



DELIVERING DIGITAL SUCCESS STORIES...

Press Release Year 2019



R Systems Reports Record Revenue in Financial Year 2019

Revenue Year 2019: Rs. 809 Crores with 9% EBITDA

16% Revenue Growth and 27% EBITDA Growth

Noida, India – February 9, 2020

Highlights

Consolidated results for the FY ended December 31, 2019

- Consolidated revenue for FY 2019 was Rs. 809.38 crores (US\$ 115.18 mn.) as against Rs. 699.89 crores (US\$ 102.47 mn.) in FY 2018; YoY increase 15.64%.
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) for FY 2019 was Rs. 73.07 crores (US\$ 10.40 mn.) i.e. 9.03% of revenue, as against Rs. 57.73 crores (US\$ 8.46 mn.) in FY 2018 i.e. 8.25% of revenue; YoY increase 26.58%
- Net profit after taxes for FY 2019 was Rs. 58.12 crores (US\$ 8.27 mn) as against Rs. 51.04 crores (US\$ 7.48 mn) in FY 2018; YoY increase 13.87%.

Consolidated results for the quarter ended December 31, 2019

- Consolidated revenue from operations for Q4 2019 was Rs. 212.87 crores (US\$ 30.01 mn) compared to Rs. 192.45 crores (US\$ 26.84 mn) in Q4 2018 and Rs. 197.39 crores (US\$ 28.09 mn) in Q3 2019; QoQ increase 7.84% and YoY increase 10.61%.
- EBITDA for Q4 2019 was Rs. 21.76 crores (US\$ 3.08 mn) compared to Rs. 18.24 crores (US\$ 2.57 mn) in Q4 2018 and Rs. 15.37 crores (US\$ 2.18 mn) in Q3 2019. Q4 2019 EBITDA as % of revenue was 10.22% as against 9.48% for Q4 2018 and 7.79% for Q3 2019.
- Net profit after taxes for Q4 2019 was Rs. 23.23 crores (US\$ 3.29 mn) compared to Rs. 26.00 crores (US\$ 3.74 mn) in Q4 2018 and Rs. 10.91 crores (US\$ 1.55 mn) in Q3 2019.

Others

- Added 24 key accounts during the year 2019 including 8 key accounts during this quarter.
- Net 200 plus associates addition towards IT business during the year 2019.
- Expanded Infrastructure by setting up a new 30,000 sq. ft 'Special Economic Zone' (SEZ - Unit II) unit located at Greater Noida West (NCR).



Mr. Rekhi Singh, Managing Director said, "R Systems reported record revenue of Rs. 809 crores with EBITDA of 9% for the year 2019. I am pleased with double digit revenue growth and margin improvement. This robust performance is on the back of good traction towards our product engineering and digital practices. We have a strong balance sheet with constant cash generation to scale investment in newer technologies, sales activities and to support future growth"

He emphasized, "Digital now contributes over 40% of our revenues and helped us to win large deals. We continued to navigate our customers in their digital transformation journey leveraging our strong product engineering experience."

Mr. Avirag Jain CTO, said, "During 2019, R Systems served 26 million dollar plus customers including 7 accounts contributing dollar three million plus revenues. Our investment in digital technology is yielding visible result in term of revenue growth and deal size. The employee utilization also remained healthy and helped us to improve margins."

He further said, "We have further expanded infrastructure by adding state-of-the-art new SEZ facility to cater to revenue growth."

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. Technology, Telecom, Healthcare & Life Science, Finance & Insurance and Retail & e-commerce. R Systems maintains sixteen development and service centres to serve customers in North America, Europe and the Far East.

The brief of few wins is listed below:

One of the leading food processor of frozen products in USA has engaged R Systems to integrate its various legacy applications using a renowned iPaaS solution which will enable cloud-based integration, API management and master data management.

A leading provider of software and operator safety solutions for the surface mining operations has mandated R Systems to implement an IoT based solution for mining, quarry and construction sites. It will handle large volume of transactions using GPS devices and cloud based IoT solution.

A Canada based company providing intelligent transportation management solutions, has engaged R Systems to digitalize its existing PaaS based product.

A Systems technology enabler in Malaysia has engaged IBIZ to implement a renowned BI and analytics solution for a Malaysian government department which will provide operational and analytical insights to assist and strengthen the outcome-based budgeting, tracking, monitoring and decision making process.

A Singapore based comprehensive supply chain solution provider with operations sites across North America, Europe, and the Asia Pacific region has engaged ECnet to implement Infor CloudSuite Industrial (Syteline) ERP and Factory Track system for its US operations to streamline and automate its business operations.

Liquidity and Shareholder Funds

Cash and bank balances, including bank deposits and liquid funds as at December 31, 2019, were Rs. 199.92 crores compared to Rs. 199.55 crores as at December 31, 2018. Total shareholder funds as at December 31, 2019 were Rs. 338.23 crores compared to Rs. 322.90 crores as at December 31, 2018.

Corporate and Other Matters

Proposed Dividend

The Board of Directors at its meeting held on December 14, 2019 has declared an interim dividend of Rs. 1.5 per equity share (150%) of face value of Re. 1/- each. As at December 31, 2019, the Company has transferred the interim dividend amount to a separate bank account. The aforesaid interim dividend is paid on January 06, 2020.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2019 (As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended December 31,		Quarter Ended September 30, 2019
		2019	2018	
1	Income			
(a)	Revenue from operations	2,128.71	1,924.53	1,973.95
(b)	Other income	30.57	178.78	35.67
	Total income	2,159.28	2,103.31	2,009.62
2	Expenses			
(a)	Employee benefits expense	1,399.05	1,278.96	1,360.23
(b)	Finance costs	3.37	0.58	4.29
(c)	Depreciation and amortisation expense	16.11	34.53	45.14
(d)	Other expenses	511.79	464.77	460.64
	Total expenses	1,930.32	1,778.84	1,870.30
3	Profit before tax	228.96	324.47	139.32
4	Tax expense			
(a)	Current tax	6.71	36.08	31.56
(b)	Deferred tax charge / (credit)	(10.06)	28.43	(1.30)
	Total tax expense / (credit)	(3.35)	64.51	30.26
5	Net profit for the period	232.31	259.96	109.06
6	Earnings per share (Face value of Re. 1/- each) (not annualized)			
(a)	Basic	1.94	2.11	0.91
(b)	Diluted	1.94	2.11	0.91

Financial Performance

Consolidated Profit & Loss Statement for Year Ended December 31, 2019 (As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Year Ended December 31,	
		2019	2018
1	Income		
(a)	Revenue from operations	8,093.75	6,998.89
(b)	Other income	153.85	192.49
	Total income	8,247.60	7,191.38
2	Expenses		
(a)	Employee benefits expense	5,462.13	4,743.85
(b)	Finance costs	15.65	2.65
(c)	Depreciation and amortisation expense	148.86	135.48
(d)	Other expenses	1,901.61	1,682.58
	Total expenses	7,528.25	6,564.56
3	Profit before tax	719.35	626.82
4	Tax expense		
(a)	Current tax	134.84	124.22
(b)	Deferred tax charge / (credit)	3.27	(7.85)
	Total tax expense	138.11	116.37
5	Net profit for the period	581.24	510.45
6	Earnings per share (Face value of Re. 1/- each)		
(a)	Basic	4.82	4.14
(b)	Diluted	4.82	4.14

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2019 (Contribution Analysis Format)

(Figures in mn)

Particulars	Q4 2019		Q4 2018		Q3 2019	
	INR	US\$	INR	US\$	INR	US\$
Revenues	2,128.71	30.01	1,924.53	26.84	1,973.95	28.09
Cost of revenues	1,361.51	19.18	1,269.06	17.68	1,305.25	18.58
Gross margin	767.20	10.83	655.47	9.16	668.70	9.51
	36.04%		34.06%		33.88%	
SG & A						
Expenses	549.65	7.75	473.06	6.59	515.00	7.33
	25.82%		24.58%		26.09%	
EBITDA	217.55	3.08	182.41	2.57	153.70	2.18
	10.22%		9.48%		7.79%	
Depreciation and amortization	16.11	0.23	34.53	0.48	45.14	0.64
Income from operations	201.44	2.85	147.88	2.09	108.56	1.54
Interest expense	(3.37)	(0.05)	(0.58)	(0.01)	(4.29)	(0.06)
Other income (net)	30.89	0.44	177.17	2.59	35.05	0.50
Income before income tax	228.96	3.24	324.47	4.67	139.32	1.98
Income tax provision / (credit)	(3.35)	(0.05)	64.51	0.93	30.26	0.43
Net earnings	232.31	3.29	259.96	3.74	109.06	1.55

Financial Performance

Consolidated Profit & Loss Statement for the Year Ended December 31, 2019 (Contribution Analysis Format)

(Figures in mn)

Particulars	Year 2019		Year 2018	
	INR	US\$	INR	US\$
Revenue	8,093.75	115.18	6,998.89	102.47
Cost of revenue	5,289.33	75.27	4,702.17	68.84
Gross margin	2,804.42	39.91	2,296.72	33.63
	34.65%		32.82%	
SG & A				
Expenses	2,073.74	29.51	1,719.46	25.17
	25.62%		24.57%	
EBITDA	730.68	10.40	577.26	8.46
	9.03%		8.25%	
Depreciation and amortization	148.86	2.12	135.48	1.98
Income from operations	581.82	8.28	441.78	6.48
Interest expense	(15.65)	(0.22)	(2.65)	(0.04)
Other income (net)	153.18	2.18	187.69	2.74
Income before income tax	719.35	10.24	626.82	9.19
Income tax provision	138.11	1.97	116.37	1.70
Net earnings	581.24	8.27	510.45	7.48

Financial Performance

Consolidated Balance Sheet as at December 31, 2019 (As per Ind AS)

(Rs. in million)

	Particulars	As at	
		December 31, 2019	December 31, 2018
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	435.98	306.91
	(b) Capital work in progress	19.63	16.18
	(c) Investment property	21.84	23.31
	(d) Goodwill	195.94	89.93
	(e) Other Intangible assets	66.56	27.64
	(f) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	140.37	102.92
	(g) Deferred tax assets (net)	62.53	67.46
	(h) Non-current tax assets (net)	49.26	56.95
	(i) Other non-current assets	39.53	50.10
B.	Total non-current assets (A)	1,031.67	741.43
	Current assets		
	(a) Financial assets		
	(i) Investments	342.45	199.50
	(ii) Trade receivables	1,323.97	1,365.45
	(iii) Cash and cash equivalents	1,103.11	841.17
	(iv) Other bank balances	366.08	518.70
	(v) Other financial assets	501.93	618.32
	(b) Other current assets	259.31	150.10
	Total current assets (B)	3,896.85	3,693.24
	Total assets (A+B)	4,928.52	4,434.67
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	119.60	123.25
	(b) Other equity	3,262.74	3,105.78
	(c) Non Controlling Interest	-	-
	Total equity (A)	3,382.34	3,229.03
	Liabilities		
B.	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	53.08	15.91
	(ii) Other financial liabilities	120.22	2.96
	(b) Provisions	133.20	109.60
	(c) Deferred tax liabilities (net)	1.32	0.25
	(d) Other non-current liabilities	-	0.04
	Total non-current liabilities (B)	307.82	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	253.39	270.02
	(ii) Other financial liabilities	383.49	212.81
	(b) Provisions	166.60	142.63
	(c) Current tax liability (Net)	50.95	52.01
	(d) Other current liabilities	383.93	399.41
	Total current liabilities (C)	1,238.36	1,076.88
	Total liabilities (B+C)	1,546.18	1,205.64
	Total equity and liabilities (A+B+C)	4,928.52	4,434.67

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year ended	
	Dec 31, 19	Dec 31, 18	Sep 30, 19	Dec 31, 19	Dec 31, 18
Revenues	100.00	100.00	100.00	100.00	100.00
Gross margin	36.04	34.06	33.88	34.65	32.82
SG & A	25.82	24.58	26.09	25.62	24.57
EBITDA	10.22	9.48	7.79	9.03	8.25
EBT	10.76	16.86	7.06	8.89	8.96
EAT	10.91	13.51	5.52	7.18	7.29

Revenue from Top 10 Clients	Quarter ended			Year ended	
	Dec 31, 19	Dec 31, 18	Sep 30, 19	Dec 31, 19	Dec 31, 18
Top 10 Clients	28.55%	35.18%	31.31%	31.77%	35.30%
Top 5 Clients	18.56%	23.15%	19.68%	20.39%	23.48%
Top 3 Clients	13.73%	15.52%	14.18%	14.73%	16.06%
Largest Client	5.81%	5.86%	5.84%	5.94%	6.20%

Revenues by Geographies	Quarter ended			Year ended	
	Dec 31, 19	Dec 31, 18	Sep 30, 19	Dec 31, 19	Dec 31, 18
North America	63.38%	60.97%	66.25%	65.21%	60.35%
Europe	13.71%	17.08%	13.96%	14.98%	17.94%
SEAC (South East Asia)	19.88%	19.64%	16.05%	16.97%	18.87%
India	1.70%	1.59%	1.83%	1.50%	1.64%
Others	1.33%	0.71%	1.91%	1.34%	1.20%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 19	Dec 31, 18	Sep 30, 19
Onsite	94.50%	95.27%	94.96%
Offshore	79.52%	76.59%	74.70%
Blended	81.14%	78.81%	76.95%

Utilization (including trainees)	Quarter ended		
	Dec 31, 19	Dec 31, 18	Sep 30, 19
Onsite	94.50%	95.27%	94.96%
Offshore	78.34%	75.20%	73.17%
Blended	80.06%	77.56%	75.55%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 19	Dec 31, 18	Sep 30, 19
Technical	2,380	2,379	2,347
Software services			
Onsite	390	370	377
Offshore	1,524	1,337	1,454
BPO			
Offshore	436	635	469
Trainees	30	37	47
Support	413	374	402
Total count	2,793	2,753	2,749

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At	
	Dec 31, 19	Dec 31, 18
Receivable	1,323.97	1,365.45
Receivable in days (“DSO”)	61	67
Cash and bank balance #	1,999.20	1,995.45
Shareholders’ funds	3,382.34	3,229.03

excluding amount kept in separate bank account pertaining to outstanding dividend liability and unclaimed dividend.

Development/Service Centres Location	As on Dec 31, 2019	
	Covered areas in sq ft.	No. of seats
India		
Noida	121,694	2,159
Chennai	5,905	65
	127,599	2,224
North America		
Sacramento, CA, USA	9,500	60
Milpitas, CA, USA	1,787	12
Chicago, IL, USA	3,003	15
Ontario, Canada	600	10
	14,890	97
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	191,920	2,862



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 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 sixteen development and service centres to serve customers in North America, 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.

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