

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

Registered Office : GF-1-A, 6, Devika Tower, Nehru Place, New Delhi- 110019

Tel : +91 120 4303500; Fax : +91 120 4082699

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

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Months Ended September 30, 2020

		(Rs. in million, except per share data)					
S.No.	Particulars (Refer notes)	Three months ended			Nine months ended		Year ended
		30.09.2020 (Unaudited)	30.06.2020 (Unaudited)	30.09.2019 (Unaudited)	30.09.2020 (Unaudited)	30.09.2019 (Unaudited)	31.12.2019 (Audited)
1	Income						
(a)	Revenue from operations	2,243.03	2,103.84	1,973.95	6,439.50	5,965.05	8,093.75
(b)	Other income	56.52	39.42	35.67	83.86	123.27	153.85
	Total income	2,299.55	2,143.26	2,009.62	6,523.36	6,088.32	8,247.60
2	Expenses						
(a)	Employee benefits expense	1,529.21	1,507.17	1,360.23	4,521.37	4,063.08	5,462.13
(b)	Finance costs	14.92	14.76	4.29	42.24	12.28	15.65
(c)	Depreciation and amortisation expense	64.41	66.16	45.14	196.31	132.75	148.86
(d)	Other expenses	358.02	365.60	460.64	1,129.87	1,389.82	1,901.61
	Total expenses	1,966.56	1,953.69	1,870.30	5,889.79	5,597.93	7,528.25
3	Profit before tax	332.99	189.57	139.32	633.57	490.39	719.35
4	Tax expense						
(a)	Current tax	60.37	45.03	31.56	142.52	128.13	134.84
(b)	Deferred tax charge / (credit)	1.14	(16.74)	(1.30)	(37.04)	13.33	3.27
	Total tax expense	61.51	28.29	30.26	105.48	141.46	138.11
5	Net profit for the period / year	271.48	161.28	109.06	528.09	348.93	581.24
6	Other comprehensive income / (loss)						
	<i>Items that will not be reclassified to profit or loss</i>						
(a)	Re-measurements of the defined benefit plans	5.99	(7.07)	(2.48)	(9.42)	(14.06)	(12.70)
(b)	Deferred tax relating to re-measurements of the defined benefit plans	(1.74)	2.06	0.72	2.74	4.77	4.37
	<i>Items that will be reclassified to profit or loss</i>						
(a)	Foreign Currency Translation reserve	(14.02)	27.23	16.38	52.40	(1.46)	35.62
	Total Other comprehensive income / (loss)	(9.77)	22.22	14.62	45.72	(10.75)	27.29
7	Total comprehensive income for the period / year (5+6)	261.71	183.50	123.68	573.81	338.18	608.53
8	Profit attributable to						
	Equity shareholders to the company	271.48	161.28	109.06	528.09	348.93	581.24
	Non controlling interest	-	-	-	-	-	-
		271.48	161.28	109.06	528.09	348.93	581.24
9	Total comprehensive income attributable to						
	Equity shareholders to the company	261.71	183.50	123.68	573.81	338.18	608.53
	Non controlling interest	-	-	-	-	-	-
		261.71	183.50	123.68	573.81	338.18	608.53
10	Earnings per share (Face value of Re. 1/- each) (not annualised)						
(a)	Basic	2.27	1.35	0.91	4.42	2.89	4.82
(b)	Diluted	2.27	1.35	0.91	4.42	2.89	4.82

See accompanying notes to the financial results

Notes:

- 1 The financial results for the quarter and nine months ended September 30, 2020 have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'). The above results were reviewed by the Audit Committee and have been approved by the Board of Directors at their meetings held on November 03, 2020.
- 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 and nine months ended September 30, 2020 and September 30, 2019, quarter ended June 30, 2020 and audit for the year ended December 31, 2019 and expressed an unmodified opinion on the aforesaid results.
- 3 The Group has adopted Ind AS 116 effective annual reporting period beginning January 01, 2020 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (January 01, 2020). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on January 01, 2020.

This has resulted in recognising a right-of-use asset of Rs. 360.60 million (net of accumulated depreciation of Rs. 9.11 million) and a corresponding lease liability of Rs. 362.93 million by adjusting retained earnings (debit) of Rs. 14.43 million, net of taxes. This includes reclassification of assets and liabilities previously classified under finance leases and prepaid rent. In the statement of financial results for the quarter and nine months ended September 30, 2020 and quarter ended June 30, 2020, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

4 Estimation of uncertainties relating to the global health pandemic from COVID-19:

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Group has considered internal and external information upto the date of approval of these consolidated financial results including credit reports and economic forecasts. The Group has performed sensitivity analysis on the assumption used and based on certain indicators of future economic conditions, the Group expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial results and the Group will continue to closely monitor any material changes to future economic conditions.

- 5 During the quarter and nine month ended September 30, 2020 , the Company has issued 22,500 and 37,500 equity shares, respectively of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

During the nine months ended September 30, 2019 and year ended December 31, 2019, the Company had issued 37,500 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 Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 7 Refer Annexure A for consolidated segment information.

For and on behalf of the Board of Directors of
R SYSTEMS INTERNATIONAL LIMITED

Sd/-

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

Place : NOIDA
Date : November 03, 2020

R SYSTEMS INTERNATIONAL LIMITED
Consolidated Segment Information

S.No.	Particulars	Three months ended			Nine months ended		(Rs. in million)
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	Year ended
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	31.12.2019
						(Audited)	
1	Segment revenue						
	- Information technology services	2,076.43	1,953.10	1,813.27	5,954.91	5,433.20	7,406.43
	- Business process outsourcing services	172.87	157.13	167.64	503.41	556.71	718.20
	Total	2,249.30	2,110.23	1,980.91	6,458.32	5,989.91	8,124.63
	Less: Elimination of intersegment sales	6.27	6.39	6.96	18.82	24.86	30.88
	Revenue from operations	2,243.03	2,103.84	1,973.95	6,439.50	5,965.05	8,093.75
2	Segment results before tax, interest and exceptional items						
	- Information technology services	305.95	209.97	140.42	632.64	464.27	689.98
	- Business process outsourcing services	51.22	19.18	6.22	83.14	43.65	57.93
	Total	357.17	229.15	146.64	715.78	507.92	747.91
	(i) Finance costs	(14.92)	(14.76)	(4.29)	(42.24)	(12.28)	(15.65)
	(ii) Interest income	13.30	11.54	14.09	37.22	43.87	60.46
	(iii) Other unallocable income	3.97	5.39	6.84	15.89	18.41	24.66
	(iv) Other unallocable expenses	(26.53)	(41.75)	(23.96)	(93.08)	(67.53)	(98.03)
	Profit before tax	332.99	189.57	139.32	633.57	490.39	719.35

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.

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

Registered Office : GF-1-A, 6, Devika Tower, Nehru Place, New Delhi- 110019

Tel : +91 120 4303500; Fax : +91 120 4082699

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

Statement of Standalone Audited Financial Results for the quarter and Nine months ended September 30, 2020

(Rs. in million, except per share data)							
S.No.	Particulars (Refer notes)	Three months ended			Nine months ended		Year ended
		30.09.2020 (Audited)	30.06.2020 (Audited)	30.09.2019 (Audited)	30.09.2020 (Audited)	30.09.2019 (Audited)	31.12.2019 (Audited)
1	Income						
(a)	Revenue from operations	1,080.05	1,037.98	979.89	3,177.57	2,908.00	3,917.69
(b)	Other income	59.93	45.31	27.85	75.48	116.39	146.71
	Total income	1,139.98	1,083.29	1,007.74	3,253.05	3,024.39	4,064.40
2	Expenses						
(a)	Employee benefits expense	714.30	739.73	665.65	2,189.64	1,954.25	2,641.84
(b)	Finance costs	9.51	9.64	1.20	27.62	3.05	4.26
(c)	Depreciation and amortisation expense	34.82	34.26	22.22	101.56	64.07	85.91
(d)	Other expenses	121.91	120.73	171.68	409.15	523.33	700.81
	Total expenses	880.54	904.36	860.75	2,727.97	2,544.70	3,432.82
3	Profit before tax	259.44	178.93	146.99	525.08	479.69	631.58
4	Tax expense						
(a)	Current tax	45.50	31.38	31.90	106.95	108.07	104.22
(b)	Deferred tax charge / (credit)	(6.88)	(0.89)	(9.13)	(26.59)	15.04	12.41
	Total tax expense	38.62	30.49	22.77	80.36	123.11	116.63
5	Net profit for the period / year	220.82	148.44	124.22	444.72	356.58	514.95
6	Other comprehensive income / (loss)						
	<i>Items that will not be reclassified to profit or loss</i>						
(a)	Re-measurements of the defined benefit plans	5.99	(7.07)	(2.48)	(9.42)	(14.06)	(12.70)
(b)	Deferred tax relating to re-measurements of the defined benefit plans	(1.75)	2.06	0.72	2.74	4.77	4.37
	Total Other comprehensive income / (loss)	4.24	(5.01)	(1.76)	(6.68)	(9.29)	(8.33)
7	Total comprehensive income for the period / year (5+6)	225.06	143.43	122.46	438.04	347.29	506.62
8	Earnings per share (Face value of Re. 1/- each) (not annualised)						
(a)	Basic	1.85	1.24	1.04	3.72	2.95	4.27
(b)	Diluted	1.85	1.24	1.04	3.72	2.95	4.27

See accompanying notes to the financial results

Notes:

- 1 The financial results for the quarter and nine months ended September 30, 2020 have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'). The above results were reviewed by the Audit Committee and have been approved by the Board of Directors at their meetings held on November 03, 2020.
- 2 The Statutory Auditors have carried out an audit for the quarter and nine months ended September 30, 2020 and September 30, 2019, quarter ended June 30, 2020 and year ended December 31, 2019. The audit report for the aforementioned results is not modified.
- 3 The Company has adopted Ind AS 116 effective annual reporting period beginning January 01, 2020 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (January 01, 2020). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on January 01, 2020.

This has resulted in recognising a right-of-use asset of Rs. 242.00 million (net of accumulated depreciation of Rs. 8.72 million) and a corresponding lease liability of Rs. 240.43 million by adjusting retained earnings (debit) of Rs. 10.49 million, net of taxes. This includes reclassification of assets and liabilities previously classified under finance leases and prepaid rent. In the statement of financial results for the quarter and nine months ended September 30, 2020 and quarter ended June 30, 2020, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

4 Estimation of uncertainties relating to the global health pandemic from COVID-19:

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs and certain investments, the Company has considered internal and external information upto the date of approval of these standalone financial results including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumption used and based on certain indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial results and the Company will continue to closely monitor any material changes to future economic conditions.

- 5 During the quarter and nine month ended September 30, 2020 , the Company has issued 22,500 and 37,500 equity shares, respectively of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

During the nine months ended September 30, 2019 and year ended December 31, 2019, the Company had issued 37,500 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 Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 7 The standalone segment information is set out in Annexure A.

For and on behalf of the Board of Directors of
R SYSTEMS INTERNATIONAL LIMITED

Sd/-

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

Place : NOIDA
Date : November 03, 2020

R SYSTEMS INTERNATIONAL LIMITED
Standalone Segment Information

(Rs. in million)

S.No.	Particulars	Three months ended			Nine months ended		Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.12.2019
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Segment revenue						
	- Information technology services	907.18	880.85	812.25	2,674.16	2,351.29	3,199.49
	- Business process outsourcing services	172.87	157.13	167.64	503.41	556.71	718.20
	Revenue from operations	1,080.05	1,037.98	979.89	3,177.57	2,908.00	3,917.69
2	Segment results before tax, interest and exceptional items						
	- Information technology services	220.82	175.15	144.41	482.65	440.13	583.37
	- Business process outsourcing services	51.22	19.18	6.22	83.14	43.65	57.93
	Total	272.04	194.33	150.63	565.79	483.78	641.30
	(i) Finance costs	(9.51)	(9.64)	(1.20)	(27.62)	(3.05)	(4.26)
	(ii) Interest income	12.14	10.21	11.91	32.46	38.25	50.50
	(iii) Other unallocable income	3.97	5.39	6.84	15.89	18.41	24.66
	(iv) Other unallocable expenses	(19.20)	(21.36)	(21.19)	(61.44)	(57.70)	(80.62)
	Profit before tax	259.44	178.93	146.99	525.08	479.69	631.58

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.