | |
|-------------------------------------|-------------------|-------------------|------------------|
| | December 31, 2018 | December 31, 2017 | January 31, 2017 |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 306.91 | 300.38 | 289.52 |
| (b) Capital work in progress | 16.18 | 0.58 | 26.29 |
| (c) Investment property | 23.31 | 24.78 | 26.25 |
| (d) Goodwill | 89.93 | 84.05 | 82.35 |
| (e) Other Intangible assets | 27.64 | 52.82 | 82.40 |
| (f) Financial assets | | | |
| (i) Investment | 0.03 | 87.58 | 175.15 |
| (ii) Other financial assets | 102.92 | 84.79 | 83.96 |
| (g) Deferred tax assets (net) | 67.46 | 58.51 | 46.16 |
| (h) Non-current tax assets | 56.95 | 39.99 | 34.83 |
| (i) Other non-current assets | 50.10 | 12.55 | 31.11 |
| | 741.43 | 746.03 | 878.02 |
| Current assets | | | |
| (a) Financial assets | | | |
| (i) Investments | 199.50 | 136.88 | 87.57 |
| (ii) Trade receivables | 1,365.45 | 1,207.64 | 1,081.78 |
| (iii) Cash and cash equivalents | 841.17 | 929.02 | 1,147.76 |
| (iv) Other balances with banks | 518.70 | 581.61 | 14.58 |
| (v) Other financial assets | 618.32 | 194.61 | 212.36 |
| (b) Other current assets | 150.10 | 119.82 | 114.17 |
| | 3,693.24 | 3,169.58 | 2,658.22 |
| Total assets | 4,434.67 | 3,915.61 | 3,536.24 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 123.25 | 123.21 | 123.13 |
| (b) Other equity | 3,105.78 | 2,585.45 | 2,362.96 |
| (c) Non Controlling Interest | - | - | - |
| Total equity | 3,229.03 | 2,708.66 | 2,486.09 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15.91 | 15.85 | 19.15 |
| (ii) Other financial liabilities | 2.96 | 2.23 | 53.59 |
| (b) Deferred tax liabilities (net) | 109.60 | 91.18 | 89.42 |
| (c) Provisions | 0.25 | 0.26 | - |
| (d) Other non-current liabilities | 0.04 | 0.29 | 0.58 |
| | 128.76 | 109.81 | 162.74 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 270.02 | 340.05 | 296.89 |
| (ii) Other financial liabilities | 212.81 | 185.26 | 183.97 |
| (b) Provisions | 142.63 | 139.57 | 116.13 |
| (c) Current tax liability (Net) | 52.01 | 47.40 | 58.94 |
| (d) Other current liabilities | 399.41 | 384.86 | 231.48 |
| | 1,076.88 | 1,097.14 | 887.41 |
| Total liabilities | 1,205.64 | 1,206.95 | 1,050.15 |
| Total equity and liabilities | 4,434.67 | 3,915.61 | 3,536.24 |

Consolidated Operational Data (Un-audited)

| Profitability in Percentage | Quarter ended | | | Year ended | |
|-----------------------------|---------------|------------|------------|------------|------------|
| | Dec 31, 18 | Dec 31, 17 | Sep 30, 18 | Dec 31, 18 | Dec 31, 17 |
| Revenues | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Gross margin | 34.06 | 30.40 | 34.23 | 32.82 | 30.19 |
| SG & A | 24.58 | 24.23 | 23.19 | 24.57 | 24.51 |
| EBITDA | 9.48 | 6.17 | 11.03 | 8.25 | 5.68 |
| EBT | 16.86 | 7.1 | 8.28 | 8.96 | 5.96 |
| EAT | 13.51 | 4.57 | 6.73 | 7.29 | 3.80 |

| Revenue from Top 10 Clients | Quarter ended | | | Year ended | |
|-----------------------------|---------------|------------|------------|------------|------------|
| | Dec 31, 18 | Dec 31, 17 | Sep 30, 18 | Dec 31, 18 | Dec 31, 17 |
| Top 10 Clients | 35.18% | 33.41% | 36.39% | 35.30% | 34.04% |
| Top 5 Clients | 23.15% | 21.84% | 23.98% | 23.48% | 22.15% |
| Top 3 Clients | 15.52% | 15.57% | 16.53% | 16.06% | 15.51% |
| Largest Client | 5.86% | 5.96% | 6.44% | 6.20% | 5.99% |

| Revenues by Geographies | Quarter ended | | | Year ended | |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| | Dec 31, 18 | Dec 31, 17 | Sep 30, 18 | Dec 31, 18 | Dec 31, 17 |
| USA | 58.97% | 54.88% | 60.16% | 58.44% | 56.12% |
| Europe | 17.08% | 18.74% | 16.93% | 17.94% | 19.42% |
| SEAC (South East Asia) | 19.64% | 23.30% | 18.38% | 18.87% | 20.21% |
| India | 1.59% | 2.02% | 1.52% | 1.64% | 1.74% |
| Others | 2.72% | 1.06% | 3.01% | 3.11% | 2.51% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

| Utilization (excluding trainees) | Quarter ended | | |
|----------------------------------|---------------|------------|------------|
| | Dec 31, 18 | Dec 31, 17 | Sep 30, 18 |
| Onsite | 95.27% | 98.00% | 97.16% |
| Offshore | 76.59% | 76.45% | 76.38% |
| Blended | 78.81% | 79.26% | 78.85% |

| Utilization (including trainees) | Quarter ended | | |
|----------------------------------|---------------|------------|------------|
| | Dec 31, 18 | Dec 31, 17 | Sep 30, 18 |
| Onsite | 95.27% | 98.00% | 97.16% |
| Offshore | 75.20% | 73.93% | 74.79% |
| Blended | 77.56% | 76.98% | 77.39% |

Consolidated Operational Data (Un-audited)

| Human resources | As at | | |
|--------------------------|--------------|--------------|--------------|
| | Dec 31, 18 | Dec 31, 17 | Sep 30, 18 |
| Technical | 2,379 | 1,994 | 2,352 |
| Software services | | | |
| Onsite | 370 | 291 | 359 |
| Offshore | 1,337 | 1,203 | 1,308 |
| BPO | | | |
| Offshore | 635 | 438 | 643 |
| Trainees | 37 | 62 | 42 |
| Support | 374 | 359 | 359 |
| Total count | 2,753 | 2,353 | 2,711 |

(Rs. in mn, except DSO)

| Key Balance Sheet Data | As At | |
|-----------------------------|------------|------------|
| | Dec 31, 18 | Dec 31, 17 |
| Receivable | 1,365.45 | 1,207.64 |
| Receivable in days (“DSO”) | 67 | 68 |
| Total cash and bank balance | 1,998.41 | 1,626.75 |
| Fixed assets | 350.73 | 353.78 |
| Shareholders’ funds | 3,229.03 | 2,708.66 |

| Development/Service Centres Location | As on Dec 31, 2018 | |
|--------------------------------------|-------------------------|--------------|
| | Covered areas in sq ft. | No. of seats |
| India | | |
| Noida | 93,679 | 1,836 |
| Chennai | 5,905 | 65 |
| | 99,584 | 1,901 |
| USA | | |
| Sacramento, CA | 9,500 | 60 |
| Milpitas, CA | 1,787 | 12 |
| | 11,287 | 72 |
| 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 | 8,141 | 65 |
| Moldova | 3,398 | 55 |
| | 31,334 | 304 |
| Total | 159,436 | 2,508 |



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 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 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