



DELIVERING DIGITAL SUCCESS STORIES...

Press Release Q3 2019



R Systems Announces Results For Q3 2019 Reported 17.55% YoY Revenue Growth During First Nine Months

Noida, India – October 25, 2019

Highlights

Consolidated results for the nine months ended September 30, 2019

- Consolidated revenue from operations for nine months ended Sep 2019 was Rs. 596.50 crores (US\$ 85.17 mn) compared to Rs. 507.44 crores (US\$ 75.63 mn) in the nine months ended Sep 2018. YoY increase 17.55%.
- EBITDA for nine months ended Sep 2019 was Rs. 51.31 crores (US\$ 7.33 mn) compared to Rs. 39.48 crores (US\$ 5.89 mn) in nine months ended Sep 2018. EBITDA as % of revenue was 8.60% as against 7.78% in the nine months ended Sep 2018.
- Net profit after taxes for nine months ended Sep 2019 was Rs. 34.89 crores (US\$ 4.98 mn) compared to Rs. 25.05 crores (US\$ 3.74 mn) in the nine months ended Sep 2018. YoY increase 39.29%

Consolidated results for the quarter ended September 30, 2019

- Consolidated revenue from operations for Q3 2019 was Rs. 197.39 crores (US\$ 28.09 mn) compared to Rs. 186.39 crores (US\$ 26.71 mn) in Q3 2018 and Rs. 202.81 crores (US\$ 29.17 mn) in Q2 2019. YoY increase 5.90%.
- EBITDA for Q3 2019 was Rs. 15.37 crores (US\$ 2.19 mn) compared to Rs. 20.57 crores (US\$ 3.00 mn) in Q3 2018 and Rs. 18.32 crores (US\$ 2.63 mn) in Q2 2019. Q3 2019 EBITDA as % of revenue was 7.79% as against 11.03% of Q3 2018.
- Net profit after taxes for Q3 2019 was Rs. 10.91 crores (US\$ 1.55 mn) compared to Rs. 12.54 crores (US\$ 1.83 mn) in Q3 2018 and Rs. 11.61 crores (US\$ 1.67 mn) in Q2, 2019.

Rekhi Singh, Managing Director stated, “R Systems reported 18% y-o-y growth during first nine months of calendar year 2019. Q3 2019 revenue and margins were mainly impacted by ramp down in a BPO process due to strategic restructuring at customer end.”

He added, “Overall business environment is encouraging with strong demand in digital technologies. Our digital revenue has been growing at 23% y-o-y and now contributes over 40% of our revenues.” He further added, “We are having a strong balance sheet with net worth of Rs. 333 crores including cash and bank balance of Rs.192 crores.”

Avirag Jain, Director & CTO said “We are continuing our focus on disciplined execution along with deepening our relationship with customers to deliver enhanced value proposition.” He added, “We are confident as demand for our digital services continues to be robust, as supported by 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.

This quarter concluded with 5 key wins. The brief of key wins is listed below:

A USA based retail solutions company has engaged R Systems for digital transformation of its existing technology to enhance the shopping experience.

A voice solutions provider in North America has engaged R Systems to enhance their existing voice portal along with enrichment of user interface of their mobile application for telecommunication relay service.

A leading provider of satellite phone, voice and data services in USA has engaged R Systems to digitalize its existing web portal to enhance the user experience.

The Singapore arm of one of the leading beverage company in Asia has awarded ECnet to implement vending sales management solution to automate the monitoring of supply of goods to multiple locations.

A Contact lens manufacturer has awarded IBIZ to implement Microsoft Dynamics Cloud based ERP (Business Central) to automate and integrate its operations in USA.

Liquidity and Shareholder Funds

Cash balances as at September 30, 2019, was Rs. 192.40 crores compared to Rs. 183.05 crores as at June 30, 2019 and Rs. 189.77 crores as at September 30, 2018. Total shareholder funds as at September 30, 2019 were Rs. 332.84 compared to Rs. 320.46 as at June 30, 2019 crores and Rs. 301.80 crores as at September 30, 2018.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2019 (As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended September 30,		Quarter Ended June 30 , 2019
		2019	2018	
1	Income			
(a)	Revenue from operations	1,973.95	1,863.95	2,028.11
(b)	Other income	35.67	(16.03)	28.26
	Total income	2,009.62	1,847.92	2,056.37
2	Expenses			
(a)	Employee benefits expense	1,360.23	1,225.28	1,356.30
(b)	Finance costs	4.29	0.71	4.20
(c)	Depreciation and amortisation expense	45.14	34.44	44.56
(d)	Other expenses	460.64	433.19	488.86
	Total expenses	1,870.30	1,693.62	1,893.92
3	Profit before tax	139.32	154.30	162.45
4	Tax expense			
(a)	Current tax	31.56	45.59	44.67
(b)	Deferred tax charge / (credit)	(1.30)	(16.66)	1.73
	Total tax expense	30.26	28.93	46.40
5	Net profit for the period	109.06	125.37	116.05
6	Earnings per share (Face value of Re. 1/- each) (not annualized)			
(a)	Basic	0.91	1.02	0.97
(b)	Diluted	0.91	1.02	0.97

Financial Performance

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

(As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Nine Month Ended September 30,	
		2019	2018
1	Income		
(a)	Revenue from operations	5,965.05	5,074.35
(b)	Other income	123.27	13.71
	Total income	6,088.32	5,088.06
2	Expenses		
(a)	Employee benefits expense	4,063.08	3,464.90
(b)	Finance costs	12.28	2.06
(c)	Depreciation and amortisation expense	132.75	100.94
(d)	Other expenses	1,389.82	1,217.80
	Total expenses	5,597.93	4,785.70
3	Profit before tax	490.39	302.36
4	Tax expense		
(a)	Current tax	128.13	88.13
(b)	Deferred tax charge / (credit)	13.33	(36.28)
	Total tax expense	141.46	51.85
5	Net profit for the period	348.93	250.51
6	Earnings per share (Face value of Re. 1/- each) (not annualized)		
(a)	Basic	2.89	2.03
(b)	Diluted	2.89	2.03

Financial Performance

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

(FIGURES IN MN)

Particulars	Q3 2019		Q3 2018		Q2 2019	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,973.95	28.09	1,863.95	26.71	2,028.11	29.17
Cost of revenues	1,305.25	18.58	1,225.97	17.54	1,320.38	19.00
Gross margin	668.70	9.51	637.98	9.17	707.73	10.17
SG & A Expenses	33.88%		34.23%		34.90%	
	515.00	7.33	432.30	6.17	524.57	7.54
	26.09%		23.19%		25.87%	
EBITDA	153.70	2.18	205.68	3.00	183.16	2.63
Depreciation and amortization	7.79%		11.03%		9.03%	
	45.14	0.64	34.44	0.49	44.56	0.63
Income from operations	108.56	1.54	171.24	2.51	138.60	2.00
Interest expense	(4.29)	(0.06)	(0.71)	(0.01)	(4.20)	(0.06)
Other income (net)	35.05	0.50	(16.24)	(0.25)	28.05	0.40
Income before income tax	139.32	1.98	154.29	2.25	162.45	2.34
Income tax expense	30.26	0.43	28.92	0.42	46.40	0.67
Net earnings	109.06	1.55	125.37	1.83	116.05	1.67

Financial Performance

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

(Contribution Analysis Format)

(Figures in mn)

Particulars	Jan to Sep 19		Jan to Sep 18	
	INR	US\$	INR	US\$
Revenues	5,965.05	85.17	5,074.35	75.63
Cost of revenues	3,927.82	56.08	3,433.11	51.16
Gross margin	2,037.23	29.09	1,641.24	24.47
	34.15%		32.34%	
SG & A Expenses	1,524.10	21.76	1,246.40	18.58
	25.55%		24.56%	
EBITDA	513.13	7.33	394.84	5.89
	8.60%		7.78%	
Depreciation and amortization	132.75	1.90	100.94	1.50
Income from operations	380.38	5.43	293.90	4.39
Interest expense	(12.28)	(0.18)	(2.06)	(0.03)
Other income (net)	122.29	1.75	10.52	0.16
Income before income tax	490.39	7.00	302.36	4.52
Income tax expense	141.46	2.02	51.85	0.78
Net earnings	348.93	4.98	250.51	3.74

Financial Performance

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

		(Rs. in million)	
Particulars		As at	
		September 30, 2019	December 31, 2018
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	399.36	306.91
	(b) Capital work in progress	35.84	16.18
	(c) Investment property	22.21	23.31
	(d) Goodwill	108.37	89.93
	(e) Other Intangible assets	150.54	27.64
	(f) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	89.94	102.92
	(g) Deferred tax assets (net)	58.89	67.46
	(h) Non-current tax assets (net)	22.40	56.95
	(i) Other non-current assets	30.42	50.10
B.	Total non-current assets (A)	918.00	741.43
	Current assets		
	(a) Financial assets		
	(i) Investments	337.88	199.50
	(ii) Trade receivables	1,250.67	1,365.45
	(iii) Cash and cash equivalents	875.23	841.17
	(iv) Other bank balances	209.50	518.70
	(v) Other financial assets	760.38	618.32
	(b) Other current assets	272.40	150.10
	Total current assets (B)	3,706.06	3,693.24
	Total assets (A+B)	4,624.06	4,434.67
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	119.60	123.25
	(b) Other equity	3,208.76	3,105.78
	(c) Non Controlling Interest	-	-
	Total equity (A)	3,328.36	3,229.03
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	39.88	15.91
	(ii) Other financial liabilities	83.65	2.96
	(b) Provisions	128.13	109.60
	(c) Deferred tax liabilities (net)	-	0.25
	(d) Other non-current liabilities	0.02	0.04
	Total non-current liabilities (B)	251.68	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	219.89	270.02
	(ii) Other financial liabilities	232.88	212.81
	(b) Provisions	160.86	142.63
	(c) Current tax liability (Net)	54.18	52.01
	(d) Other current liabilities	376.21	399.41
	Total current liabilities (C)	1,044.02	1,076.88
	Total liabilities (B+C)	1,295.70	1,205.64
	Total equity and liabilities (A+B+C)	4,624.06	4,434.67

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Sep 30, 19	Sep 30, 18	Jun 30, 19
Revenues	100.00	100.00	100.00
Gross margin	33.88	34.23	34.90
SG & A	26.09	23.19	25.87
EBITDA	7.79	11.03	9.03
EBT	7.06	8.28	8.01
EAT	5.52	6.73	5.72

Revenue from Top 10 Clients	Quarter ended		
	Sep 30, 19	Sep 30, 18	Jun 30, 19
Top 10 Clients	31.31%	36.39%	33.81%
Top 5 Clients	19.68%	23.98%	21.76%
Top 3 Clients	14.18%	16.53%	15.20%
Largest Client	5.84%	6.44%	5.97%

Revenues by Geographies	Quarter ended		
	Sep 30, 19	Sep 30, 18	Jun 30, 19
USA	62.55%	60.16%	62.34%
Europe	13.96%	16.93%	16.12%
SEAC (South East Asia)	16.05%	18.38%	16.06%
India	1.83%	1.52%	1.19%
Others	5.61%	3.01%	4.29%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Sep 30, 19	Sep 30, 18	Jun 30, 19
Onsite	94.96%	97.16%	96.18%
Offshore	74.70%	76.38%	76.25%
Blended	76.95%	78.85%	78.45%

Utilization (including trainees)	Quarter ended		
	Sep 30, 19	Sep 30, 18	Jun 30, 19
Onsite	94.96%	97.16%	96.18%
Offshore	73.17%	74.79%	75.04%
Blended	75.55%	77.39%	77.34%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Sep 30, 19	Sep 30, 18	Jun 30, 19
Technical	2,347	2,352	2,469
Software services			
Onsite	377	359	378
Offshore	1,454	1,308	1,456
BPO			
Offshore	469	643	601
Trainees	47	42	34
Support	402	359	392
Total count	2,749	2,711	2,861

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Sep 30, 19	Sep 30, 18	Jun 30, 19
Receivable	1,250.67	1,372.79	1,270.57
Receivable in days (“DSO”) #	57	63	63
Cash and bank balance	1,924.01	1,897.75	1,830.48
Shareholders’ funds	3,328.36	3,018.00	3,204.57

for the respective quarters

Development/Service Centres Location	As on Sep 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.

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