



Analytical Review of Q4 & Year 2016 Results



“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.”

Q4-2016

- Revenue Rs. 153.40 Cr (US\$ 22.75 mn). QoQ increase 6.5%.
- EBITDA Rs. 19.69 Cr (US\$ 2.92 mn) i.e. 12.8% of revenue . QoQ increase 23.5%.
- Net profit after tax Rs. 18.60 Cr (US\$ 2.76 mn). QoQ Increase of 43.4% excluding exceptional gain on sale of Indus business.

FY 2016

- Revenue Rs. 588.24 Cr (\$ 87.55 mn.). YoY increase of 7.5% excluding the impact of sale of Indus business.
- EBITDA Rs. 71.13 Cr (\$ 10.58 mn.) i.e. 12.1% of revenue as against 11.8% of revenue in 2015.
- Net profit after tax Rs 53.69 Cr (\$ 7.99 mn). YoY increase 15.3 % excluding exceptional gain mainly on sale of Indus business.

Key Highlights (Continues...)



- Telecom and Digital Media continues to be our largest industry vertical with 29% share of revenues.
- Served 21 million dollar plus customers during 2016.
- Added over 16 marque clients during 2016.
- Added about 250 billable associates during 2016.
- Improvement in EBITDA margins in spite of investment in digital capabilities, sales and marketing bandwidth.
- Strong Balance Sheet with:
 - Share Holder Funds - Rs. 278 crores or \$ 40.9 mn.
 - Cash & bank balances - Rs. 120 crores or \$ 17.7 mn.

Financial Performance - Contribution Analysis – Q4 2016



(Figures in mn)

Particulars	Q4 2016		Q4 2015		Q3 2016	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,534.02	22.75	1,457.84	22.06	1,441.13	21.53
Cost of revenues	998.17	14.80	975.76	14.78	949.80	14.19
Gross margin	535.85	7.95	482.08	7.28	491.33	7.34
SG & A	<i>34.93%</i>		<i>33.07%</i>		<i>34.09%</i>	
Expenses	339.00	5.03	331.33	5.01	331.89	4.96
	<i>22.10%</i>		<i>22.73%</i>		<i>23.03%</i>	
EBITDA	196.85	2.92	150.75	2.27	159.44	2.38
	<i>12.83%</i>		<i>10.34%</i>		<i>11.06%</i>	
Depreciation and amortization	28.94	0.42	33.01	0.50	29.83	0.44
Income from operations before exceptional items	167.91	2.50	117.74	1.77	129.61	1.94
Exceptional items	46.35	0.69	36.96	0.49	-	-
Income from operations	214.26	3.19	154.70	2.26	129.61	1.94
Interest expense	(0.41)	(0.01)	(0.35)	(0.01)	(0.33)	(0.01)
Other income (net)	32.12	0.47	35.40	0.54	34.49	0.52
Income before income tax	245.97	3.65	189.75	2.80	163.77	2.45
Income tax provision	59.99	0.89	(43.15)	(0.72)	56.10	0.84
Net earnings	185.98	2.76	232.90	3.52	107.67	1.61

Movement in Gross Margin % Q4-16 Vs Q3-16

Gross Margin % in Q3-16	34.09
Increase in utilization	1.67
Increase in provision for retirement benefits and incentive	(0.83)
Gross Margin % in Q4-16	34.93

Financial Performance - Contribution Analysis – Year 2016

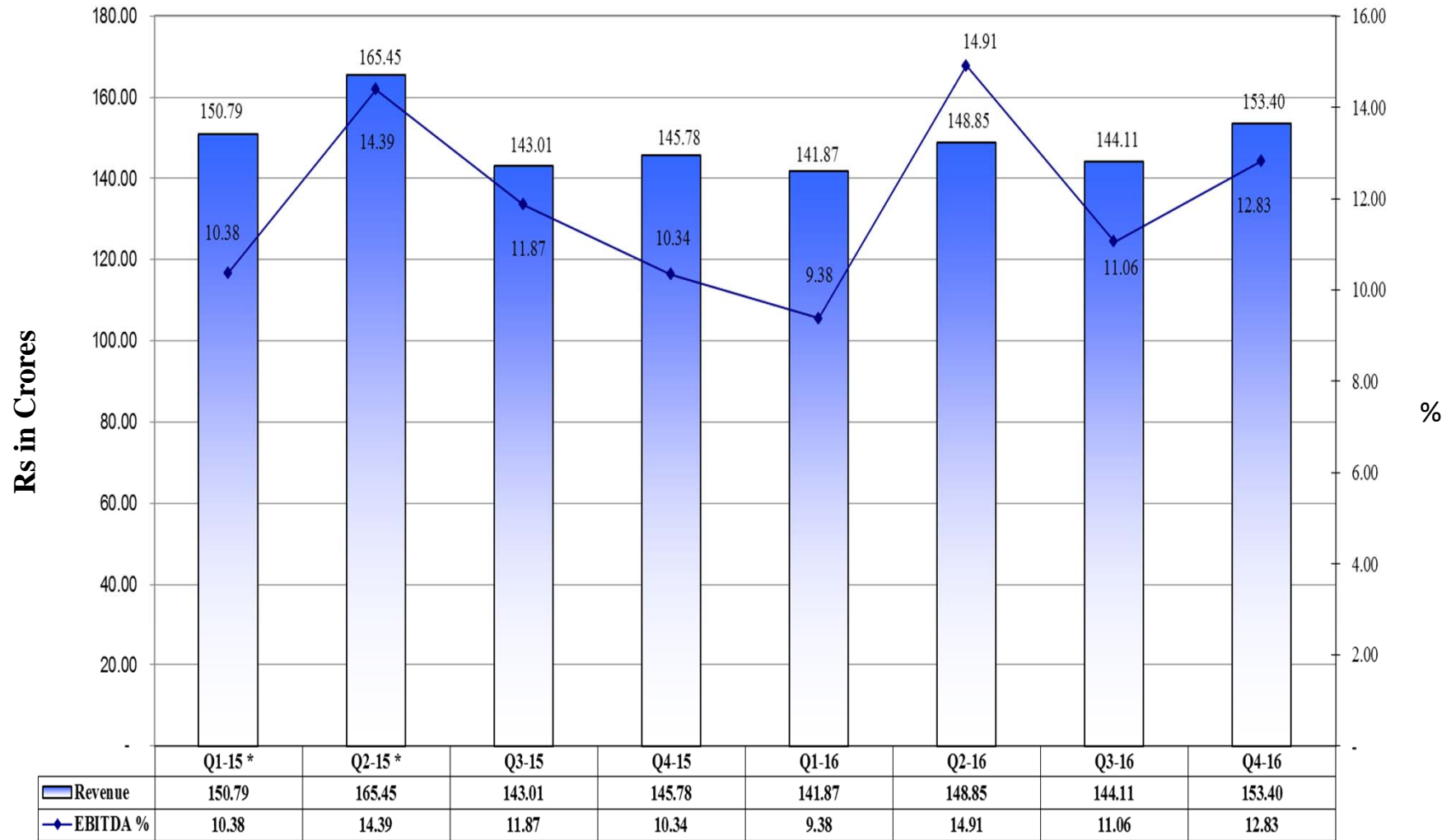


Particulars	Year 2016		Year 2015	
	INR	US\$	INR	US\$
Revenue	5,882.37	87.55	6,050.32	94.32
Cost of revenue	3,832.28	57.04	3,958.02	61.70
Gross margin	2,050.09	30.51	2,092.30	32.62
	34.85%		34.58%	
SG & A				
Expenses	1,338.79	19.93	1,377.24	21.47
	22.76%		22.76%	
EBITDA	711.30	10.58	715.06	11.15
	12.09%		11.82%	
Depreciation and amortization	115.12	1.71	140.23	2.19
Income from operations before exceptional items	596.18	8.87	574.83	8.96
Exceptional items	46.35	0.69	603.10	9.40
Income from operations	642.53	9.56	1,177.93	18.36
Interest expense	(1.36)	(0.02)	(1.13)	(0.02)
Other income (net)	115.70	1.72	98.13	1.53
Income before income tax	756.87	11.26	1,274.93	19.87
Income tax provision	219.99	3.27	296.63	4.62
Net earnings	536.88	7.99	978.30	15.25

Movement in Gross Margin % 2016 Vs 2015

Gross Margin % in 2015	34.58
Increase in utilization	1.57
Rupee Depreciation	0.82
Salary increment	(1.58)
Increase in retirement benefit provision	(0.54)
Gross Margin % in 2016	34.85

Revenues and Margins, Historical Trend



* including Indus business division

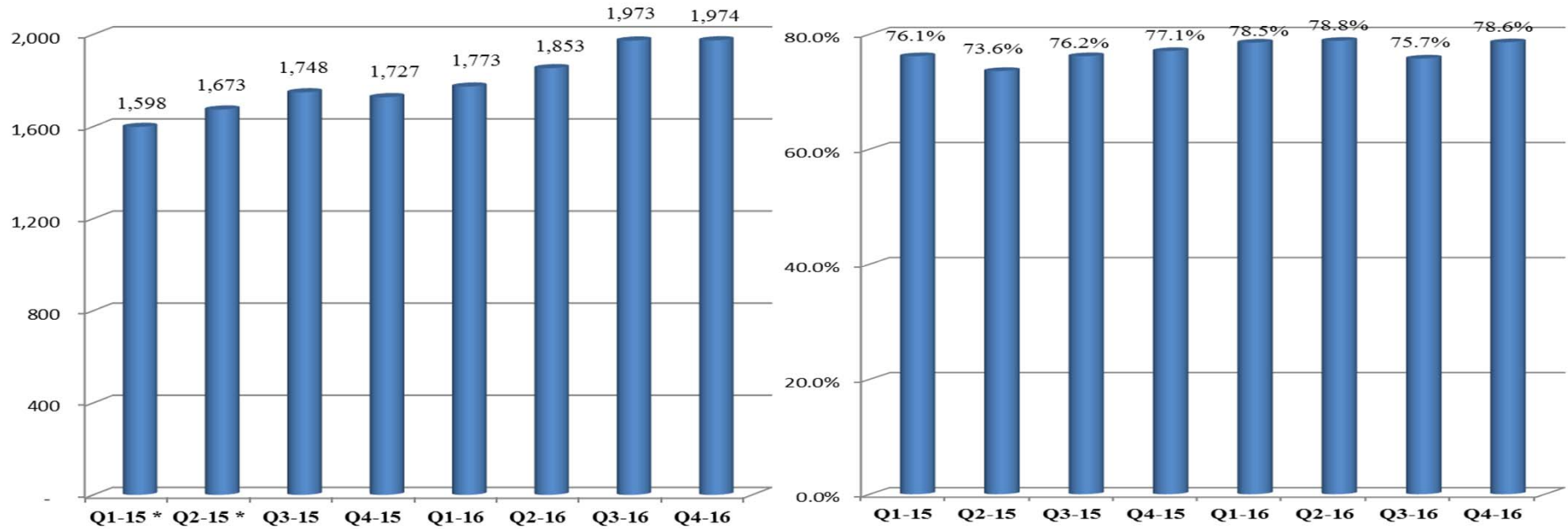
Consolidated Key Balance Sheet Data



Rupees in Crores except "DSO"

	As at December 31, 2016	As at December 31, 2015
Share Holders' Funds	277.97	242.86
Receivables	108.22	104.63
Receivables in days "DSO"	55	57
Cash & Bank	119.97	92.20
Fixed Assets	34.79	32.02

Billable Head Count and Utilization



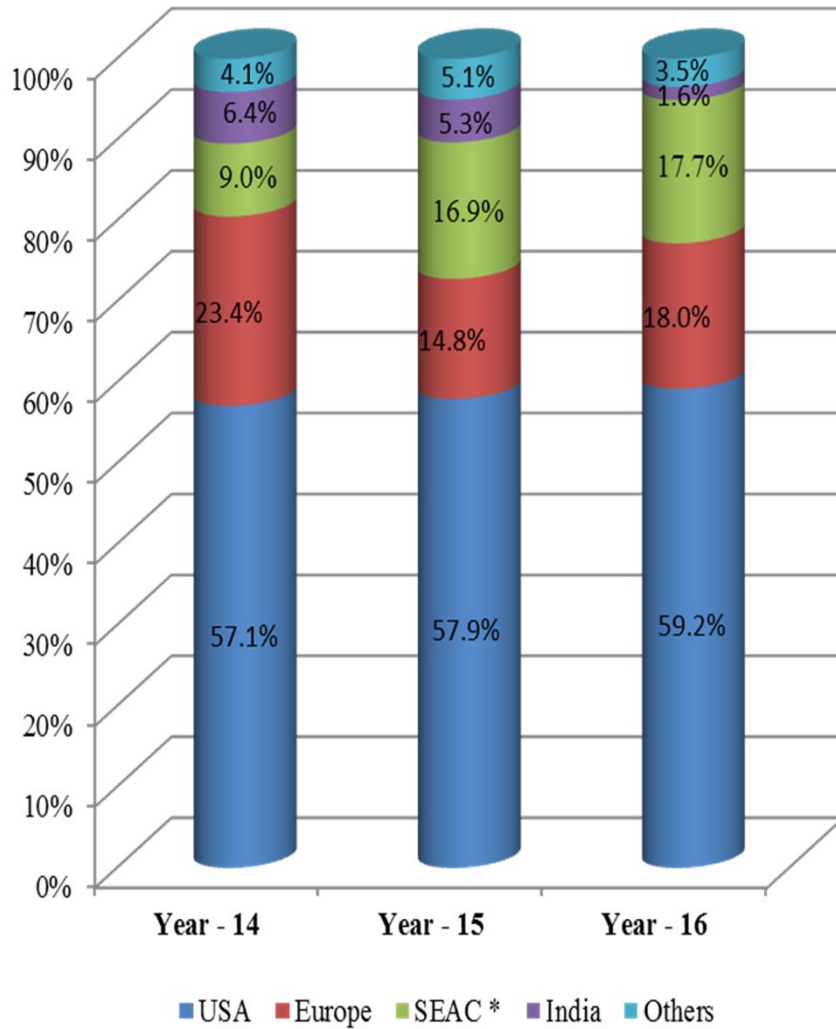
* Excluding Indus business division

- Added ~ 250 billable counts during 2016, to serve existing business and sales pipe line.
- Maintained strong utilization levels during 2016.

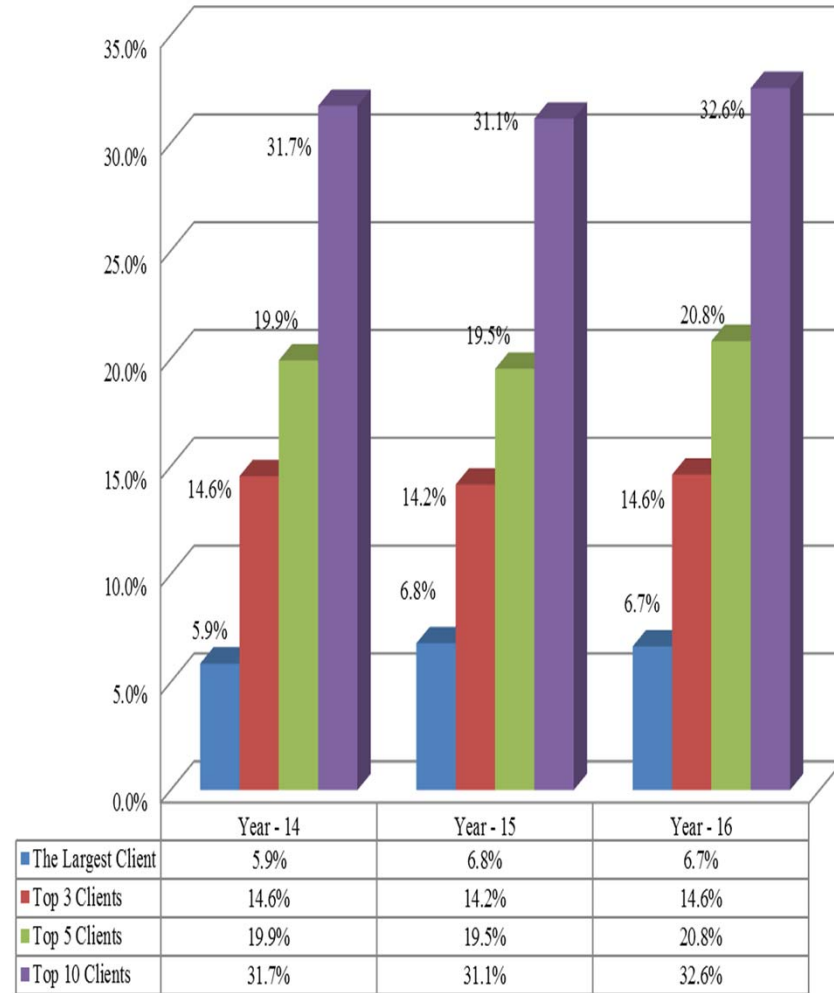
Yearly Revenue Break-Down



By Geography



Client Concentration



* South East Asian Countries

- Year 2016 was a satisfactory year where we focused on core IT services business.
- Continued our investment in building digital capabilities in analytics, cloud, mobile and IOT around focused industry verticals.
- Commenced operation in SEZ facility in Greater Noida during January 2017 to cater to growth.
- Year 2017 started with geopolitical challenges. Cautiously monitoring the environment, however digital transformation remains a driving force for growth in long run.
- Strategy for 2017:
 - Customer centric approach to bring innovation and value to clients by simplifying their operations;
 - Continue to invest in innovation around people, processes and technologies;
 - Leverage digital capabilities to achieve penetration for all services and solutions;
 - Strong balance sheet to invest for future growth.

Nand Sardana

Chief Financial Officer

Tel # 0120 – 4303506

Fax # 0120 – 2587123

Email: nand.sardana@rsystems.com

Kumar Gaurav

AVP Finance & Accounts

Tel # 0120 - 4082650

Fax # 0120 – 2587123

Email: kumar.gaurav@rsystems.com

Ashish Thakur

Company Secretary & Compliance Officer

Tel # 0120 - 4082633

Fax # 0120 – 2587123

Email: ashish.thakur@rsystems.com

**Thank You
For Your Support**