



R Systems Announces Results for Calendar Year 2014

FY 2014: Revenue: Rs. 648 Crores, EBITDA: Rs. 90 Crores and Net Profit Rs. 78 Crores
Q4 2014: Revenue: Rs. 163 Crores, EBITDA: Rs. 22 Crores and Net Profit: Rs. 32 Crores

Noida, India – February 7, 2015

Highlights

Consolidated results for FY ended December 31, 2014

- Consolidated revenue for FY 2014 was Rs. 648.50 crores (US\$ 106.27 mn.) as against Rs. 596.05 crores (US\$ 101.76 mn.) in FY 2013; YoY increase of 8.80 %.
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) for FY 2014 were Rs. 90.05 crores (US\$ 14.76 mn.) as against Rs. 78.64 crores (US\$ 13.43 mn.) in FY 2013; YoY increase of 14.50 %.
- Net profit after taxes for FY 2014 was Rs. 78.13 crores (US\$ 12.80 mn) as against Rs. 52.70 crores (US\$ 9.00 mn) in FY 2013; YoY increase of 48.27 %.
- Net profit after taxes for FY 2014 was after considering exceptional profit (net of tax) of Rs. 18.50 crores (US\$ 3.03). Out of this Rs. 16.89 crores (US\$ 2.77 mn) pertains to profit on sale of Europe BPO Business and Rs. 1.61 crores (US\$ 0.26 mn) on buy-back of shares of Computaris International Limited (a wholly owned subsidiary).
- Earnings per share (face value of Re 1/- each) of Rs. 6.14 for FY 2014 as against Rs. 4.18 in FY 2013.

Consolidated results for the quarter ended December 31, 2014

- Consolidated revenue from operations for Q4-14 was Rs. 163.05 crores (US\$ 26.31 mn) compared to Rs. 165.55 crores (US\$ 26.78 mn) in Q4, 2013 and Rs. 168.51 crores (US\$ 27.81 mn) in Q3, 2014.
- EBITDA for Q4-14 was Rs. 22.08 crores (US\$ 3.56 mn) compared to Rs. 29.28 crores (US\$ 4.83 mn) in Q4, 2013 and Rs. 26.87 crores (US\$ 4.43 mn) in Q3, 2014.
- Net profit after taxes for Q4-14 was Rs. 31.63 crores (US\$ 5.14 mn) compared to Rs. 21.77 crores (US\$ 3.61 mn) in Q4, 2013 and Rs. 18.21 crores (US\$ 3.00 mn) in Q3, 2014.
- Net profit after taxes for Q4-14 was after considering exceptional profit (net of tax) of Rs. 16.89 crores (US\$ 2.77 mn) on account of profit on sale of Europe BPO Business.

Others

- During the quarter, R Systems added 8 key customers.
- Total associates as on December 31, 2014 were 2,598 compared to 2,582 (2,454 excluding R Systems Europe BPO) at the end of December 31, 2013.



Mr. Rekhi Singh, Managing Director emphasized, “Our performance was satisfactory in 2014 with profitable growth. We realigned our focus towards core services and the Company reported revenues of Rs. 648 crores with about 14% EBITDA amounting to Rs. 90 crores. Efficiency in execution, higher licensing revenue, coupled with rupee depreciation, contributed positively to the overall 2014 performance. We have a strong balance sheet with constant cash generation to support investment in research and development, and for developing more innovative solutions. Considering the overall performance during 2014, the Board has recommended a final dividend of Re 0.95 per share (in addition to earlier declared interim dividends of Rs. 4.90 per share) subject to approval of shareholders.”

Mr. Rekhi added, “Year 2015 looks promising for the Company backed by strong sales funnel across business verticals and geographies.”

Mr. Raj Swaminathan Executive Director and COO, said, “During 2014, we were able to deliver good performance through discipline in execution. We added marquee clients in all businesses. Our customer and delivery focus approach have paid off encouragingly in terms of revenues growth, overall customer satisfaction and enhanced operational efficiency.” He added “We continue to sustain our focus towards key business verticals, by investing in competencies and robust infrastructure to our customers’ delight.”

Dividend Declaration and other Corporate Matters

The Board of Directors at its meeting held on February 7, 2015 has recommended a final dividend of Re. 0.95 per share having face value of Re. 1/- each, subject to approval of the shareholders at the forthcoming Annual General Meeting. This is in addition to interim dividends aggregating to Rs. 4.90 per equity share of face value of Re.1/- each declared earlier during the year 2014.

Further, the Company has completed the sale of Europe BPO Business comprising of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France on November 27, 2014.

Key Operational Highlights for the Quarter

R Systems’ core service offerings include Outsourced Product Engineering, sold under our brand of iPLM (Integrated Product Life Cycle Management) IT and ITES services. Our iPLM IT Services are designed to help software product development companies to accelerate their time-to-market, make our customer more competitive and increase product life spans. Our key ITES services include customer care and technical support, managed services, NOC support, high-end quality process management and revenue and claims management. These are delivered in multiple languages using our global delivery model.

R Systems products group consists of two units i.e., Indus® and ECnet®. Indus® addresses its target BFSI market with its flagship product LSI (Lending Solutions from Indus) and its variants for the telecom and insurance industry.

ECnet® addresses supply chain, warehousing and inventory management. Further, ECnet also operates as a channel partner for reselling and implementing several ERP products of one of the largest ERP vendors.

The quarter concluded with 8 key new customers and has a strong pipeline across the business verticals and geographies. The brief of some significant wins are listed below:



A USA based prepaid cards provider has engaged R Systems to revamp its website by re-designing, architecting and layering of applications using latest technologies along with up gradation of its third party integration.

A UK based company serving world's leading brands in customer automation management to automate order-to-cash processes has engaged R Systems for providing application development, mapping and testing services.

One of Saudi Arabia's largest telecom operators has mandated R Systems to implement Indus Credit Management and Revenue Collection solution to manage its customer acquisition, exposure management and bill collection processes.

One of Africa's large banking companies has selected Indus' Lending Solutions suite for its Zambia business. The Solution will address end to end requirements for its lending business.

A leading mobile telecommunication company in Austria has engaged our European subsidiary Computaris to deliver IT services for service delivery platform built on OC Rhino technology.

A Malaysia based leading foam and rubber components manufacturer has engaged our Singapore subsidiary ECnet Limited to implement globally renowned and comprehensive ERP System that helps manufacturers worldwide to improve performance.

Liquidity and Shareholder Funds

Total Consolidated Cash and bank balance, including bank deposits and liquid debt funds, as at December 31, 2014 was Rs. 109.82 crores (excluding money kept in escrow account for interim dividend and margin money for buy back) compared to Rs. 111.52 crores as on December 31, 2013. Total shareholder funds as on December 31, 2014 were Rs. 213.11 crores compared to Rs. 231.76 crores as on December 31, 2013.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2014

(As per Indian GAAP)

Figures in mn, except per share data

Sr. No.	Particulars	Quarter Ended December 31,		Quarter Ended September 30, 2014
		2014	2013	
1	Income			
1.1	Income from operations	1,630.48	1,655.51	1,685.15
1.2	Other operating income	4.75	0.96	9.43
	Total	1,635.23	1,656.47	1,694.58
2	Expenses			
2.1	Employee benefits expense	975.35	942.75	994.68
2.2	Depreciation and amortisation expense	28.61	28.17	28.48
2.3	Traveling and conveyance	92.69	81.14	86.10
2.4	Communication costs	21.11	21.15	22.31
2.5	Legal and professional expenses (including subcontract expenses)	188.89	174.49	197.74
2.6	Provision for doubtful debts and advances (net)	-	0.88	-
2.7	Other expenses	128.91	119.85	115.82
	Total expenses	1,435.56	1,368.43	1,445.13
3	Profit from operations before other income, Finance cost and exceptional items	199.67	288.04	249.45
4	Other income	12.53	10.11	7.73
5	Profit from operations before finance cost and exceptional items	212.20	298.15	257.18
6	Finance cost	2.29	2.22	2.67
7	Profit from ordinary before exceptional items	209.91	295.93	254.51
8	Exceptional items #	224.02	-	26.09
9	Profit before tax	433.93	295.93	280.60
10	Tax expense			
10.1	Current tax (net of MAT credit)	115.48	76.02	99.01
10.2	Deferred tax charge / (credit)	2.12	2.20	(0.51)
	Total tax expense	117.60	78.22	98.50
11	Net profit after tax	316.33	217.71	182.10
12	Earnings per share (Face value of Re. 1/- each)			
12.1	Basic	2.48	1.72	1.43
12.2	Diluted	2.48	1.72	1.43

Exceptional Items consists of:

- Rs. 224.02 mn in quarter ended December 31, 2014 represents profit on sale of Europe BPO Business.
- Rs. 26.09 mn in quarter ended September 30, 2014 represents transfer of proportionate currency translation reserve to the foreign exchange fluctuation on account of buy-back of shares of Computaris International Limited (a wholly owned subsidiary).

Financial Performance

Consolidated Profit & Loss Statement for the Year Ended December 31, 2014

(As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	December 31,	
		2014	2013
1	Income		
1.1	Income from operations	6,484.96	5,960.54
1.2	Other operating income	48.71	6.80
	Total	6,533.67	5,967.34
2	Expenses		
2.1	Employee benefits expense	3,935.22	3,573.87
2.2	Depreciation and amortisation expense	112.45	101.71
2.3	Traveling and conveyance	347.76	345.94
2.4	Communication costs	87.47	83.57
2.5	Legal and professional expenses (including subcontract expenses)	722.72	598.30
2.6	Provision for doubtful debts and advances (net)	-	33.44
2.7	Other expenses	487.06	545.12
	Total expenses	5,692.68	5,281.95
3	Profit from operations before other income, Finance cost and exceptional items	840.99	685.39
4	Other income	42.02	40.35
5	Profit from operations before finance cost and exceptional items	883.01	725.74
6	Finance cost	8.91	7.48
7	Profit from ordinary before exceptional items	874.10	718.26
8	Exceptional items #	250.11	-
9	Profit before tax	1,124.21	718.26
10	Tax expense		
10.1	Current tax (net of MAT credit)	325.29	192.50
10.2	Deferred tax charge / (credit)	17.58	(1.23)
	Total tax expense	342.87	191.27
11	Net profit after tax	781.34	526.99
12	Earnings per share (Face value of Re. 1/- each)		
12.1	Basic	6.14	4.18
12.2	Diluted	6.14	4.18

Exceptional Items for the year 2014 consists of:

- Rs. 224.02 mn profit on sale of Europe BPO Business.
- Rs. 26.09 mn on account of transfer of proportionate currency translation reserve to the foreign exchange fluctuation on buy-back of shares of Computaris International Limited (a wholly owned subsidiary).

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended December 31, 2014 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Q4 2014		Q4 2013		Q3 2014	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,630.48	26.31	1,655.51	26.78	1,685.15	27.81
Cost of revenues	1,049.73	16.94	1,006.46	16.23	1,047.14	17.28
Gross margin	580.75	9.37	649.05	10.55	638.01	10.53
SG & A	35.62%		39.21%		37.86%	
Expenses	359.90	5.81	356.23	5.72	369.36	6.10
	22.07%		21.52%		21.92%	
EBITDA	220.85	3.56	292.82	4.83	268.65	4.43
	13.54%		17.69%		15.94%	
Depreciation and amortization	28.61	0.46	28.17	0.46	28.48	0.47
Income from operations before exceptional items	192.24	3.10	264.65	4.37	240.17	3.96
Exceptional items [#]	224.02	3.67	-	-	26.09	0.43
Income from operations	416.26	6.77	-	-	266.26	4.39
Interest expense	(0.27)	(0.01)	(0.38)	(0.00)	(0.26)	(0.00)
Other income (net)	17.94	0.29	31.66	0.54	14.60	0.24
Income before income tax	433.93	7.05	295.93	4.91	280.60	4.63
Income tax provision	117.60	1.91	78.22	1.30	98.50	1.63
Net earnings	316.33	5.14	217.71	3.61	182.10	3.00
Earnings per share (Face value of Re. 1/- each)						
Basic	2.48	0.04	1.72	0.03	1.43	0.02
Diluted	2.48	0.04	1.72	0.03	1.43	0.02

[#] Exceptional Items consists of:

- Rs. 224.02 mn (US\$ 3.67 mn) in quarter ended December 31, 2014 represents profit on sale of Europe BPO Business.
- Rs. 26.09 mn (US\$ 0.43 mn) in quarter ended September 30, 2014 represents transfer of proportionate currency translation reserve to the foreign exchange fluctuation on account of buy-back of shares of Computaris International Limited (a wholly owned subsidiary).

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Year Ended December 31, 2014 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Year 2014		Year 2013	
	INR	US\$	INR	US\$
Revenue	6,484.96	106.27	5,960.54	101.76
Cost of revenue	4,132.43	67.72	3,769.14	64.34
Gross margin	2,352.53	38.55	2,191.40	37.42
	36.28%		36.76%	
SG & A				
Expenses	1,452.06	23.79	1,404.98	23.99
	22.39%		23.57%	
EBITDA	900.47	14.76	786.42	13.43
	13.89%		13.19%	
Depreciation and amortization	112.45	1.85	101.71	1.74
Income from operations before exceptional items	788.02	12.91	684.71	11.69
Exceptional items #	250.11	4.10	-	-
Income from operations	1,038.13	17.01	684.71	11.69
Interest expense	(1.17)	(0.02)	(1.23)	(0.02)
Other income (net)	87.25	1.43	34.78	0.59
Income before income tax	1,124.21	18.42	718.26	12.26
Income tax provision	342.87	5.62	191.27	3.26
Net earnings	781.34	12.80	526.99	9.00
Earnings per share (Face value of Re. 1/- each)				
Basic	6.14	0.10	4.18	0.07
Diluted	6.14	0.10	4.18	0.07

Exceptional Items for the year 2014 consists of:

- Rs. 224.02 mn (US\$ 3.67 mn) profit on sale of Europe BPO Business.
- Rs. 26.09 mn (US\$ 0.43 mn) on account of transfer of proportionate currency translation reserve to the foreign exchange fluctuation on buy-back of shares of Computaris International Limited (a wholly owned subsidiary).

Consolidated Balance Sheet as at December 31, 2014 (As per Indian GAAP)

(Rs. in mn)

Particulars	As at		
	Dec 31, 2014	Dec 31, 2013	Sep 30, 2014
	(Audited)	(Audited)	(Unaudited)
EQUITY & LIABILITIES			
Shareholders' Funds			
Share capital	126.72	125.92	126.63
Reserves and Surplus	2,004.33	2,191.69	2,246.35
Sub-Total Shareholder's Funds	2,131.05	2,317.61	2,372.98
Minority interest	-	-	-
Non-current liabilities			
Long-term borrowings	6.29	8.80	5.62
Deferred tax liabilities (Net)	0.66	-	-
Other long term liabilities	4.99	4.38	4.48
Long-term provisions	95.22	73.44	85.32
Subtotal - Non-current liabilities	107.16	86.62	95.42
Current liabilities			
Trade payables	508.89	527.12	486.83
Other current liabilities	590.25	177.45	225.13
Short-term provisions	392.73	363.15	389.01
Subtotal- Current Liabilities	1,491.87	1,067.72	1,100.97
TOTAL - EQUITY AND LIABILITIES	3,730.08	3,471.95	3,569.37
ASSETS			
Non-current assets			
Fixed assets	415.82	463.00	446.95
Goodwill on consolidation	280.20	291.11	285.82
Non-current investments	0.03	0.03	0.03
Deferred tax assets (net)	38.30	55.35	39.86
Long-term loans and advances	68.84	84.38	73.67
Other non-current assets	58.57	96.23	73.22
Subtotal - Non- current assets	861.76	990.10	919.55
Current assets			
Current Investment	18.00	10.00	18.00
Trade receivables	1,250.77	1,040.93	1,121.87
Cash and bank balance	1,363.83	1,014.54	1,081.29
Short-term loans and advances	118.57	150.15	163.93
Other current assets	117.15	266.23	264.73
Subtotal - Current Assets	2,868.32	2,481.85	2,649.82
TOTAL - ASSETS	3,730.08	3,471.95	3,569.37

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year Ended	
	Dec 31, 14	Dec 31, 13	Sep 30, 14	Dec 31, 14	Dec 31, 13
Revenues	100.00	100.00	100.00	100.00	100.00
Gross margin	35.62	39.21	37.86	36.28	36.76
SG & A	22.07	21.52	21.92	22.39	23.57
EBITDA	13.54	17.69	15.94	13.89	13.19
EBT	26.61	17.88	16.65	17.34	12.05
PAT	19.40	13.15	10.81	12.05	8.84

Revenue from Top 10 Clients	Quarter ended			Year Ended	
	Dec 31, 14	Dec 31, 13	Sep 30, 14	Dec 31, 14	Dec 31, 13
Top 10 Clients	32.26%	35.74%	32.18%	31.73%	34.68%
Top 5 Clients	21.53%	20.35%	20.78%	19.93%	21.97%
Top 3 Clients	15.78%	13.32%	15.35%	14.56%	14.74%
Largest Client	6.67%	4.85%	6.62%	5.87%	5.11%

Revenues by Geographies	Quarter ended			Year Ended	
	Dec 31, 14	Dec 31, 13	Sep 30, 14	Dec 31, 14	Dec 31, 13
USA	55.68%	54.75%	58.47%	57.08%	55.66%
Europe	23.75%	27.34%	21.11%	23.38%	25.46%
SEAC (South East Asia)	8.70%	9.10%	8.76%	9.05%	10.17%
India	7.12%	5.85%	7.12%	6.37%	4.77%
Others	4.75%	2.96%	4.54%	4.12%	3.94%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 14	Dec 31, 13	Sep 30, 14
Onsite	78.58%	73.76%	79.44%
Offshore	73.72%	75.29%	75.99%
Blended	74.87%	74.92%	76.84%

Utilization (including trainees)	Quarter ended		
	Dec 31, 14	Dec 31, 13	Sep 30, 14
Onsite	78.58%	73.76%	79.44%
Offshore	68.75%	71.63%	70.84%
Blended	70.96%	72.13%	72.83%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 14	Dec 31, 13	Sep 30, 14
Technical	2,245	2,206	2,334
Software services			
Onsite	318	307	333
Offshore	1,428	1,351	1,360
BPO			
Offshore	289	261	297
Onsite	82	201	205
Trainees	128	86	139
Support	353	376	386
Total count	2,598	2,582	2,720

Dec 31, 2013 and Sep 30, 2014 includes 163 & 151 associates respectively pertaining to Europe BPO Business.

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Dec 31, 14	Dec 31, 13	Sep 30, 14
Receivable	1,250.77	1,040.93	1,121.87
Receivable in days (“DSO”)	51	52	52
Total cash and bank balance*	1,098.24	1,115.20	1,169.80
Fixed assets	415.82	463.00	446.95
Shareholders’ funds	2,131.05	2,317.61	2,372.98

* Excluding money kept in escrow account for interim dividend and margin money for buy back.

Development/Service Centres Location	As on December 31, 2014	
	Covered areas in sq ft.	No. of seats
India		
Noida	76,980	1,434
Pune	28,690	515
Chennai	19,006	270
	124,676	2,219
USA		
Sacramento, CA	9,500	60
Salt Lake City, Utha	13,800	117
	23,300	177
South East Asia		
Singapore	5,544	56
Malaysia	3,365	31
Thailand	592	6
	9,501	93
Europe		
Romania	14,090	129
Poland	6,083	54
Moldova	3,398	46
	23,571	229
Total	181,048	2,718



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 / year's figures have been regrouped / reclassified 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 provider of outsourced product development and customer support services. We help companies to accelerate the speed to market their products and services with a high degree of time and cost predictability by using our proprietary pSuite framework. Clients can choose services specific to their needs from R Systems iPLM suite of services. We help companies to build scalable, configurable and secure products and applications; 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, High Technology, Independent Software Vendors, Telecom and Digital Media, Government, HealthCare, Manufacturing and Logistic Industries. R Systems maintains eleven development and service centres and using our global delivery model we serve customers in USA, Europe, South America, the Far East, the Middle East and Africa.

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.

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