

**R SYSTEMS INTERNATIONAL LIMITED**

CIN : L74899DL1993PLC053579

Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048

Tel : +91 120 4303500; Fax : +91 120 2587123

Website : www.rsystems.com; Email : rsystems.india@rsystems.com

**Statement of Consolidated Unaudited Financial Results for the Quarter Ended March 31, 2018**

**(Rs. in million, except per share data)**

S.No.	Particulars  (Refer notes)	Three Months Ended			Year Ended
		31.03.2018 (Unaudited)	31.12.2017 (Audited) Refer Note 7	31.03.2017 (Unaudited)	31.12.2017 (Audited)
<b>1</b>	<b>Revenue</b>				
(a)	Revenue from operations	1,522.03	1,555.23	1,442.98	5,926.36
(b)	Other income	23.23	51.12	54.52	161.79
	<b>Total revenue</b>	<b>1,545.26</b>	<b>1,606.35</b>	<b>1,497.50</b>	<b>6,088.15</b>
<b>2</b>	<b>Expenses</b>				
(a)	Employee benefits expense	1,115.23	1,084.03	1,012.61	4,173.15
(b)	Finance costs	0.72	(0.27)	2.43	3.57
(c)	Depreciation and amortisation expense	32.90	34.61	32.22	134.80
(d)	Other expenses	341.34	375.78	358.08	1,419.31
	<b>Total expenses</b>	<b>1,490.19</b>	<b>1,494.15</b>	<b>1,405.34</b>	<b>5,730.83</b>
<b>3</b>	<b>Profit before tax</b>	<b>55.07</b>	<b>112.20</b>	<b>92.16</b>	<b>357.32</b>
<b>4</b>	<b>Tax expense</b>				
(a)	Current tax (refer note 4)	24.79	38.89	46.02	144.05
(b)	Deferred tax charge / (credit)	(8.23)	0.12	(0.78)	(15.95)
	<b>Total tax expense</b>	<b>16.56</b>	<b>39.01</b>	<b>45.24</b>	<b>128.10</b>
<b>5</b>	<b>Net profit for the period / year</b>	<b>38.51</b>	<b>73.19</b>	<b>46.92</b>	<b>229.22</b>
<b>6</b>	<b>Other comprehensive income/(loss)</b>				
	<i>Items that will not be reclassified to profit or loss</i>				
(a)	Remeasurements of the defined benefit plans	(0.68)	7.21	3.07	12.29
(b)	Deferred tax relating to remeasurements of the defined benefit plans	0.24	(2.49)	(1.06)	(4.25)
	<i>Items that will be reclassified to profit or loss</i>				
(a)	Foreign Currency Translation reserve	39.36	(19.04)	(40.83)	(14.44)
	<b>Total Other comprehensive income/(loss)</b>	<b>38.92</b>	<b>(14.32)</b>	<b>(38.82)</b>	<b>(6.40)</b>
<b>7</b>	<b>Total comprehensive income for the period / year (5+6)</b>	<b>77.43</b>	<b>58.87</b>	<b>8.10</b>	<b>222.82</b>
<b>8</b>	<b>Profit attributable to</b>				
	Equity shareholders to the company	38.51	73.19	46.92	229.22
	Non controlling interest	-	-	-	-
		<b>38.51</b>	<b>73.19</b>	<b>46.92</b>	<b>229.22</b>
<b>9</b>	<b>Total comprehensive income attributable to</b>				
	Equity shareholders to the company	77.43	58.87	8.10	222.82
	Non controlling interest	-	-	-	-
		<b>77.43</b>	<b>58.87</b>	<b>8.10</b>	<b>222.82</b>
<b>10</b>	<b>Earnings per share</b>				
	<b>(Face value of Re. 1/- each) (not annualised)</b>				
(a)	Basic	0.31	0.59	0.38	1.86
(b)	Diluted	0.31	0.59	0.38	1.86

See accompanying notes to the financial results

**Notes:**

- 1 The financial results for the quarter ended March 31, 2018 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on May 04, 2018.
- 2 The Limited Review as required under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been completed by the Statutory Auditor for the quarter ended March 31, 2018 and audit for the quarter and year ended December 31, 2017 (also refer note 7 below). There is no qualification in the Auditors' Report on these financial results. The figures for the quarter ended March 31, 2017 were reviewed by erstwhile statutory auditor, M/s S.R.Batliloi & Associates LLP, Chartered Accountants. Adjustments made to the previously issued comparative financial information to comply with Ind AS have been reviewed by the Statutory Auditors.

3 **Transition to Indian Accounting standards (Ind AS):**

Beginning January 01, 2018, the Company has for the first time adopted Indian Accounting Standards ('Ind AS') with a transition date of January 01, 2017. These financial results have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016. The adoption of Ind AS was carried out in accordance with Ind AS 101 which requires that all applicable Ind AS be applied consistently and retrospectively. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India (IGAAP), which was the previous GAAP. The resulting difference between the carrying amount of the assets and liabilities in the financial statements under both Ind AS and IGAAP as at the transition date has been recognized directly in equity at the transition date.

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from IGAAP to Ind AS in accordance with Ind AS 101:

- total comprehensive income for the quarter ended March 31, 2017  
- total comprehensive income for the quarter and year ended December 31, 2017

**(A) Total comprehensive income reconciliation**

Particulars	Notes	(Rs. In million)		
		Quarter ended March 31, 2017	Quarter ended December 31, 2017	Year ended December 31, 2017
<b>Net Profit for the period / year under IGAAP</b>		<b>52.63</b>	<b>81.24</b>	<b>244.81</b>
(a) Effect of inclusion of Employees Welfare Trust	(i)	0.10	0.12	0.48
(b) Impact of fair valuation of investments in mutual funds	(ii)	-	0.77	1.31
(c) Impact of security deposits measured at amortised cost	(iii)	(0.03)	(0.04)	(0.14)
(d) Expected Credit Loss provision for trade receivables and other financial assets	(iv)	0.02	(0.13)	0.02
(e) Actuarial gain on employee defined benefit plan recognised in Other Comprehensive Income	(v)	(3.07)	(7.21)	(12.29)
(f) Impact of amortization of intangible recognised on business combination	(vi)	(3.79)	(3.83)	(15.13)
(g) Impact of change in liability towards contingent consideration	(vii)	-	0.02	6.36
(h) Other adjustments		(0.01)	(0.01)	(0.03)
(i) Deferred tax impact on above adjustments	(viii)	1.07	2.26	3.83
<b>Net Profit for the period / year under Ind AS</b>		<b>46.92</b>	<b>73.19</b>	<b>229.22</b>
(h) Other comprehensive income (net of tax)		(38.82)	(14.32)	(6.40)
<b>Total comprehensive income under Ind AS</b>		<b>8.10</b>	<b>58.87</b>	<b>222.82</b>

**(B) Explanation for reconciliation of total comprehensive income:**

(i) Under Ind AS, the financial statement of R Systems Employee Welfare Trust (ESOP Trust) have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company.

(ii) Under IGAAP, investments in mutual funds were classified as current investments and were carried at lower of cost and fair value. Under the Ind AS, these investments are classified as at fair value through profit or loss (FVTPL) and measured at fair value. The resulting fair value changes have been recognised in the statement of profit and loss.

(iii) Under IGAAP, security deposits (both assets and liabilities) were accounted for at their undiscounted nominal values. Under Ind AS, these have been accounted for at amortised cost method by discounting the cash flows using effective interest rates. Consequently, the impact of aforesaid amortisation has been accounted for in the statement of profit and loss.

(iv) Under IGAAP, the entity determined provisions for impairment of trade receivables (provision for bad and doubtful debts) using incurred loss model. i.e. if they remained outstanding over the prescribed period. Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL) for trade receivables and other financial assets, which has resulted in additional provisions being accounted for in statement of profit and loss.

(v) Under IGAAP, actuarial gains and losses on defined benefit obligations and plan assets were recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such actuarial gains and losses are recognised under other comprehensive income. The related tax expense/income is also reclassified to other comprehensive income.

(vi) Under IGAAP, in case of business combinations, the difference between the net consideration and the value of net assets acquired was recognised as goodwill/capital reserve on consolidation. Under Ind AS, any intangible assets identified in a business combination is also required to be recognised at their respective fair values separately from goodwill arising out of business combination. Such separately identified intangible assets having finite life are amortised over their useful life. The impact of such amortization has been accounted for in statement of profit and loss.

(vii) Under IGAAP, in case of business combinations, a liability towards contingent consideration was recognised in the financial statements at undiscounted nominal value. Any subsequent change in such liability was adjusted in goodwill / capital reserve on consolidation. Under Ind AS, the liability towards contingent consideration are recorded at discounted values of expected cash outflows. Any changes in the fair value of such liability is accounted for in the Statement of Profit and Loss.

(viii) The various transitional adjustments have led to temporary tax differences, which the Company has accounted for as deferred tax adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction as either in profit and loss or other comprehensive income.

- 4 During the quarter ended March 31, 2017 and year ended December 31, 2017, the current tax includes Rs. 3.69 million pertaining to earlier period.
- 5 During the year ended December 31, 2017, the Company had issued 82,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.
- 6 The Board of Directors at its meeting held on May 04, 2018 has declared interim dividend of Re. 0.60/- per equity share of face value of Re. 1/- each. The Shareholders' assent for interim dividend will be taken in the Annual General Meeting for the year 2018.
- 7 Figures for the quarter ended December 31, 2017 are equivalent to the difference between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year which were subjected to quarterly limited review by the statutory auditors.
- 8 Refer Annexure A for consolidated segment information.
- 9 Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period / year presentation.

For and on behalf of the Board

Sd/-

Lt. Gen. Baldev Singh (Retd.)  
President & Senior Executive Director  
DIN: 00006966

Place : NOIDA  
Date : May 04, 2018

**R SYSTEMS INTERNATIONAL LIMITED**  
**Consolidated Segment Information**

		(Rs. in million)			
S.No.	Particulars	Three Months Ended			Year Ended
		31.03.2018	31.12.2017	31.03.2017	31.12.2017
		(Unaudited)	(Audited) Refer Note 7	(Unaudited)	(Audited)
<b>1</b>	<b>Segment revenue</b>				
	- Information technology services	1,384.65	1,426.86	1,335.94	5,461.68
	- Business process outsourcing services	142.86	133.82	111.73	484.23
	<b>Total</b>	<b>1,527.51</b>	<b>1,560.68</b>	<b>1,447.67</b>	<b>5,945.91</b>
	Less: Elimination of intersegment sales	5.48	5.45	4.69	19.55
	<b>Revenue from operations</b>	<b>1,522.03</b>	<b>1,555.23</b>	<b>1,442.98</b>	<b>5,926.36</b>
<b>2</b>	<b>Segment results before tax, interest and exceptional items</b>				
	- Information technology services	48.52	96.16	98.38	321.08
	- Business process outsourcing services	6.57	8.55	(0.76)	38.26
	<b>Total</b>	<b>55.08</b>	<b>104.71</b>	<b>97.62</b>	<b>359.34</b>
	(i) Finance costs	(0.72)	0.27	(2.43)	(3.57)
	(ii) Interest income	17.54	21.20	12.82	61.02
	(iii) Other unallocable income	2.55	2.48	1.71	8.15
	(iv) Other unallocable expenses	(19.39)	(16.46)	(17.56)	(67.62)
	<b>Profit before tax</b>	<b>55.07</b>	<b>112.20</b>	<b>92.16</b>	<b>357.32</b>

**Note:** Assets and liabilities of the Company are used interchangeably between segments and the Chief Operating Decision Maker (CODM) does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

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Statement of Standalone Audited Financial Results for the Quarter Ended March 31, 2018

(Rs. in million, except per share data)					
S.No.	Particulars (Refer notes)	Three Months Ended			Year Ended
		31.03.2018 (Audited)	31.12.2017 (Audited)	31.03.2017 (Audited)	31.12.2017 (Audited)
<b>1</b>	<b>Revenue</b>				
(a)	Revenue from operations	691.91	676.26	649.94	2,637.51
(b)	Other income	19.38	44.48	45.11	136.68
	<b>Total revenue</b>	<b>711.29</b>	<b>720.74</b>	<b>695.05</b>	<b>2,774.19</b>
<b>2</b>	<b>Expenses</b>				
(a)	Employee benefits expense	507.11	467.38	464.05	1,868.37
(b)	Finance costs	0.65	(0.48)	2.40	3.24
(c)	Depreciation and amortisation expense	18.08	19.06	17.47	73.74
(d)	Other expenses	126.17	120.58	114.77	482.48
	<b>Total expenses</b>	<b>652.01</b>	<b>606.54</b>	<b>598.69</b>	<b>2,427.83</b>
<b>3</b>	<b>Profit before tax</b>	<b>59.28</b>	<b>114.20</b>	<b>96.36</b>	<b>346.36</b>
<b>4</b>	<b>Tax expense</b>				
(a)	Current tax (refer note 4)	22.05	36.27	37.85	127.57
(b)	Deferred tax charge / (credit)	(10.08)	(5.24)	0.66	(13.16)
	<b>Total tax expense</b>	<b>11.97</b>	<b>31.03</b>	<b>38.51</b>	<b>114.41</b>
<b>5</b>	<b>Net profit for the period / year</b>	<b>47.31</b>	<b>83.17</b>	<b>57.85</b>	<b>231.95</b>
<b>6</b>	<b>Other comprehensive income/(loss)</b> <i>Items that will not be reclassified to profit or loss</i>				
(a)	Remeasurements of the defined benefit plans	(0.68)	7.21	3.07	12.29
(b)	Deferred tax relating to remeasurements of the defined benefit plans	0.24	(2.49)	(1.06)	(4.25)
	<b>Total Other comprehensive income/(loss)</b>	<b>(0.44)</b>	<b>4.72</b>	<b>2.01</b>	<b>8.04</b>
<b>7</b>	<b>Total comprehensive income for the period / year (5+6)</b>	<b>46.87</b>	<b>87.89</b>	<b>59.86</b>	<b>239.99</b>
<b>8</b>	<b>Earnings per share</b> <b>(Face value of Re. 1/- each) (not annualised)</b>				
(a)	Basic	0.38	0.67	0.47	1.88
(b)	Diluted	0.38	0.67	0.47	1.88

See accompanying notes to the financial results

**Notes:**

- The financial results for the quarter ended March 31, 2018 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on May 04, 2018.
- An audit has been completed by the Statutory Auditors for the quarter ended March 31, 2018 and quarter and year ended December 31, 2017. There is no qualification in the Auditors' Report on these financial results. The figures for the quarter ended March 31, 2017 were audited by erstwhile statutory auditor, M/s S.R.Batlboi & Associates LLP, Chartered Accountants. Adjustments made to the previously issued comparative financial information to comply with Ind AS have been audited by the Statutory Auditors.

- Transition to Indian Accounting standards (Ind AS):**

Beginning January 01, 2018, the Company has for the first time adopted Indian Accounting Standards ('Ind AS') with a transition date of January 01, 2017. These financial results have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016. The adoption of Ind AS was carried out in accordance with Ind AS 101 which requires that all applicable Ind AS be applied consistently and retrospectively. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India (IGAAP), which was the previous GAAP. The resulting difference between the carrying amount of the assets and liabilities in the financial statements under both Ind AS and IGAAP as at the transition date has been recognized directly in equity at the transition date.

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from IGAAP to Ind AS in accordance with Ind AS 101:

- total comprehensive income for the quarter ended March 31, 2017
- total comprehensive income for the quarter and year ended December 31, 2017

**(A) Total comprehensive income reconciliation**

Particulars	Notes	(Rs. In million)		
		Quarter ended March 31, 2017	Quarter ended December 31, 2017	Year ended December 31, 2017
<b>Net profit for the period / year under IGAAP</b>		<b>59.83</b>	<b>87.31</b>	<b>238.83</b>
(a) Effect of inclusion of Employees Welfare Trust	(i)	0.10	0.12	0.48
(b) Impact of fair valuation of investments in mutual funds	(ii)	-	0.77	1.31
(c) Impact of security deposits measured at amortised cost	(iii)	(0.03)	(0.04)	(0.14)
(d) Expected Credit Loss provision for trade receivables and other financial assets	(iv)	(0.04)	(0.03)	(0.04)
(e) Actuarial gain on employee defined benefit plan recognised in Other Comprehensive Income	(v)	(3.07)	(7.21)	(12.29)
(f) Other adjustments		(0.01)	(0.01)	(0.03)
(g) Deferred tax impact on above adjustments	(vi)	1.07	2.26	3.83
<b>Net Profit for the period / year under Ind AS</b>		<b>57.85</b>	<b>83.17</b>	<b>231.95</b>
(h) Other comprehensive income (net of tax)	(v)	2.01	4.72	8.04
<b>Total comprehensive income under Ind AS</b>		<b>59.86</b>	<b>87.89</b>	<b>239.99</b>

**(B) Explanation for reconciliation of total comprehensive income:**

- Under Ind AS, the financial statement of R Systems Employee Welfare Trust (ESOP Trust) have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company.
  - Under IGAAP, investments in mutual funds were classified as current investments and were carried at lower of cost and fair value. Under the Ind AS, these investments are classified as at fair value through profit or loss (FVTPL) and measured at fair value. The resulting fair value changes have been recognised in the statement of profit and loss.
  - Under IGAAP, security deposits (both assets and liabilities) were accounted for at their undiscounted nominal values. Under Ind AS, these have been accounted for at amortised cost method by discounting the cash flows using effective interest rates. Consequently, the impact of aforesaid amortisation has been accounted for in the statement of profit and loss.
  - Under IGAAP, the entity determined provisions for impairment of trade receivables (provision for bad and doubtful debts) using incurred loss model. i.e. if they remained outstanding over the prescribed period. Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL) for trade receivables and other financial assets, which has resulted in additional provisions being accounted for in statement of profit and loss.
  - Under IGAAP, actuarial gains and losses on defined benefit obligations and plan assets were recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such actuarial gains and losses are recognised under other comprehensive income. The related tax expense/income is also reclassified to other comprehensive income.
  - The various transitional adjustments have led to temporary tax differences, which the Company has accounted for as deferred tax adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction as either in profit and loss or other comprehensive income.
- During the quarter ended March 31, 2017 and year ended December 31, 2017, the current tax includes Rs. 3.69 million pertaining to earlier period.
  - During the year ended December 31, 2017, the Company had issued 82,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.
  - The Board of Directors at its meeting held on May 04, 2018 has declared interim dividend of Re. 0.60/- per equity share of face value of Re. 1/- each. The shareholders' assent for interim dividend will be taken in the Annual General Meeting for the year 2018.
  - Refer Annexure A for segment information.
  - Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period / year presentation.

For and on behalf of the Board

Sd/-

Lt. Gen. Baldev Singh (Retd.)  
President & Senior Executive Director  
DIN: 00006966

Place : NOIDA  
Date : May 04, 2018

**R SYSTEMS INTERNATIONAL LIMITED**  
**Standalone Segment Information**

(Rs. in million)

S.No.	Particulars	Three Months Ended			Year Ended
		31.03.2018	31.12.2017	31.03.2017	31.12.2017
		(Audited)	(Audited)	(Audited)	(Audited)
<b>1</b>	<b>Segment revenue</b>				
	- Information technology services	549.05	542.44	538.21	2,153.28
	- Business process outsourcing services	142.86	133.82	111.73	484.23
	<b>Revenue from operations</b>	<b>691.91</b>	<b>676.26</b>	<b>649.94</b>	<b>2,637.51</b>
<b>2</b>	<b>Segment results before tax, interest and exceptional items</b>				
	- Information technology services	50.80	92.71	100.22	297.77
	- Business process outsourcing services	6.57	8.55	(0.76)	38.26
	<b>Total</b>	<b>57.37</b>	<b>101.26</b>	<b>99.46</b>	<b>336.03</b>
	(i) Finance costs	(0.65)	0.48	(2.40)	(3.24)
	(ii) Interest income	16.41	20.81	12.76	60.44
	(iii) Other unallocable income	2.55	2.48	1.71	8.15
	(iv) Other unallocable expenses	(16.40)	(10.83)	(15.17)	(55.02)
	<b>Profit before tax</b>	<b>59.28</b>	<b>114.20</b>	<b>96.36</b>	<b>346.36</b>

**Note:** Assets and liabilities of the Company are used interchangeably between segments and the Chief Operating Decision Maker (CODM) does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.