



DELIVERING DIGITAL SUCCESS STORIES...

Press Release Q2 2019



R Systems Announces 20% YoY Revenue Growth in Q2 2019 Q2 2019: Revenue: Rs. 202.8 Crores with EBITDA: Rs. 18.3 Crores

Noida, India – July 30, 2019

Highlights

Consolidated results for the quarter ended June 30, 2019

- Consolidated revenue from operations for Q2 2019 was Rs. 202.81 crores (US\$ 29.17 mn) compared to Rs. 168.84 crores (US\$ 25.28 mn) in Q2 2018 and Rs. 196.30 crores (US\$ 27.91 mn) in Q1 2019. YoY increase 20.12% (15.42% in US\$).
- EBITDA for Q2 2019 was Rs. 18.32 crores (US\$ 2.63 mn) compared to Rs. 12.03 crores (US\$ 1.81 mn) in Q2 2018 and Rs. 17.63 crores (US\$ 2.51 mn) in Q1 2019. Q2 2019 EBITDA as % of revenue was 9.03% as against 7.12% of Q2 2018.
- Net profit after taxes for Q2 2019 was Rs. 11.61 crores (US\$ 1.67 mn) compared to Rs. 8.66 crores (US\$ 1.31 mn) in Q2 2018 and Rs. 12.38 crores (US\$ 1.76 mn) in Q1, 2019. YoY increase 33.98% (28.65% in US\$).

Others

- 5 key wins during the quarter.
- Digital services contribute more than 40% of consolidated revenue. Our digital offerings include services and solutions which enhance customer experience, leverage AI and ML based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, RPA, and migration towards cloud applications.

Rekhi Singh, Managing Director stated “We concluded the quarter with strong revenue growth of 20% primarily on the back of robust performance across all business units led by enhanced traction towards our digital and product engineering offerings. This helped us to report improved margins compared to corresponding quarter last year. We see further scope for improvement through focus on operational efficiencies and continued growth momentum.”

He added, “Our balance sheet continues to be strong with cash and bank balance of Rs. 183 crores and net worth of Rs. 320 crores after completion of share buyback for Rs. 24 crores.”

Avirag Jain, Director and CTO said “Our performance during first half of 2019 has been extremely encouraging. Our revenue has grown from new customer additions along with increased spending by existing customers in digital initiatives. We continue to invest in strengthening our digital offerings which is reflecting in our strong order book.”

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 few wins is listed below:

A USA based non-profit healthcare organization, committed to provide integrated health care and related social support services has engaged R Systems to develop a business intelligence solution to advance its business processes by utilizing data science, ML and predictive analytics.

A leading provider of data management solutions that streamlines record management and content management has mandated R Systems to digitally enhance its existing document management solutions.

A USA based leading outsourcing solution provider, has selected R Systems to develop inbound and outbound automated file processing services for payment collection of various accounts receivable management solutions.

A global provider of SAP consultancy has engaged Computaris to implement convergent charging and convergent mediation solutions for a leading provider of secure and reliable network to financial institutions.

One of the leading providers of solar products in South East Asia has engaged IBIZ to implement Microsoft Dynamics Business Central to automate its finance, sales, distribution and installations operation for their multiple offices in ASEAN region.

Liquidity and Shareholder Funds

Cash balances as at June 30, 2019, was Rs. 183.05 crores compared to Rs. 200.26 crores as at March 31, 2019 and Rs. 199.84 crores as at December 31, 2018. Total shareholder funds as at June 30, 2019 were Rs. 320.46 compared to Rs. 332.71 as at March 31, 2019 crores and Rs. 322.90 crores as at December 31, 2018.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2019

(As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended June 30,		Quarter Ended March 31, 2019
		2019	2018	
1	Income			
(a)	Revenue from operations	2,028.11	1,688.37	1,962.99
(b)	Other income	29.17	9.86	62.42
	Total income	2,057.28	1,698.23	2,025.41
2	Expenses			
(a)	Employee benefits expense	1,356.30	1,124.38	1,346.55
(b)	Finance costs	4.20	0.63	3.80
(c)	Depreciation and amortisation expense	44.56	33.60	43.05
(d)	Other expenses	489.77	446.62	443.39
	Total expenses	1,894.83	1,605.23	1,836.79
3	Profit before tax	162.45	93.00	188.62
4	Tax expense			
(a)	Current tax	44.67	17.76	51.90
(b)	Deferred tax charge / (credit)	1.73	(11.38)	12.90
	Total tax expense	46.40	6.38	64.80
5	Net profit for the period	116.05	86.62	123.82
6	Earnings per share (Face value of Re. 1/- each) (not annualized)			
(a)	Basic	0.97	0.70	1.00
(b)	Diluted	0.97	0.70	1.00

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2019

(As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Six Month Ended June 30,	
		2019	2018
1	Income		
(a)	Revenue from operations	3,991.10	3,210.40
(b)	Other income	91.59	29.74
	Total income	4,082.69	3,240.14
2	Expenses		
(a)	Employee benefits expense	2,702.85	2,239.61
(b)	Finance costs	8.00	1.35
(c)	Depreciation and amortisation expense	87.61	66.50
(d)	Other expenses	933.16	784.61
	Total expenses	3,731.62	3,092.07
3	Profit before tax	351.07	148.07
4	Tax expense		
(a)	Current tax	96.57	42.55
(b)	Deferred tax charge / (credit)	14.63	(19.61)
	Total tax expense	111.20	22.94
5	Net profit for the period	239.87	125.13
6	Earnings per share (Face value of Re. 1/- each) (not annualized)		
(a)	Basic	1.97	1.02
(b)	Diluted	1.97	1.02

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2019 (Contribution Analysis Format)

(Figures in mn)

Particulars	Q2 2019		Q2 2018		Q1 2019	
	INR	US\$	INR	US\$	INR	US\$
Revenues	2,028.11	29.17	1,688.37	25.28	1,962.99	27.91
Cost of revenues	1,320.38	19.00	1,147.46	17.17	1,302.19	18.51
Gross margin	707.73	10.17	540.91	8.11	660.80	9.40
SG & A Expenses	34.90%		32.04%		33.66%	
	524.57	7.54	420.64	6.30	484.52	6.89
	25.87%		24.91%		24.68%	
EBITDA	183.16	2.63	120.27	1.81	176.28	2.51
Depreciation and amortization	9.03%		7.12%		8.98%	
	44.56	0.63	33.60	0.50	43.05	0.62
Income from operations	138.60	2.00	86.67	1.31	133.23	1.89
Interest expense	(4.20)	(0.06)	(0.63)	(0.01)	(3.80)	(0.05)
Other income (net)	28.05	0.40	6.96	0.10	59.19	0.84
Income before income tax	162.45	2.34	93.00	1.40	188.62	2.68
Income tax expense	46.40	0.67	6.38	0.09	64.80	0.92
Net earnings	116.05	1.67	86.62	1.31	123.82	1.76

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2019 (Contribution Analysis Format)

(Figures in mn)

Particulars	Jan to Jun 19		Jan to Jun 18	
	INR	US\$	INR	US\$
Revenues	3,991.10	57.08	3,210.40	48.92
Cost of revenues	2,622.57	37.51	2,207.14	33.63
Gross margin	1,368.53	19.57	1,003.26	15.29
	34.29%		31.25%	
SG & A Expenses	1,009.09	14.43	814.10	12.41
	25.28%		25.36%	
EBITDA	359.44	5.14	189.16	2.88
	9.01%		5.89%	
Depreciation and amortization	87.61	1.25	66.50	1.01
Income from operations	271.83	3.89	122.66	1.87
Interest expense	(8.00)	(0.11)	(1.35)	(0.02)
Other income (net)	87.24	1.24	26.76	0.41
Income before income tax	351.07	5.02	148.07	2.26
Income tax expense	111.20	1.59	22.94	0.35
Net earnings	239.87	3.43	125.13	1.91

Financial Performance

Consolidated Balance Sheet as at June 30, 2019 (As per Indian GAAP)

(Rs. in million)

	Particulars	As at	
		June 30, 2019	December 31, 2018
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	392.26	306.91
	(b) Capital work in progress	0.15	16.18
	(c) Investment property	22.58	23.31
	(d) Goodwill	107.56	89.93
	(e) Other Intangible assets	161.92	27.64
	(f) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	82.84	102.92
	(g) Deferred tax assets (net)	56.27	67.46
	(h) Non-current tax assets (net)	21.29	56.95
	(i) Other non-current assets	9.85	50.10
B.	Total non-current assets (A)	854.75	741.43
	Current assets		
	(a) Financial assets		
	(i) Investments	332.72	199.50
	(ii) Trade receivables	1,270.57	1,365.45
	(iii) Cash and cash equivalents	730.57	841.17
	(iv) Other bank balances	256.52	518.70
	(v) Other financial assets	824.51	618.32
	(b) Other current assets	233.31	150.10
	Total current assets (B)	3,648.20	3,693.24
	Total assets (A+B)	4,502.95	4,434.67
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	119.60	123.25
	(b) Other equity	3,084.97	3,105.78
	(c) Non Controlling Interest	-	-
	Total equity (A)	3,204.57	3,229.03
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	39.32	15.91
	(ii) Other financial liabilities	79.71	2.96
	(b) Provisions	119.30	109.60
	(c) Deferred tax liabilities (net)	-	0.25
	(d) Other non-current liabilities	0.07	0.04
	Total non-current liabilities (B)	238.40	128.76
C.	Current liabilities		
	(a) Financial liabilities		
	(i) Trade payables		
	- total outstanding dues of micro enterprises and small enterprises	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	245.11	270.02
	(ii) Other financial liabilities	225.33	212.81
	(b) Provisions	159.88	142.63
	(c) Current tax liability (Net)	73.29	52.01
	(d) Other current liabilities	356.37	399.41
	Total current liabilities (C)	1,059.98	1,076.88
	Total liabilities (B+C)	1,298.38	1,205.64
	Total equity and liabilities (A+B+C)	4,502.95	4,434.67

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Jun 30, 19	Jun 30, 18	Mar 31, 19
Revenues	100.00	100.00	100.00
Gross margin	34.90	32.04	33.66
SG & A	25.87	24.91	24.68
EBITDA	9.03	7.12	8.98
EBT	8.01	5.51	9.61
EAT	5.72	5.13	6.31

Revenue from Top 10 Clients	Quarter ended		
	Jun 30, 19	Jun 30, 18	Mar 31, 19
Top 10 Clients	33.81%	35.80%	35.31%
Top 5 Clients	21.76%	24.07%	22.80%
Top 3 Clients	15.20%	16.49%	15.88%
Largest Client	5.97%	6.63%	6.13%

Revenues by Geographies	Quarter ended		
	Jun 30, 19	Jun 30, 18	Mar 31, 19
USA	62.34%	58.40%	62.87%
Europe	16.12%	17.53%	16.19%
SEAC (South East Asia)	16.06%	18.81%	15.67%
India	1.19%	1.73%	1.27%
Others	4.29%	3.53%	4.00%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Jun 30, 19	Jun 30, 18	Mar 31, 19
Onsite	96.18%	95.43%	94.95%
Offshore	76.25%	74.09%	75.92%
Blended	78.45%	76.57%	78.20%

Utilization (including trainees)	Quarter ended		
	Jun 30, 19	Jun 30, 18	Mar 31, 19
Onsite	96.18%	95.43%	94.95%
Offshore	75.04%	72.42%	74.67%
Blended	77.34%	75.05%	77.07%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Jun 30, 19	Jun 30, 18	Mar 31, 19
Technical	2,469	2,233	2,463
Software services			
Onsite	378	319	384
Offshore	1,456	1,239	1,409
BPO			
Offshore	601	634	634
Trainees	34	41	36
Support	392	356	390
Total count	2,861	2,589	2,853

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At	
	Jun 30, 19	Dec 31, 18
Receivable	1,270.57	1,365.45
Receivable in days (“DSO”) #	63	63
Cash and bank balance	1,830.48	1,998.41
Shareholders’ funds	3,204.57	3,229.03

for the respective quarters

Development/Service Centres Location	As on June 30, 2019	
	Covered areas in sq ft.	No. of seats
India		
Noida	121,694	2,162
Chennai	5,905	65
	127,599	2,227
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	45
	32,199	310
Total	191,320	2,855



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.

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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