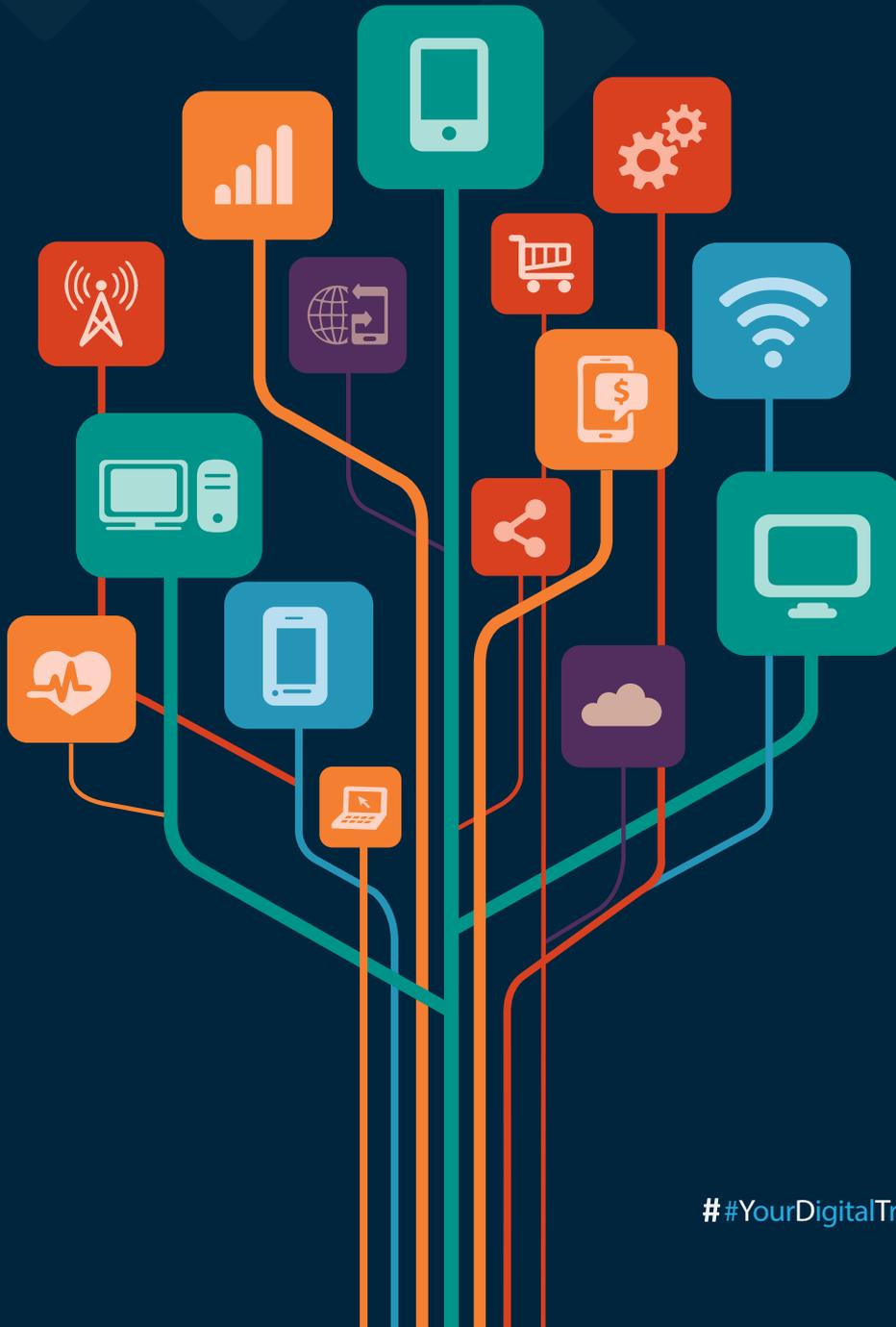


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R Systems Announces Results for Financial Year 2017

FY 2017 Revenue: Rs. 592 Crores and EBITDA: Rs. 35 Crores
YoY Revenue Growth 4% in USD Term
Strong Financial Position with Cash Balances of Rs 160 Crores

Noida, India – February 09, 2018

Highlights

Consolidated results for the FY ended December 31, 2017

- Consolidated revenue for FY 2017 was Rs. 592.64 crores (US\$ 91.01 mn.) as against Rs. 588.24 crores (US\$ 87.55 mn.) in FY 2016; YoY increase 0.75% (3.96 % in US\$).
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) for FY 2017 was Rs. 34.97 crores (US\$ 5.37 mn.) i.e. 5.9% of revenue, as against Rs. 71.13 crores (US\$ 10.58 mn.) in FY 2016 i.e. 12.1% of revenue.
- Net profit after taxes for FY 2017 was Rs. 24.48 crores (US\$ 3.76 mn) as against Rs. 53.69 crores (US\$ 7.99 mn) in FY 2016. Excluding exceptional items, the Net profit after tax for FY 2016 was Rs. 50.53 crores (US\$ 7.52 mn).

Consolidated results for the quarter ended December 31, 2017

- Consolidated revenue from operations for Q4 2017 was Rs. 155.52 crores (US\$ 24.01 mn) compared to Rs. 153.40 crores (US\$ 22.75 mn) in Q4 2016 and Rs. 144.89 crores (US\$ 22.53 mn) in Q3 2017. QoQ increase 7.34% (6.57 % in US\$).
- EBITDA for Q4 2017 was Rs. 10.34 crores (US\$ 1.60 mn) compared to Rs. 19.69 crores (US\$ 2.92 mn) in Q4 2016 and Rs. 11.32 crores (US\$ 1.75 mn) in Q3 2017.
- Net profit after taxes for Q4 2017 was Rs. 8.12 crores (US\$ 1.25 mn) compared to Rs. 18.60 crores (US\$ 2.76 mn) in Q4 2016 and Rs. 6.43 crores (US\$ 0.99 mn) in Q3, 2017.

Others

- 16 key wins during the year ended December 31, 2017.
- Total associates as on December 31, 2017 were 2,353 compared to 2,319 at the end of December 31, 2016.



Mr. Rekhi Singh, Managing Director emphasized, “ Year 2017 was a year in which we continued to navigate our customers to build scalable software products using digital technologies like cloud, analytics, mobility, IoT etc. to simplify their processes and offer enhanced value propositions.

The Company reported revenue of Rs. 592 crores with EBITDA of Rs. 35 crores. Our margins were impacted due to strengthening of the INR, delay in execution of certain projects, investment in new technologies and sales activities. We are committed to improve our margins by delivering profitable growth with discipline in execution”

Mr. Rekhi added, “We have a strong balance sheet with constant cash generation to scale investment in digital technologies for profitable future growth. Year 2018 looks promising for the Company backed by strong sales funnel.”

Mr. Avirag Jain CTO, said, “During 2017, we served 21 million dollar plus accounts including 4 accounts contributing dollar three million plus revenues. Our digital investment has paid off encouragingly in terms of bringing innovation and value to the clients.”

He added “Our utilization during last year was impacted by ramp up costs for new customers and delay in execution of certain projects. However, we have taken necessary remedial measures to enhance operational efficiency.”

Key Operational Highlights

Established in 1993, R Systems is a leading global provider of IT and ITeS services and solutions. 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 to a wide spectrum of clients for improving their organizational efficiencies. The key ITeS services include customer care, technical support, analytics services, and revenue and claims management. These 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 five major verticals including Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Retail & E-commerce.



As a trusted digital transformation partner, we help organizations to embrace digitalization towards greater efficiency and streamlined operations. We have also expanded our capabilities horizontally with Analytics, Mobility, IoT and Cloud across the key verticals.

The brief of key wins during the quarter is listed below:

A USA based leading healthcare company providing specialized care and clinical services has engaged R Systems to provide business intelligence services and also help them for their internal documentation of various databases to enhance their productivity.

A leading global provider of customer experience management software has engaged R Systems to provide customer interaction analytics services by analyzing historical trends and predicting future outcomes.

IT arm of one of the biggest retailers in the world that delivers innovations in the field of online, mobile and app based shopping has engaged R Systems to provide software consultancy services to enhance the efficiency of their existing supply chain mechanism.

A Singapore based leading engineering Company has engaged IBIZ to implement Microsoft Dynamics ERP to automate their field and back end operations.

A leading distributor of electronic components having headquartered in Singapore has mandated IBIZ to roll out Microsoft Dynamics ERP system for its operations in Singapore. The system will integrate various business processes to deliver financial visibility and operational excellence.

Liquidity and Shareholder Funds

Cash and bank balances, including bank deposits and liquid funds as at December 31, 2017, were Rs. 160.72 crores compared to Rs. 119.97 crores as at December 31, 2016 and Rs. 151.81 crores as at September 30, 2017. Total shareholder funds as at December 31, 2017 were Rs. 303.31 crores compared to Rs. 277.97 crores as at December 31, 2016 and Rs. 297.29 crores as at September 30, 2017.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2017 (As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended December 31,		Quarter Ended September 30, 2017
		2017	2016	
1	Revenue			
1.1	Revenue from operations	1,555.23	1,534.02	1,448.91
1.2	Other income	49.95	53.53	15.60
	Total revenue	1,605.18	1,587.55	1,464.51
2	Expenditure			
2.1	Employee benefits expense	1,076.82	990.98	1,037.89
2.2	Operational and other expenses	373.31	366.33	296.23
2.3	Depreciation and amortisation expense	30.78	28.94	30.07
2.4	Finance costs	1.82	1.68	2.81
	Total expenditure	1,482.73	1,387.93	1,367.00
3	Profit before tax and exceptional items	122.45	199.62	97.51
4	Exceptional items	-	46.35	-
5	Profit before tax	122.45	245.97	97.51
6	Provision for tax			
6.1	Current tax	38.84	73.75	30.23
6.2	MAT credit (related to earlier year)	-	(15.13)	-
6.2	Deferred tax charge / (credit)	2.37	1.37	2.97
	Total tax expense	41.21	59.99	33.20
7	Net profit after tax	81.24	185.98	64.31
8	Earnings per share (Face value of Re. 1/- each)			
8.1	Basic	0.66	1.48	0.52
8.2	Diluted	0.66	1.48	0.52

Financial Performance

Consolidated Profit & Loss Statement for Year Ended December 31, 2017 (As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	Year Ended December 31	
		2017	2016
1	Revenue		
1.1	Revenue from operations	5,926.36	5,882.37
1.2	Other income	152.49	127.07
	Total revenue	6,078.85	6,009.44
2	Expenditure		
2.1	Employee benefits expense	4,160.83	3,797.89
2.2	Operational and other expenses	1,410.97	1,377.99
2.3	Depreciation and amortisation expense	119.67	115.12
2.4	Finance costs	10.87	7.92
	Total expenditure	5,702.34	5,298.92
3	Profit before tax and exceptional items	376.51	710.52
4	Exceptional items	-	46.35
5	Profit before tax	376.51	756.87
6	Provision for tax		
6.1	Current tax	143.82	244.03
6.2	MAT credit (related to earlier year)	-	(15.13)
6.2	Deferred tax charge / (credit)	(12.12)	(8.91)
	Total tax expense	131.70	219.99
7	Net profit after tax	244.81	536.88
8	Earnings per share (Face value of Re. 1/- each)		
8.1	Basic	1.98	4.24
8.2	Diluted	1.98	4.24

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended December 31, 2017 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn)

Particulars	Q4 2017		Q4 2016		Q3 2017	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,555.23	24.01	1,534.02	22.75	1,448.91	22.53
Cost of revenues	1,076.61	16.62	998.17	14.80	1,016.13	15.80
Gross margin	478.62	7.39	535.85	7.95	432.78	6.73
	30.77%		34.93%		29.87%	
SG & A						
Expenses	375.19	5.79	339.00	5.03	319.58	4.98
	24.12%		22.10%		22.06%	
EBITDA	103.43	1.60	196.85	2.92	113.20	1.75
	6.65%		12.83%		7.81%	
Depreciation and amortization	30.78	0.48	28.94	0.42	30.07	0.47
Income from operations before exceptional items	72.65	1.12	167.91	2.50	83.13	1.28
Exceptional items	-	-	46.35	0.69	-	-
Income from operations	72.65	1.12	214.26	3.19	83.13	1.28
Interest expense	0.39	0.01	(0.41)	(0.01)	(0.53)	(0.01)
Other income (net)	49.41	0.76	32.12	0.47	14.91	0.24
Income before income tax	122.45	1.89	245.97	3.65	97.51	1.51
Income tax expense	41.21	0.64	59.99	0.89	33.20	0.52
Net earnings	81.24	1.25	185.98	2.76	64.31	0.99

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Year Ended December 31, 2017 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn)

Particulars	Year 2017		Year 2016	
	INR	US\$	INR	US\$
Revenue	5,926.36	91.01	5,882.37	87.55
Cost of revenue	4,127.40	63.38	3,832.28	57.04
Gross margin	1,798.96	27.63	2,050.09	30.51
	30.36%		34.85%	
SG & A				
Expenses	1,449.31	22.26	1,338.79	19.93
	24.46%		22.76%	
EBITDA	349.65	5.37	711.30	10.58
	5.90%		12.09%	
Depreciation and amortization	119.67	1.84	115.12	1.71
Income from operations before exceptional items	229.98	3.53	596.18	8.87
Exceptional items	-		46.35	0.69
Income from operations	229.98	3.53	642.53	9.56
Interest expense	(3.08)	(0.05)	(1.36)	(0.02)
Other income (net)	149.61	2.30	115.70	1.72
Income before income tax	376.51	5.78	756.87	11.26
Income tax expense	131.70	2.02	219.99	3.27
Net earnings	244.81	3.76	536.88	7.99

Financial Performance

Consolidated Balance Sheet as at December 31, 2017 (As per Indian GAAP)

(Figures in mn)

Particulars	As at		
	Dec 31, 2017	Dec 31, 2016	Sep 30, 2017
EQUITY & LIABILITIES			
Shareholders' Funds			
Share capital	123.21	123.13	123.21
Reserves and Surplus	2,909.92	2,656.60	2,849.75
	3,033.13	2,779.73	2,972.96
Minority interest	-	-	-
Non-current liabilities			
Long-term borrowings	15.85	19.15	16.62
Deferred tax liabilities	0.26	-	0.34
Other long term liabilities	2.52	54.88	2.28
Long-term provisions	91.18	89.42	94.54
	109.81	163.45	113.78
Current liabilities			
Trade payables	461.45	438.94	409.58
Other current liabilities	447.53	272.59	385.31
Short-term provisions	186.85	174.90	189.83
	1,095.83	886.43	984.72
TOTAL	4,238.77	3,829.61	4,071.46
ASSETS			
Non-current assets			
Fixed assets	318.00	347.94	330.31
Goodwill on consolidation	467.60	452.21	470.93
Non-current investments	112.36	201.40	112.73
Deferred tax assets (net)	58.92	46.14	61.50
Long-term loans and advances	72.09	89.11	110.98
Other non-current assets	60.20	61.58	62.89
	1,089.17	1,198.38	1,149.34
Current assets			
Current Investment	135.57	87.57	135.57
Trade receivables	1,208.07	1,082.22	1,019.29
Cash and bank balance	1,500.66	1,143.24	1,408.52
Short-term loans and advances	147.35	151.58	161.31
Other current assets	157.95	166.62	197.43
	3,149.60	2,631.23	2,922.12
TOTAL	4,238.77	3,829.61	4,071.46

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year ended	
	Dec 31, 17	Dec 31, 16	Sep 30, 17	Dec 31, 17	Dec 31, 16
Revenues	100.00	100.00	100.00	100.00	100.00
Gross margin	30.77	34.93	29.87	30.36	34.85
SG & A	24.12	22.10	22.06	24.46	22.76
EBITDA	6.65	12.83	7.81	5.90	12.09
EBT #	7.87	13.01	6.73	6.35	12.08
PAT #	5.22	10.07	4.44	4.13	8.59

excluding exceptional profit for Q4 2016 & Year 2016

Revenue from Top 10 Clients	Quarter ended			Year ended	
	Dec 31, 17	Dec 31, 16	Sep 30, 17	Dec 31, 17	Dec 31, 16
Top 10 Clients	33.41%	32.98%	34.60%	34.04%	32.56%
Top 5 Clients	21.84%	21.28%	22.43%	22.15%	20.83%
Top 3 Clients	15.57%	14.80%	16.16%	15.51%	14.63%
Largest Client	5.96%	6.84%	6.35%	5.99%	6.67%

Revenues by Geographies	Quarter ended			Year ended	
	Dec 31, 17	Dec 31, 16	Sep 30, 17	Dec 31, 17	Dec 31, 16
USA	54.88%	57.47%	55.73%	56.12%	59.17%
Europe	18.74%	18.55%	20.10%	19.42%	17.98%
SEAC (South East Asia)	23.30%	19.70%	19.27%	20.21%	17.68%
India	2.02%	1.32%	1.91%	1.74%	1.61%
Others	1.06%	2.96%	2.99%	2.51%	3.56%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 17	Dec 31, 16	Sep 30, 17
Onsite	98.00%	96.65%	98.20%
Offshore	76.45%	75.72%	72.36%
Blended	79.26%	78.57%	75.70%

Utilization (including trainees)	Quarter ended		
	Dec 31, 17	Dec 31, 16	Sep 30, 17
Onsite	98.00%	96.65%	98.20%
Offshore	73.93%	70.90%	70.28%
Blended	76.98%	74.21%	73.80%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 17	Dec 31, 16	Sep 30, 17
Technical	1,994	1,974	2,011
Software services			
Onsite	291	269	274
Offshore	1,203	1,205	1,235
BPO			
Offshore	438	400	444
Trainees	62	100	58
Support	359	345	352
Total count	2,353	2,319	2,363

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Dec 31, 17	Dec 31, 16	Sep 30, 17
Receivable	1,208.07	1,082.22	1,019.29
Receivable in days (“DSO”)	46	49	49
Total cash and bank balance*	1,607.21	1,199.70	1,518.14
Fixed assets	318.00	347.94	330.31
Shareholders’ funds	3,033.13	2,779.73	2,972.96

*Including investments in liquid funds and fixed deposits with banks

Development/Service Centres Location	As on Dec 31, 2017	
	Covered areas in sq ft.	No. of seats
India		
Noida	93,679	1,792
Chennai	5,905	65
	99,584	1,857
USA		
Sacramento, CA	9,500	60
South East Asia		
Singapore	8,054	91
Malaysia	6,434	47
Thailand	592	6
Indonesia	1,109	12
	16,189	156
Europe		
Romania	19,795	184
Poland	8,141	65
Moldova	3,398	51
	31,334	300
Total	156,607	2,373



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, Telecom and Digital Media, Retail & E-commerce, Healthcare, and Manufacturing and Logistic 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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