



**DELIVERING DIGITAL  
SUCCESS STORIES...**

**ANNUAL REPORT 2018**

**Cautionary Statement Regarding Forward-Looking Statement**

This document contains statements about expected future events and financial and operating results of R Systems International Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in R Systems International Limited Annual Report 2018.

# CONTENTS



## 01

### CORPORATE OVERVIEW

- 02 Delivering Digital success stories...
- 04 From the desk of the Managing Director
- 09 Know your Company
- 11 Success stories
- 16 Client testimonials
- 17 Financial Highlights
- 18 Our Digital Workforce
- 20 Our Commitment for a sustainable future

## 02

### STATUTORY REPORTS

- 22 Directors' Report
- 35 Corporate Governance Report
- 53 Management Discussion and Analysis Report
- 88 Risk Management Report

## 03

### FINANCIAL STATEMENTS

- 94 Financial Statements (Standalone)
- 148 Financial Statements (Consolidated)

## 04

### AGM NOTICE

- 211 Notice of the Twenty Fifth Annual General Meeting



# DELIVERING **DIGITAL SUCCESS STORIES...**



# THIS YEAR'S ANNUAL REPORT IS DEDICATED TO MANY SUCH SUCCESS STORIES, WHEREIN OUR ETHOS WAS ACTIVATED, THE PROBLEMS AND DIFFICULTIES WERE SOLVED AND THE WINNER WAS THE CUSTOMER.

Technology has been bringing paradigm changes in the business world. However, as the technology helps in resolving many age-old problems, at the same time, it brings in new challenges, most of which are unheard of, earlier by the businesses. R Systems has been a pioneer in digital solutions, helping the customers with some of the most acute issues and providing agile solutions, using cutting edge technology.

We have partnered with customers since past 26 years, to offer the state-of-the-art solutions to resolve the most difficult issues during the most pressing times and are proud to achieve excellent results. Success is the by-product, we receive when our customers overcome their business challenges using our digital solutions. We have practised, what we preach – Going all in where required, putting in that extra mile, just to strengthen our customer's operations, are some of the ethos we live with. And we have been rewarded with more than just revenues and profits – Great Relationships and Contagious Happiness!

Imagine, being stuck in a very testing situation. If there is

inaction / delay, you may face a big consequence. Life seems to be stuck in that particular scenario. However, some old mate appears from nowhere and provides his expertise to resolve the issue. You are sceptical at the outset. However, your mate is confident. You both team-up and work towards resolving the problem. Ultimately, the issue is resolved – to such an extent that bystanders feel whether such issue existed. Have you ever experienced such a miracle? Our customers have often witnessed similar situations. These were the moments, where we stepped in, partnered with the customers and resolved the issues. This year's Annual Report is dedicated to many such success stories, wherein our ethos was activated, the problems and difficulties were solved and the winner was the customer. R Systems invites our valued stakeholders in witnessing these success stories...

# FROM THE DESK OF THE MANAGING DIRECTOR

## Dear Fellow Shareholders,

It gives me immense pleasure to present the 2018 Annual Report of your company. In the year 2018, we witnessed R Systems' revenues grow by over 18.10% to Rs. 6,999 million (US \$102 million), against Rs. 5,926 million (US \$91 million) in 2017. Your company has once again crossed the USD 100 million revenue landmark during the year 2018 after a successful transformation into a digital enterprise from a product engineering company. We reported improved margin as EBITDA grew by 71% to 8.25% of revenue from 5.68% of revenue in the year 2017. The shareholder's funds and cash balance has also grown to Rs 3,229 million and Rs 1,998 million, respectively. We have a strong balance sheet to continue our digital investment for future growth.

Over the last two years, we have witnessed an interesting era whereby technology has touched every corner of our daily life. We utilize technology to learn, to communicate, to conduct business and to make life easier. This has mandated businesses to build strategies for their digital transformation to be relevant and meaningful. R Systems, has also transformed itself from a product engineering company to a niche player in the digital arena; navigating customers in their digital transformation journey. During 2018, R Systems generated

approx. 39% of its revenue from digital offerings.

We have been committed to our digital transformation endeavours by creating an ecosystem to support our customers in realizing the full benefits of digital transformation. This includes realigning various internal functions such as, sales, marketing, people practice, IT infrastructure and delivery by adapting breakthrough digital technologies like, Cloud, RPA, ML, AI, Analytics, etc. We have further strengthened and specialized our digital offering in key industry verticals, i.e. Telecom, Technology, Healthcare & Life Science, Finance & Insurance, Retail & e-commerce.

At R Systems, our most precious assets are our employees who have gone through a phenomenal transformation over the last few years by not only adapting digital technologies but have also created unmatched digital success stories. These success stories now represent our capability of satisfying our customer needs by delivering futuristic digital solutions and are a great collateral to nurture digital growth. Kudos to our great team for their willingness and commitment to spearhead digital transformation, our customers hold us to a high bar and we strive to raise that bar every day.

In 2018, we added 18 plus key customers out of which 4 have the potential to be USD \$ million plus accounts. We served 21 USD million plus accounts during 2018. We added 400 plus associates globally during 2018. We have also started a new USA facility in Milpitas, CA. And, a new entity in Switzerland to be closer to our customers in order to understand their fast changing business needs.

We have started the year 2019 on a further positive note by expanding our SEZ facility by adding 28,000 square feet to cater to a strong sales pipe line. We have also concluded an acquisition of Chicago-based, Innovizant LLC, which strengthens our digital competencies in data analytics and enhanced our marquee client base in the financial services sector. We continue to be guided by our mission to "Become an end-to-end digital transformation partner for our clients". I am confident that our proven digital competencies driven by new technologies and AI/Analytics will fuel our growth in the coming years.

As an organization, we continue to take responsibility for social wellness through our focused CSR efforts. We have continued to work closely in promoting education, welfare and sports, especially for girls, to spread happiness in the society. Our CSR philosophy remains, that happy



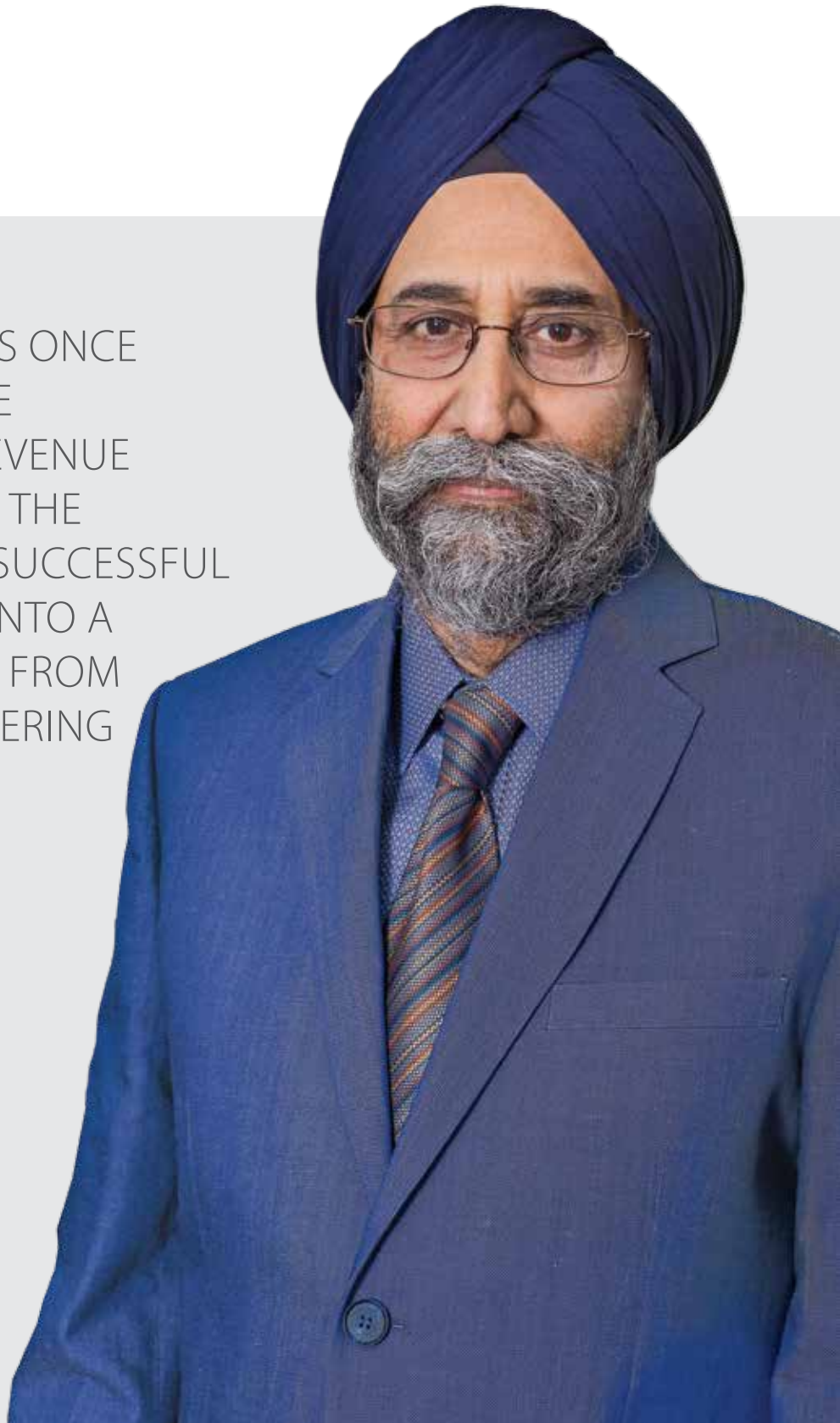
YOUR COMPANY HAS ONCE AGAIN CROSSED THE USD 100 MILLION REVENUE LANDMARK DURING THE YEAR 2018 AFTER A SUCCESSFUL TRANSFORMATION INTO A DIGITAL ENTERPRISE FROM A PRODUCT ENGINEERING COMPANY.

people are successful people, they become better citizens to productively serve their community.

As I conclude this message, once again, I thank you - Our Shareholders, Our Customers and Our Associates at R Systems across the globe for your continuing support, affection and for inspiring us to do our best. Let us all continue to keep up the good work to make R Systems a truly remarkable organization.

With Warm Regards,

**Satinder Singh Rekhi**



# FROM THE DESK OF

## SARTAJ REKHI

### Dear Shareholders,

First, I would like to congratulate the R Systems Team for another great year! Not only have we performed in numbers, but, we have also created a visible and long lasting impact through our digital transformation success stories. These success stories include:

- Enabling a leading USA gift card provider to digitally transform its in-house legacy enterprise applications to a cloud environment that provided a highly secured infrastructure along with reduced operation cost.
- In another interesting project, R Systems' interaction analytics platform Anagram helped a UK based manufacturer of household appliances to analyse trends, predicting future events, and monitoring results which enhanced their ROI with improved customer engagement.

It gives us enormous satisfaction when we see our customers realizing their digital transformation objectives and build into a referable customer pool.

During the year 2018, we have grown profitably and added 400 associates to R Systems' talent pool. All business units have enhanced their performance by yielding the benefits of digital investment over last few years. We are also committed to continue our investment in building digital competences across key industry verticals, i.e. Telecom, Technology, Healthcare & Life Science, Finance & Insurance, Retail & e-commerce. We have also partnered with leading technology companies, i.e. Microsoft, Infor, Salesforce, AWS, Automation Anywhere, JDA, QlikView, etc. to stay ahead of technology shifts. These technology partnerships help to deal with technology changes and increase agility.

To enhance our sales team productivity, we have strengthened our onsite sales team in the USA, Canada, and Europe so that they can work closely with customers to understand their digital transformation challenges. We also invested in equipping them with technology to enhance their reach and cultivate a top performing sales team.

Our recent acquisition of Innovizant LLC has further strengthened our digital practice with niche data analytics competencies. Also, the Innovizant facility in Chicago will be used as R System's Centre of Excellence (CoE) to strengthen our on-shore/near shore delivery capabilities to serve our US Central and East Coast clients.

We are on the right path in delivering successful digital stories, cultivating a motivated talent pool and to deliver more value to our Stakeholders in order to help R Systems become a stronger organization every day.

Best Regards,

**Sartaj Rekhi**



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## INDUSTRY-LEADING CERTIFICATIONS

CMMI  
LEVEL 5

PCMM  
Level 5

ISO  
27001:2013

ISO  
9001:2015

PCI  
DSS

HIPAA  
Compliant