



R Systems Announces Results for Financial Year 2015

FY 2015: Revenue Rs. 605 Crores and Net Profit Rs. 98 Crores
Net Profit increased by 25 % over previous year from Rs.78 crores to Rs. 98 crores

Noida, India – February 06, 2016

Highlights

Consolidated results for FY ended December 31, 2015

- Consolidated revenue for FY 2015 was Rs. 605.03 crores (US\$ 94.32 mn.) as against Rs. 648.50 crores (US\$ 106.27 mn.) in FY 2014; YoY decrease of 6.7%.
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) for FY 2015 were Rs. 71.5 crores (US\$ 11.15 mn.) as against Rs. 90.05 crores (US\$ 14.76 mn.) in FY 2014; YoY decrease of 20.6 %.
- Net profit after taxes for FY 2015 was Rs. 97.83 crores (US\$15.25mn) as against Rs.78.13 crores (US\$ 12.8 mn) in FY 2014; YoY increase of 25.2 %.
- Net profit after tax for FY 2015 contains exceptional profit of Rs. 54.01 crores (US\$ 8.42 mn) including Rs 43.35 crores (US\$ 6.82 mn) on divestment of Indus Business Division as against Rs. 18.50 crores (US\$ 3.03) for FY 2014 which includes Rs. 16.89 crores (US\$ 2.77 mn) gain on sale of Europe BPO Business.
- Earnings per share (face value of Re. 1/- each) of Rs.7.70 for FY 2015 as against Rs. 6.14 in FY 2014.

Consolidated results for the quarter ended December 31, 2015

- Consolidated revenue from operations for Q4, 2015 was Rs.145.8 crores (US\$ 22.06 mn) compared to Rs. 163.05 crores (US\$ 26.31 mn) in Q4, 2014 and Rs. 143.01 crores (US\$ 21.93 mn) in Q3, 2015. QoQ increase was 1.94%.
- EBITDA was Rs.15.1 crores (US\$ 2.27 mn) compared to Rs. 22.08 crores (US\$ 3.56 mn) in Q4, 2014 and Rs. 16.97 crores (US\$ 2.60 mn) in Q3, 2015. QoQ decrease was 11.17%.
- Net profit after taxes was Rs. 23.3 crores (US\$ 3.52mn) compared to Rs. 31.63 crores (US\$ 5.14 mn) in Q4, 2014 and Rs. 52.00 crores (US\$ 8.14 mn) in Q3, 2015.
- Net profit after tax for Q4, 2015 includes Rs. 10.66 crores (US\$ 1.60 mn) as exceptional profit as against Rs. 16.89 crores (US\$ 2.77 mn) in Q4, 2014 and Rs. 43.35 crores (US\$ 6.82 mn) for Q3, 2015.

Others

- During the quarter, R Systems added 8 key customers.
- Total associates as on December 31, 2015 were 2,025 compared to 2,598 (1,895 excluding Indus Business Division) at the end of December 31, 2014 and 2,034 as at September 30, 2015.

Mr. Rekhi Singh, Managing Director emphasized, “ Year 2015 was an year of transformation for R Systems where we realigned our focus towards core services by acquiring businesses in line with our strategy and divested from product business. The Company reported revenues of Rs. 605 crores with EBITDA of Rs. 71 crores. Discipline in execution coupled with strengthening of USD contributed positively to the overall 2015 performance despite cross currency challenges.” Mr. Rekhi further added, “We have a strong balance sheet with constant cash generation to scale investment in analytics and cloud for profitable growth. Year 2016 looks promising for the Company backed by strong sales funnel across different business verticals and geographies.”

Mr. Avirag Jain CTO, said, “During 2015, we strengthened our offerings by horizontal addition of analytics and cloud. We added marquee clients in all businesses and maintained utilization towards north of 75%.” He added, “Our customer and delivery focus approach have paid off encouragingly in terms of bringing innovation and value to clients by simplifying their operations.”

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, managed services, NOC support, high-end quality process management, and revenue and claims management. These are delivered in multiple languages through our global delivery model.

Further, R Systems’ Singapore subsidiary 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.

R Systems’ recent acquisition, IBIZ, is a 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.

Our services and solutions span five major verticals including Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Government Services.

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

A USA-based market leader in customer experience and contact centre solutions has selected R Systems to provide cloud computing services through globally renowned customer relationship management and business intelligence solutions.

A USA-based company pioneering in designing, developing and deploying comprehensive training support programs for health care professionals and patients impacting clinician decision making, patient self-management and adherence, has given R Systems the mandate for developing and customizing an interactive multilingual training portal to support patients and physicians.



A renowned telecom company in Austria has awarded a new project to our subsidiary Computaris to provide virtual private network (VPN) and multi SIM services for replacing its legacy system and integrating the new system with other surrounding systems.

A Singapore-based leading foam and rubber components manufacturer having operations in multiple countries in South-East Asia and China has engaged our Singapore subsidiary ECnet Limited to roll out Infor Syteline ERP system for its China operations after successful implementation in its Singapore, Malaysia and Thailand operations.

A Japan-based company providing injection moulding and machine tool automation systems engaged our subsidiary IBIZ to implement Microsoft Dynamics ERP system to automate its finance, sales, distribution and manufacturing operation across Singapore, Malaysia and Indonesia.

Liquidity and Shareholder Funds

Total Consolidated Cash and bank balance, including bank deposits and liquid debt funds, as on December 31, 2015, was Rs. 92.20 crores, compared to Rs. 109.82 crores as on December 31, 2014 and Rs. 92.22 crores as on September 30, 2015. Total shareholder funds as on December 31, 2015, were Rs. 242.86 crores compared to Rs. 213.11 crores as on December 31, 2014 and Rs. 220.20 crores, as on September 30, 2015.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2015

(As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended Dec 31		Quarter Ended Sep 30, 2015
		2015	2014	
1	Income			
1.1	Income from operations	1,457.84	1,630.48	1,430.09
1.2	Other operating income	23.30	4.75	6.08
	Total	1,481.14	1,635.23	1,436.17
2	Expenditure			
2.1	Employee benefits expense	880.81	975.35	852.09
2.2	Depreciation and amortisation expense	33.01	28.61	26.88
2.3	Traveling and conveyance	63.19	92.69	70.45
2.4	Communication costs	18.10	21.11	19.96
2.5	Legal and professional expenses (including subcontract expenses)	175.40	188.89	153.58
2.6	Provision for doubtful debts and advances (net)	1.29	-	(0.55)
2.7	Other expenditure	165.83	126.94	162.82
	Total expenditure	1,337.63	1,433.59	1,285.23
3	Profit from operations before other income and finance cost	143.51	201.64	150.94
4	Other income	12.10	12.53	17.04
5	Profit from operations before finance cost	155.61	214.17	167.98
6	Finance cost	2.82	4.26	2.33
7	Profit from ordinary activities before exceptional items	152.79	209.91	165.65
8	Exceptional items	36.96	224.02	566.14
9	Profit before tax	189.75	433.93	731.79
10	Provision for tax			
10.1	Current tax	(55.13)	115.48	197.76
10.2	Deferred tax charge	11.98	2.12	14.07
	Total tax expense	(43.15)	117.60	211.83
11	Net profit after tax	232.90	316.33	519.96
12	Earnings per share (Face value of Re. 1/- each)			
12.1	Basic	1.84	2.48	4.10
12.2	Diluted	1.84	2.48	4.10

Financial Performance

Consolidated Profit & Loss Statement for the Year Ended December 31, 2015

(As per Indian GAAP)

(Figures in mn, except per share data)

Sr. No.	Particulars	December 31	
		2015	2014
1	Income		
1.1	Income from operations	6,050.32	6,484.96
1.2	Other operating income	46.95	48.71
	Total	6,097.27	6,533.67
2	Expenditure		
2.1	Employee benefits expense	3,648.80	3,935.22
2.2	Depreciation and amortisation expense	140.23	112.45
2.3	Traveling and conveyance	340.62	347.76
2.4	Communication costs	77.71	87.47
2.5	Legal and professional expenses (including subcontract expenses)	645.19	722.72
2.6	Provision for doubtful debts and advances (net)	8.21	-
2.7	Other expenditure	606.27	485.09
	Total expenditure	5,467.03	5,690.71
3	Profit from operations before other income and finance cost	630.24	842.96
4	Other income	51.18	42.02
5	Profit from operations before finance cost	681.42	884.98
6	Finance cost	9.59	10.88
7	Profit from ordinary activities before exceptional items	671.83	874.10
8	Exceptional items	603.10	250.11
9	Profit before tax	1,274.93	1,124.21
10	Provision for tax		
10.1	Current tax	290.08	325.29
10.2	Deferred tax charge	6.55	17.58
	Total tax expense	296.63	342.87
11	Net profit after tax	978.30	781.34
12	Earnings per share (Face value of Re. 1/- each)		
12.1	Basic	7.70	6.14
12.2	Diluted	7.70	6.14

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2015 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Q4 2015		Q4 2014		Q3 2015	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,457.84	22.06	1,630.48	26.31	1,430.09	21.93
Cost of revenues	975.76	14.78	1,049.73	16.94	929.06	14.25
Gross margin	482.08	7.28	580.75	9.37	501.03	7.68
	33.07%		35.62%		35.03%	
SG & A						
Expenses	331.33	5.01	359.90	5.81	331.33	5.08
	22.73%		22.07%		23.17%	
EBITDA	150.75	2.27	220.85	3.56	169.70	2.60
	10.34%		13.54%		11.87%	
Depreciation and amortization	33.01	0.50	28.61	0.46	26.88	0.41
Income from operations before exceptional items	117.74	1.77	192.24	3.10	142.82	2.19
Exceptional items	36.96	0.49	224.02	3.67	566.14	8.91
Income from operations	154.70	2.26	416.26	6.77	708.96	11.10
Interest expense	(0.35)	(0.01)	(0.27)	(0.01)	(0.29)	(0.01)
Other income (net)	35.40	0.54	17.94	0.29	23.12	0.36
Income before income tax	189.75	2.80	433.93	7.05	731.79	11.45
Income tax provision	(43.15)	(0.72)	117.60	1.91	211.83	3.31
Net earnings	232.90	3.52	316.33	5.14	519.96	8.14
Earnings per share (Face value of Re. 1/- each)						
Basic	1.84	0.03	2.48	0.04	4.10	0.07
Diluted	1.84	0.03	2.48	0.04	4.10	0.07

Financial Performance

Consolidated Profit & Loss Statement for the Year Ended December 31, 2015

(Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Jan to Dec 15		Jan to Dec 14	
	INR	US\$	INR	US\$
Revenue	6,050.32	94.32	6,484.96	106.27
Cost of revenue	3,958.02	61.70	4,132.43	67.72
Gross margin	2,092.30	32.62	2,352.53	38.55
SG & A	34.58%		36.28%	
Expenses	1,377.24	21.47	1,452.06	23.79
	22.76%		22.39%	
EBITDA	715.06	11.15	900.47	14.76
	11.82%		13.89%	
Depreciation and amortization	140.23	2.19	112.45	1.85
Income from operations before exceptional items	574.83	8.96	788.02	12.91
Exceptional items	603.10	9.40	250.11	4.10
Income from operations	1,177.93	18.36	1,038.13	17.01
Interest expense	(1.13)	(0.02)	(1.17)	(0.02)
Other income (net)	98.13	1.53	87.25	1.43
Income before income tax	1,274.93	19.87	1,124.21	18.42
Income tax provision	296.63	4.62	342.87	5.62
Net earnings	978.30	15.25	781.34	12.80
Earnings per share (Face value of Re. 1/- each)				
Basic	7.70	0.12	6.14	0.10
Diluted	7.70	0.12	6.14	0.10

Consolidated Balance Sheet as at December 31, 2015 (As per Indian GAAP)

Particulars	(Rs. in mn)		
	As at		
	Dec 31, 2015	Dec 31, 2014	Sep 30, 2015
	(Audited)	(Audited)	(Unaudited)
EQUITY & LIABILITIES			
Shareholders' Funds			
Share capital	126.13	126.72	126.13
Reserves and Surplus	2,302.43	2,004.33	2,075.88
Sub-Total Shareholder's Funds	2,428.56	2,131.05	2,202.01
Minority interest	-	-	-
Non-current liabilities			
Long-term borrowings	7.77	6.29	8.84
Deferred tax liabilities	-	0.66	-
Other long term liabilities	100.61	4.99	161.88
Long-term provisions	63.46	95.22	67.79
Subtotal - Non-current liabilities	171.84	107.16	238.51
Current liabilities			
Trade payables	485.38	508.89	462.29
Other current liabilities	303.43	590.25	323.33
Short-term provisions	166.03	392.73	308.03
Subtotal- Current Liabilities	954.84	1,491.87	1,093.65
TOTAL - EQUITY AND LIABILITIES	3,555.24	3,730.08	3,534.17
ASSETS			
Non-current assets			
Fixed assets	320.19	415.82	304.00
Goodwill on consolidation	477.97	280.20	565.43
Non-current investments	290.45	0.03	290.82
Deferred tax assets (net)	37.03	38.30	49.01
Long-term loans and advances	63.27	68.84	60.42
Other non-current assets	74.49	58.57	70.09
Subtotal - Non- current assets	1,263.40	861.76	1,339.77
Current assets			
Current Investment	118.01	18.00	118.01
Trade receivables	1,046.31	1,250.77	887.35
Cash and bank balance	851.47	1,363.83	855.66
Short-term loans and advances	143.75	118.57	198.60
Other current assets	132.30	117.15	134.78
Subtotal - Current Assets	2,291.84	2,868.32	2,194.40
TOTAL - ASSETS	3,555.24	3,730.08	3,534.17

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year Ended	
	Dec 31, 15	Dec 31, 14	Sep 30, 15	Dec 31, 15	Dec 31, 14
Revenues	100.00	100.00	100.00	100.00	100.00
Gross margin	33.07	35.62	35.03	34.58	36.28
SG & A	22.73	22.07	23.17	22.76	22.39
EBITDA	10.34	13.54	11.87	11.82	13.89
EBT	13.02	26.61	51.17	21.07	17.34
PAT	15.98	19.40	36.36	16.17	12.05

Revenue from Top 10 Clients	Quarter ended			Year Ended	
	Dec 31, 15	Dec 31, 14	Sep 30, 15	Dec 31, 15	Dec 31, 14
Top 10 Clients	33.89%	32.26%	34.35%	31.14%	31.73%
Top 5 Clients	22.22%	21.53%	21.95%	19.54%	19.93%
Top 3 Clients	16.13%	15.78%	15.34%	14.18%	14.56%
Largest Client	7.62%	6.67%	7.12%	6.81%	5.87%

Revenues by Geographies	Quarter ended			Year Ended	
	Dec 31, 15	Dec 31, 14	Sep 30, 15	Dec 31, 15	Dec 31, 14
USA	62.98%	55.68%	61.21%	57.98%	57.08%
Europe	12.02%	23.75%	13.82%	14.84%	23.38%
SEAC (South East Asia)	19.87%	8.70%	17.91%	16.86%	9.05%
India	1.85%	7.12%	2.28%	5.27%	6.37%
Others	3.28%	4.75%	4.78%	5.05%	4.12%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 15	Dec 31, 14	Sep 30, 15
Onsite	80.02%	78.58%	81.50%
Offshore	76.26%	73.72%	74.73%
Blended	77.05%	74.87%	76.15%

Utilization (including trainees)	Quarter ended		
	Dec 31, 15	Dec 31, 14	Sep 30, 15
Onsite	80.02%	78.58%	81.50%
Offshore	70.95%	68.75%	70.49%
Blended	72.76%	70.96%	72.69%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 15	Dec 31, 14 #	Sep 30, 15
Technical	1,727	2,245	1,748
Software services			
Onsite	319	318	326
Offshore	990	1,428	1,009
BPO			
Offshore	324	289	325
Onsite	-	82	9
Trainees	94	128	79
Support	298	353	286
Total count	2,025	2,598	2,034

Dec 31, 2014 head counts includes 703 (560 technical, 63 trainees and 80 support) associates pertaining to Indus Business Unit.

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Dec 31, 15	Dec 31, 14	Sep 30, 15
Receivable	1,046.31	1,250.77	887.35
Receivable in days (“DSO”)	49	51	43
Total cash and bank balance	921.95	1,098.24	922.24
Fixed assets	320.19	415.82	304.00
Shareholders’ funds	2,428.56	2,131.05	2,202.01

Development/Service Centres Location	As on Dec 31, 2015	
	Covered areas in sq ft.	No. of seats
India		
Noida	76,980	1,432
Chennai	5,905	65
	82,885	1,497
USA		
Sacramento, CA	9,500	60
South East Asia		
Singapore	8,054	91
Malaysia	6,048	52
Thailand	592	6
Indonesia	1,109	12
	15,803	161
Europe		
Romania	14,090	126
Poland	7,908	65
Moldova	3,398	48
	25,396	239
Total	133,584	1,957



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 fourteen 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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