

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048

Tel : +91 120 4303500; Fax : +91 120 2587123

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

Statement of Consolidated Audited Results for the Year ended December 31, 2017

(Rs. in million, except per share data)

S.No.	Particulars	Three Months Ended			Year Ended	
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
	(Refer notes)	(Audited) Refer note 8	(Unaudited)	(Audited) Refer note 8	(Audited)	(Audited)
1	Revenue					
(a)	Revenue from operations	1,555.23	1,448.91	1,534.02	5,926.36	5,882.37
(b)	Other income	49.95	15.60	53.53	152.49	127.07
	Total revenue	1,605.18	1,464.51	1,587.55	6,078.85	6,009.44
2	Expenses					
(a)	Employee benefits expense	1,076.82	1,037.89	990.98	4,160.83	3,797.89
(b)	Operational and other expenses	373.31	296.23	366.33	1,410.97	1,377.99
(c)	Depreciation and amortisation expense	30.78	30.07	28.94	119.67	115.12
(d)	Finance costs	1.82	2.81	1.68	10.87	7.92
	Total expenses	1,482.73	1,367.00	1,387.93	5,702.34	5,298.92
3	Profit before tax and exceptional items	122.45	97.51	199.62	376.51	710.52
4	Exceptional items (refer note 3)	-	-	46.35	-	46.35
5	Profit before tax	122.45	97.51	245.97	376.51	756.87
6	Tax expense					
(a)	Current tax [refer note 3(c) and 4]	38.84	30.23	73.75	143.82	244.03
(b)	MAT credit (related to earlier years)	-	-	(15.13)	-	(15.13)
(c)	Deferred tax charge / (credit)	2.37	2.97	1.37	(12.12)	(8.91)
	Total tax expense	41.21	33.20	59.99	131.70	219.99
7	Net profit for the period / year	81.24	64.31	185.98	244.81	536.88
8	Earnings per share (Face value of Re. 1/- each) (not annualised)					
(a)	Basic	0.66	0.52	1.48	1.98	4.24
(b)	Diluted	0.66	0.52	1.48	1.98	4.24

See accompanying notes to the financial results

Notes:

- 1 The results for the quarter and year ended December 31, 2017 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on February 09, 2018.
- 2 An audit has been completed by the Statutory Auditors for the year ended December 31, 2017. There is no qualification in the Auditors' Report on these financial results.
The figures for the year ended December 31, 2016 were audited by erstwhile statutory auditor, M/s S.R.Batlboi & Associates LLP, Chartered Accountants.
- 3 'Exceptional items':
 - (a) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL. The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783.90 million to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.
The Company had also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443.17 million (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f August 19, 2015.
Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to USD 1 million. During the year ended December 31, 2016, the Company had received the consideration for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity share amounting to Rs. 37.18 million is disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2016.
 - (b) The Company had realised additional amount of Rs. 9.17 million towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2016.
 - (c) The consequent tax expense of above 'Exceptional items' amounting to Rs. 14.80 million for the quarter and year ended December 31, 2016, is included in the 'Current tax' in the financial results for the relevant period.
- 4 During the year ended December 31, 2017, the current tax includes provision of Rs. 7.46 million pertaining to earlier period.
- 5 On April 30, 2015, R Systems (Singapore) Pte. Limited, a wholly owned subsidiary of the Company, has acquired 100% share of IBIZ Consulting Pte. Ltd (Formerly known as IBIZCS Group Pte. Ltd), Singapore (IBIZ) for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfilment of certain conditions by the erstwhile shareholder of IBIZ. As at December 31, 2016, the management estimated the investment value at SGD 3.01 million and the goodwill arising on acquisition was SGD 3.71 million.
During period ended December 31, 2017, the management, basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof has re-assessed the aforesaid investment value at SGD 2.87 million (Rs. 137.13 million) which represents the consideration assessed as probable to be paid over the period and the goodwill arising on acquisition is SGD 3.58 million (Rs 171.01 million).
- 6 During the year ended December 31, 2016, the Company had issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195 million. Under the Buy-back offer, the Company had bought back 3 million equity shares for an aggregate amount of Rs. 195 million by utilising the Securities Premium Account to the extent of Rs. 192 million and General Reserve to the extent of Rs. 3 million. The Capital Redemption Reserve was created out of General Reserve for Rs. 3 million being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back was completed on November 29, 2016.
- 7 During the year ended December 31, 2017, the Company has issued 82,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.
- 8 Figures for the quarter ended December 31, 2017 and December 31, 2016 are equivalent to the difference between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year which were subjected to quarterly limited review by the statutory auditors.
- 9 Refer Annexure A for the consolidated balance sheet.
- 10 Refer Annexure B for segment wise consolidated revenue, results, assets and liabilities.
- 11 Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period / year presentation.

For and on behalf of the Board

Place : NOIDA
Date : February 09, 2018

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior Executive Director]
[DIN: 00006966]

R SYSTEMS INTERNATIONAL LIMITED
Consolidated Balance sheet as at December 31, 2017

(Rs. in million)

Particulars	As at	As at
	31.12.2017	31.12.2016
	(Audited)	(Audited)
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	123.21	123.13
(b) Reserves and surplus	2,909.92	2,656.60
	3,033.13	2,779.73
2 Minority interest	-	-
3 Non-current liabilities		
(a) Long-term borrowings	15.85	19.15
(b) Deferred tax liabilities (net)	0.26	-
(c) Other long-term liabilities	2.52	54.88
(d) Long-term provisions	91.18	89.42
	109.81	163.45
4 Current liabilities		
(a) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	461.45	438.94
(b) Other current liabilities	447.53	272.59
(c) Short-term provisions	186.85	174.90
	1,095.83	886.43
TOTAL	4,238.77	3,829.61
B ASSETS		
1 Non-current assets		
(a) Fixed assets		
Tangible assets	300.38	289.52
Intangible assets	17.03	32.13
Capital work in progress	0.59	26.29
(b) Goodwill on consolidation	467.60	452.21
(c) Non-current investments	112.36	201.40
(d) Deferred tax assets (net)	58.92	46.14
(e) Long-term loans and advances	72.09	89.11
(f) Other non-current assets	60.20	61.58
	1,089.17	1,198.38
2 Current assets		
(a) Current investments	135.57	87.57
(b) Trade receivables	1,208.07	1,082.22
(c) Cash and cash equivalents	1,500.66	1,143.24
(d) Short-term loans and advances	147.35	151.58
(e) Other current assets	157.95	166.62
	3,149.60	2,631.23
TOTAL	4,238.77	3,829.61

R SYSTEMS INTERNATIONAL LIMITED
Segment Wise Consolidated Revenue, Results, Assets and Liabilities

Annexure B

		(Rs. in million)				
S.No.	Particulars	Three Months Ended			Year Ended	
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
		(Audited) Refer note 8	(Unaudited)	(Audited) Refer note 8	(Audited)	(Audited)
1	Segment revenue					
	- Information technology services	1,426.86	1,328.45	1,415.67	5,461.68	5,449.12
	- Business process outsourcing services	133.82	125.32	123.14	484.23	452.25
	Total	1,560.68	1,453.77	1,538.81	5,945.91	5,901.37
	Less: Elimination of intersegment sales	5.45	4.86	4.79	19.55	19.00
	Revenue from operations	1,555.23	1,448.91	1,534.02	5,926.36	5,882.37
2	Segment results before tax, interest and exceptional items					
	- Information technology services	106.30	81.03	191.53	340.78	677.48
	- Business process outsourcing services	9.68	18.43	12.07	40.20	48.84
	Total	115.98	99.46	203.60	380.98	726.32
	(i) Interest expense	0.40	(0.53)	(0.41)	(3.08)	(1.36)
	(ii) Interest income	20.93	13.57	19.31	59.84	56.81
	(iii) Other unallocable income	1.60	1.60	1.60	6.40	6.40
	(iv) Exceptional Items (refer note 3)	-	-	46.35	-	46.35
	(v) Other unallocable expenses	(16.46)	(16.59)	(24.48)	(67.63)	(77.65)
	Profit before tax	122.45	97.51	245.97	376.51	756.87
3	Capital employed					
a	Segment assets					
	- Information technology services	2,124.99	2,199.22	2,202.72	2,124.99	2,202.72
	- Business process outsourcing services	376.25	365.86	334.48	376.25	334.48
	- Inter segment assets elimination	(78.54)	(87.71)	(34.87)	(78.54)	(34.87)
	- Unallocated corporate assets	1,816.07	1,594.09	1,327.28	1,816.07	1,327.28
	Total segment assets (A)	4,238.77	4,071.46	3,829.61	4,238.77	3,829.61
b	Segment liabilities					
	- Information technology services	1,124.42	1,017.97	894.44	1,124.42	900.84
	- Business process outsourcing services	54.61	53.55	49.87	54.61	49.87
	- Inter segment liabilities elimination	(78.54)	(87.71)	(34.87)	(78.54)	(34.87)
	- Unallocated corporate liabilities	105.15	114.69	140.44	105.15	134.04
	Total segment liabilities (B)	1,205.64	1,098.50	1,049.88	1,205.64	1,049.88
	Capital employed (A- B)	3,033.13	2,972.96	2,779.73	3,033.13	2,779.73

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Statement of Standalone Audited Financial Results for the Quarter and Year Ended December 31, 2017

(Rs. in million, except per share data)

S.No.	Particulars (Refer notes)	Three Months Ended			Year Ended	
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
		(Audited) Refer Note 7	(Audited)	(Audited) Refer Note 7	(Audited)	(Audited)
1	Revenue					
(a)	Revenue from operations	676.26	654.31	688.32	2,637.51	2,631.77
(b)	Other income	43.34	16.26	36.98	133.75	123.67
	Total revenue	719.60	670.57	725.30	2,771.26	2,755.44
2	Expenses					
(a)	Employee benefits expense	460.16	463.83	454.92	1,856.05	1,663.18
(b)	Operational and other expenses	119.16	95.94	114.84	478.30	451.87
(c)	Depreciation and amortisation expense	19.06	18.76	17.20	73.74	69.30
(d)	Finance costs	0.68	1.49	0.77	6.33	3.68
	Total expenses	599.06	580.02	587.73	2,414.42	2,188.03
3	Profit before tax and exceptional items	120.54	90.55	137.57	356.84	567.41
4	Exceptional items (refer note 3)	-	-	46.35	-	46.35
5	Profit before tax	120.54	90.55	183.92	356.84	613.76
6	Tax expense					
(a)	Current tax [refer note 3(c) and 4]	36.22	20.73	63.56	127.34	224.95
(b)	MAT credit (related to earlier years)	-	-	(15.13)	-	(15.13)
(c)	Deferred tax charge / (credit)	(2.99)	7.06	0.35	(9.33)	(8.20)
	Total tax expense	33.23	27.79	48.78	118.01	201.62
7	Net profit for the period / year	87.31	62.76	135.14	238.83	412.14
8	Earnings per share (Face value of Re. 1/- each) (not annualised)					
(a)	Basic	0.70	0.51	1.07	1.93	3.26
(b)	Diluted	0.70	0.51	1.07	1.93	3.25

See accompanying notes to the financial results

Notes:

- 1 The results for the quarter and year ended December 31, 2017 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on February 09, 2018.
- 2 An audit has been completed by the Statutory Auditors for the quarter and year ended December 31, 2017. There is no qualification in the Auditors' Report on these financial results.

The figures for the quarter and year ended December 31, 2016 were audited by erstwhile statutory auditor, M/s S.R.Batliboi & Associates LLP, Chartered Accountants.

- 3 'Exceptional items':

(a) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783.90 million to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company had also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443.17 million (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to USD 1 million. During the year ended December 31, 2016, the Company had received the consideration for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity share amounting to Rs. 37.18 million is disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2016.

(b) The Company had realised additional amount of Rs. 9.17 million towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2016.

(c) The consequent tax expense of above 'Exceptional items' amounting to Rs. 14.80 million for the quarter and year ended December 31, 2016, is included in the 'Current tax' in the financial results for the relevant period.

- 4 During the year ended December 31, 2017, the current tax includes Rs. 3.69 million pertaining to earlier period.
- 5 During the year ended December 31, 2016, the Company had issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195 million. Under the Buy-back offer, the Company had bought back 3 million equity shares for an aggregate amount of Rs. 195 million by utilising the Securities Premium Account to the extent of Rs. 192 million and General Reserve to the extent of Rs. 3 million. The Capital Redemption Reserve was created out of General Reserve for Rs. 3 million being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back was completed on November 29, 2016.
- 6 During the year ended December 31, 2017, the Company has issued 82,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.
- 7 Figures for the quarter ended December 31, 2017 and December 31, 2016 are equivalent to the difference between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year.
- 8 Refer Annexure A for the standalone Balance Sheet.
- 9 Refer Annexure B for segment wise standalone revenue, results, assets and liabilities.
- 10 Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period / year presentation.

For and on behalf of the Board

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior Executive Director]
[DIN: 00006966]

Place : NOIDA
Date : February 09, 2018

R SYSTEMS INTERNATIONAL LIMITED
Segment Wise Standalone Revenue, Results , Assets and Liabilities

(Rs. in million)

S.No.	Particulars	Three Months Ended			Year Ended	
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
		(Audited) Refer Note 7	(Audited)	(Audited) Refer Note 7	(Audited)	(Audited)
1	Segment revenue					
	- Information technology services	542.44	528.99	565.18	2,153.28	2,179.52
	- Business process outsourcing services	133.82	125.32	123.14	484.23	452.25
	Revenue from operations	676.26	654.31	688.32	2,637.51	2,631.77
2	Segment results before tax, interest and exceptional items					
	- Information technology services	98.94	71.84	119.40	308.75	516.36
	- Business process outsourcing services	9.68	18.43	12.07	40.20	48.84
	Total	108.62	90.27	131.47	348.95	565.20
	(i) Interest expense	0.61	(0.48)	(0.41)	(2.76)	(1.34)
	(ii) Interest income	20.55	13.50	19.25	59.27	56.57
	(iii) Other unallocable income	1.60	1.60	1.60	6.40	6.40
	(iv) Exceptional Items (refer note 3)	-	-	46.35	-	46.35
	(v) Other unallocable expenses	(10.84)	(14.34)	(14.34)	(55.02)	(59.42)
	Profit before tax	120.54	90.55	183.92	356.84	613.76
3	Capital employed					
a	Segment assets					
	- Information technology services	865.55	811.46	808.21	865.55	808.21
	- Business process outsourcing services	229.46	219.07	187.69	229.46	187.69
	- Inter segment assets elimination	(74.75)	(85.86)	(31.68)	(74.75)	(31.68)
	- Unallocated corporate assets	2,041.92	1,996.76	1,756.31	2,041.92	1,756.31
	Total segment assets (A)	3,062.18	2,941.43	2,720.53	3,062.18	2,720.53
b	Segment liabilities					
	- Information technology services	588.23	561.11	444.21	588.23	444.21
	- Business process outsourcing services	54.61	53.55	49.87	54.61	49.87
	- Inter segment liabilities elimination	(74.75)	(85.86)	(31.68)	(74.75)	(31.68)
	- Unallocated corporate liabilities	48.20	54.55	54.68	48.20	54.68
	Total segment liabilities (B)	616.29	583.35	517.08	616.29	517.08
	Capital employed (A- B)	2,445.89	2,358.08	2,203.45	2,445.89	2,203.45

R SYSTEMS INTERNATIONAL LIMITED
Standalone Balance Sheet as at December 31, 2017

Particulars		(Rs. in million)	
		As at 31.12.2017 (Audited)	As at 31.12.2016 (Audited)
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	123.21	123.13
	(b) Reserves and surplus	2,322.68	2,080.32
		2,445.89	2,203.45
2	Non-current liabilities		
	(a) Long-term borrowings	15.85	19.15
	(b) Other long-term liabilities	2.23	10.30
	(c) Long-term provisions	91.18	89.42
		109.26	118.87
3	Current liabilities		
	(a) Trade payables		
	- Total outstanding dues of micro enterprises and small enterprises	-	-
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	150.58	157.73
	(b) Other current liabilities	234.16	120.00
	(c) Short-term provisions	122.29	120.48
		507.03	398.21
	TOTAL	3,062.18	2,720.53
B	ASSETS		
1	Non-current assets		
	(a) Fixed assets		
	Tangible assets	258.45	246.39
	Intangible assets	4.44	5.42
	Capital work in progress	-	26.29
	(b) Non-current investments	1,054.58	1,126.89
	(c) Deferred tax assets (net)	52.99	43.66
	(d) Long-term loans and advances	47.21	71.61
	(e) Other non-current assets	46.59	53.29
		1,464.26	1,573.55
2	Current assets		
	(a) Current investments	135.57	87.57
	(b) Trade receivables	569.28	500.84
	(c) Cash and cash equivalents	730.35	402.08
	(d) Short-term loans and advances	106.52	90.18
	(e) Other current assets	56.20	66.31
		1,597.92	1,146.98
	TOTAL	3,062.18	2,720.53