



## **R Systems Announces Results for Q1 2016**

**Q1 2016: Revenue: Rs. 141.9 Crores, EBIDTA: Rs.13.3 Crores and Net Profit Rs. 7.6 Crores**

Noida, India – April 30, 2016

### **Highlights**

#### **Consolidated results for the quarter ended March 31, 2016**

- Consolidated revenue from operations for Q1, 2016 was Rs. 141.87 crores (US\$ 21.02 mn) compared to Rs. 150.79 crores (US\$ 24.23 mn) in Q1, 2015 and Rs. 145.78 crores (US\$ 22.06 mn) in Q4, 2015. QoQ decrease was 2.69%.
- EBITDA was Rs.13.31 crores (US\$ 1.97 mn) compared to Rs. 15.65 crores (US\$ 2.51 mn) in Q1, 2015 and Rs. 15.08 crores (US\$ 2.27 mn) in Q4, 2015. QoQ decrease was 11.73%.
- Net profit after taxes was Rs. 7.64 crores (US\$ 1.13 mn) compared to Rs. 8.20 crores (US\$ 1.32 mn) in Q1, 2015 and Rs. 23.29 crores (US\$ 3.52 mn) in Q4, 2015. Net profit after taxes for Q4, 2015 includes exceptional profit of Rs. 10.66 crores (US\$ 1.60 mn).

### **Others**

- During the quarter, R Systems added 7 key customers.
- Total associates as on March 31, 2016 were 2,072 compared to 2,025 at the end of December 31, 2015.

Rekhi Singh, Managing Director stated “We concluded the quarter with revenues of Rs. 142 crores and EBITDA of Rs. 13.3 crores. Q1 2016 margins were impacted by salary raises primarily at offshore centres and ramp up costs for new projects as offset by operational efficiencies and strengthening of US Dollar.” He added, “Our Balance sheet continues to be very strong with cash and bank balance of Rs. 99 crores and net worth of Rs. 255 crores. We are continuing to invest in innovation to simplify clients’ processes and strengthening our offerings horizontally with Mobility and Analytics.”

Avirag Jain CTO said “We continue to deepen our relationship with customers to bring enriched value proposition along with strengthening sales & marketing efforts and reach.” He added, “We strengthened our delivery team with addition of about 50 net associates over the quarter to support promising sales pipeline across all our key verticals”

### **Key Operational Highlights for the Quarter**

R Systems’ core service offerings include Outsourced Product Engineering that are 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 accelerate their time-to-market, make customers more competitive, and increase product life spans. Our key ITES services include customer care and technical support, analytics services, and revenue and claims management. These are delivered in multiple languages through our global delivery model.



ECnet® addresses supply chain, warehousing and inventory management. ECnet also operates as Infor Gold-certified channel partner for reselling and implementing several enterprise solutions, including enterprise resource planning, warehouse management, corporate performance management, business intelligence etc. Headquartered in Singapore, ECnet's global footprint spread across Malaysia, Thailand, China and Japan.

IBIZ is Microsoft Gold-certified partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ operates across Singapore, Malaysia, China, Indonesia, Hong Kong and India.

Our services and solutions span five major verticals including Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Government Services. We have also expanded our capabilities horizontally with Analytics, Mobility and Cloud across the key verticals.

The quarter concluded with 7 key wins. The brief of some significant wins is listed below:

A USA-based leader in practice management solutions for healthcare providers dealing in physical therapy practices business has engaged R Systems to upgrade its existing web-based practice management platform and mobile applications.

A USA company providing solutions to financial sector has engaged R Systems to revamp their existing product by using latest technology stack.

A USA-based Revenue Cycle Management (RCM) services provider has mandated R Systems to provide RCM services which includes patient demographic entry, medical coding, charge entry, claim submission, payment posting and denials & receivable management along with specialized coding audit for revenue assurance.

A European telecom ISV has engaged our subsidiary Computaris to deliver a call control server project related to prepaid migration program for leading telecom operator in Netherlands.

A Hong Kong based insurance products and other financial services provider has engaged our Singapore subsidiary IBIZ to deploy MS CRM solution for its Singapore operations.

### **Liquidity and Shareholder Funds**

Total Consolidated Cash and bank balance, including bank deposits as on March 31, 2016, was Rs. 98.96 crores, compared to Rs. 107.24 crores as on March 31, 2015 and Rs. 92.20 crores as on December 31, 2015. Total shareholder funds as on March 31, 2016, were Rs. 254.68 crores compared to Rs. 206.15 crores as on March 31, 2015 and Rs. 242.86 crores, as on December 31, 2015.

## Financial Performance

### Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2016

(As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended Mar 31		Quarter Ended Dec 31, 2015
		2016	2015	
<b>1</b>	<b>Income</b>			
1.1	Income from operations	1,418.69	1,507.86	1,457.84
1.2	Other operating income	8.13	9.23	23.30
	<b>Total</b>	<b>1,426.82</b>	<b>1,517.09</b>	<b>1,481.14</b>
<b>2</b>	<b>Expenditure</b>			
2.1	Employee benefits expense	913.62	961.13	880.81
2.2	Depreciation and amortisation expense	28.31	45.89	33.01
2.3	Traveling and conveyance	95.01	106.07	63.19
2.4	Communication costs	15.82	19.02	18.10
2.5	Legal and professional expenses (including subcontract expenses)	156.25	150.34	175.40
2.6	Provision for doubtful debts and advances (net)	8.81	2.93	1.29
2.7	Other expenditure	94.66	109.89	165.83
	<b>Total expenditure</b>	<b>1,312.48</b>	<b>1,395.27</b>	<b>1,337.63</b>
<b>3</b>	<b>Profit from operations before other income and finance cost</b>	<b>114.34</b>	<b>121.82</b>	<b>143.51</b>
4	Other income	13.61	10.79	12.10
<b>5</b>	<b>Profit from operations before finance cost</b>	<b>127.95</b>	<b>132.61</b>	<b>155.61</b>
6	Finance cost	1.76	2.23	2.82
<b>7</b>	<b>Profit from ordinary activities before exceptional items</b>	<b>126.19</b>	<b>130.38</b>	<b>152.79</b>
8	Exceptional items	-	-	36.96
<b>9</b>	<b>Profit before tax</b>	<b>126.19</b>	<b>130.38</b>	<b>189.75</b>
<b>10</b>	<b>Provision for tax</b>			
10.1	Current tax expense / (benefit)	53.64	59.86	(55.13)
10.2	Deferred tax charge / (credit)	(3.82)	(11.47)	11.98
	<b>Total tax expense</b>	<b>49.82</b>	<b>48.39</b>	<b>(43.15)</b>
<b>11</b>	<b>Net profit after tax</b>	<b>76.37</b>	<b>81.99</b>	<b>232.90</b>
<b>12</b>	<b>Earnings per share (Face value of Re. 1/- each)</b>			
12.1	Basic	<b>0.60</b>	<b>0.64</b>	<b>1.84</b>
12.2	Diluted	<b>0.60</b>	<b>0.64</b>	<b>1.84</b>

## Financial Performance

### Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2016 (Contribution Analysis Format; Basis Indian GAAP- unaudited)

(Figures in mn, except per share data)

Particulars	Q1 2016		Q1 2015		Q4 2015	
	INR	US\$	INR	US\$	INR	US\$
<b>Revenues</b>	<b>1,418.69</b>	<b>21.02</b>	<b>1,507.86</b>	<b>24.23</b>	<b>1,457.84</b>	<b>22.06</b>
Cost of revenues	935.88	13.87	994.35	15.98	975.76	14.78
<b>Gross margin</b>	<b>482.81</b>	<b>7.15</b>	<b>513.51</b>	<b>8.25</b>	<b>482.08</b>	<b>7.28</b>
	34.03%		34.06%		33.07%	
<b>SG &amp; A</b>						
Expenses	349.74	5.18	357.04	5.74	331.33	5.01
	24.65%		23.68%		22.73%	
<b>EBITDA</b>	<b>133.07</b>	<b>1.97</b>	<b>156.47</b>	<b>2.51</b>	<b>150.75</b>	<b>2.27</b>
	9.38%		10.38%		10.34%	
Depreciation and amortization	28.31	0.42	45.89	0.73	33.01	0.50
<b>Income from operations before exceptional items</b>	<b>104.76</b>	<b>1.55</b>	<b>110.58</b>	<b>1.78</b>	<b>117.74</b>	<b>1.77</b>
Exceptional items			-	-	36.96	0.49
<b>Income from operations</b>	<b>104.76</b>	<b>1.55</b>	<b>110.58</b>	<b>1.78</b>	<b>154.70</b>	<b>2.26</b>
Interest expense	(0.31)	(0.00)	(0.22)	(0.00)	(0.35)	(0.00)
Other income (net)	21.74	0.32	20.02	0.32	35.40	0.54
<b>Income before income tax</b>	<b>126.19</b>	<b>1.87</b>	<b>130.38</b>	<b>2.10</b>	<b>189.75</b>	<b>2.80</b>
Income tax expense / (benefit)	49.82	0.74	48.39	0.78	(43.15)	(0.72)
<b>Net earnings</b>	<b>76.37</b>	<b>1.13</b>	<b>81.99</b>	<b>1.32</b>	<b>232.90</b>	<b>3.52</b>
<b>Earnings per share (Face value of Re. 1/- each)</b>						
Basic	<b>0.60</b>	<b>0.01</b>	<b>0.64</b>	<b>0.01</b>	<b>1.84</b>	<b>0.03</b>
Diluted	<b>0.60</b>	<b>0.01</b>	<b>0.64</b>	<b>0.01</b>	<b>1.84</b>	<b>0.03</b>

**Consolidated Balance Sheet as at March 31, 2016 (As per Indian GAAP)**

Particulars	(Rs. in mn)		
	As at		
	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
	(Unaudited)	(Unaudited)	(Audited)
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	126.13	126.47	126.13
Reserves and Surplus	2,420.64	1,934.98	2,302.43
<b>Sub-Total Shareholder's Funds</b>	<b>2,546.77</b>	<b>2,061.45</b>	<b>2,428.56</b>
<b>Minority interest</b>	-	-	-
<b>Non-current liabilities</b>			
Long-term borrowings	8.37	5.67	7.77
Deferred tax liabilities	0.25	-	-
Other long term liabilities	105.47	4.83	100.61
Long-term provisions	68.91	102.91	63.46
<b>Subtotal - Non-current liabilities</b>	<b>183.00</b>	<b>113.41</b>	<b>171.84</b>
<b>Current liabilities</b>			
Trade payables	448.59	420.83	485.38
Other current liabilities	276.89	317.75	303.43
Short-term provisions	161.29	386.20	166.03
<b>Subtotal- Current Liabilities</b>	<b>886.77</b>	<b>1,124.78</b>	<b>954.84</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>3,616.54</b>	<b>3,299.64</b>	<b>3,555.24</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	318.06	378.57	320.19
Goodwill on consolidation	501.03	263.55	477.97
Non-current investments	290.08	0.03	290.45
Deferred tax assets (net)	41.59	55.52	37.03
Long-term loans and advances	60.97	66.58	63.27
Other non-current assets	75.50	76.25	74.49
<b>Subtotal - Non- current assets</b>	<b>1,287.23</b>	<b>840.50</b>	<b>1,263.40</b>
<b>Current assets</b>			
Current Investment	118.01	18.00	118.01
Trade receivables	1,032.53	1,110.81	1,046.31
Cash and bank balance	918.42	995.62	851.47
Short-term loans and advances	140.87	163.90	143.75
Other current assets	119.48	170.81	132.30
<b>Subtotal - Current Assets</b>	<b>2,329.31</b>	<b>2,459.14</b>	<b>2,291.84</b>
<b>TOTAL - ASSETS</b>	<b>3,616.54</b>	<b>3,299.64</b>	<b>3,555.24</b>

## Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 16	Mar 31, 15	Dec 31, 15
Revenues	100.00	100.00	100.00
Gross margin	34.03	34.06	33.07
SG & A	24.65	23.68	22.73
EBITDA	9.38	10.38	10.34
EBT	8.89	8.65	13.02
PAT	5.38	5.44	15.98

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 16	Mar 31, 15	Dec 31, 15
Top 10 Clients	34.14%	32.98%	33.89%
Top 5 Clients	21.57%	21.16%	22.22%
Top 3 Clients	15.27%	15.07%	16.13%
Largest Client	6.76%	6.91%	7.62%

Revenues by Geographies	Quarter ended		
	Mar 31, 16	Mar 31, 15	Dec 31, 15
USA	61.13%	57.22%	62.98%
Europe	17.06%	17.04%	12.02%
SEAC ( South East Asia )	15.43%	12.61%	19.87%
India	1.76%	8.41%	1.85%
Others	4.62%	4.72%	3.28%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 16	Mar 31, 15	Dec 31, 15
Onsite	79.52%	82.88%	80.02%
Offshore	78.26%	74.67%	76.26%
Blended	78.51%	76.14%	77.05%

Utilization (including trainees)	Quarter ended		
	Mar 31, 16	Mar 31, 15	Dec 31, 15
Onsite	79.52%	82.88%	80.02%
Offshore	72.81%	69.80%	70.95%
Blended	74.05%	72.01%	72.76%



## Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 16	Mar 31, 15 #	Dec 31, 15
<b>Technical</b>	1,773	2,302	1,727
<b>Software services</b>			
Onsite	313	311	319
Offshore	1038	1,552	990
<b>BPO</b>			
Offshore	318	295	324
Onsite	-	34	-
<b>Trainees</b>	104	110	94
<b>Support</b>	299	347	298
<b>Total count</b>	<b>2,072</b>	<b>2,649</b>	<b>2,025</b>

# Mar 31, 2015 head counts includes 785 (651 technical, 53 trainees and 81 support) associates pertaining to Indus Business Unit.

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Mar 31, 16	Mar 31, 15	Dec 31, 15
Receivable	1,032.53	1,110.81	1,046.31
Receivable in days (“DSO”)	55	59	49
Total cash and bank balance	989.58	1,072.41	921.95
Fixed assets	318.06	378.57	320.19
Shareholders’ funds	2,546.77	2,061.45	2,428.56

Development/Service Centres Location	As on Mar 31, 2016	
	Covered areas in sq ft.	No. of seats
<b>India</b>		
Noida	76,980	1,433
Chennai	5,905	65
	82,885	1,498
<b>USA</b>		
Sacramento, CA	9,500	60
<b>South East Asia</b>		
Singapore	8,054	91
Malaysia	6,048	52
Thailand	592	6
Indonesia	1,109	12
	15,803	161
<b>Europe</b>		
Romania	14,090	126
Poland	7,908	65
Moldova	3,398	48
	25,396	239
<b>Total</b>	<b>133,584</b>	<b>1,958</b>



**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 providers of outsourced product development and business process outsourcing services. We help companies accelerate 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 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, Independent Software Vendors, Telecom and Digital Media, Government, Healthcare, and Manufacturing and Logistic Industries. R Systems maintains fourteen development and service centres to serve customers in USA, Europe and the Far East.

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