



Analytical Review of Q4 & Year-2014 Results



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“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.”

Key Highlights – Year 2014



- Year 2014 Consolidated revenue Rs. 648.50 crores (US\$ 106.27 mn). YoY increase of 8.80 %.
- EBITDA Rs. 90.05 crores (US\$ 14.76 mn). YoY increase of 14.50 %.
- PAT Rs. 78.13 crores (US\$ 12.80 mn). YoY increase of 48.27 %.
- Profit after tax includes exceptional profit (net of tax) of Rs. 18.50 crores (US\$ 3.03). Out of this Rs. 16.89 crores (US\$ 2.77 mn) is on sale of Europe BPO Business and Rs. 1.61 crores (US\$ 0.26 mn) is on buy-back of shares of Computaris, a wholly owned subsidiary.
- Earnings per share (face value of Re 1/- each) of Rs. 6.14 for Year 2014 as against Rs. 4.18 in Year 2013.
- Considering profits and cash reserves, proposes 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.

Key Highlights - Year 2014 (Continues...)



- Telecom and Digital Media continues to be our largest industry vertical with 33.71% share of revenues followed by BFSI which accounts for 15.10% during the year 2014.
- Served 27 million dollar plus customers.
- Added over 20 marque clients across all businesses.
- Volumes growth from existing as well as new customers coupled with discipline in execution and higher license revenue led to improved margins.
- Depreciation of rupee has also helped our margins.
- Share Holder Funds : Rs. 213.11 crores or \$ 33.81 mn.
- Cash and bank balances Rs. 109.82 crores or \$ 17.42 mn.

Key Highlights – Q4 2014



- Q4-2014 Consolidated revenue Rs. 163.05 crores (US\$ 26.31 mn).
- EBITDA Rs. 22.08 crores (US\$ 3.56 mn).
- Profit after tax Rs. 31.63 crores (US\$ 5.14 mn).
- 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.
- Profit after tax includes exceptional profit (net of tax) of Rs. 16.89 crores (US\$ 2.77 mn) on sale of Europe BPO Business.
- Added 8 key customers during the quarter.

Financial Performance - Contribution Analysis – Q4 2014



(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	<i>35.62%</i>		<i>39.21%</i>		<i>37.86%</i>	
Expenses	359.90	5.81	356.23	5.72	369.36	6.10
	<i>22.07%</i>		<i>21.52%</i>		<i>21.92%</i>	
EBITDA	220.85	3.56	292.82	4.83	268.65	4.43
	<i>13.54%</i>		<i>17.69%</i>		<i>15.94%</i>	
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.

Movement in Gross Margin % Q4-14 Vs Q3-14

Gross Margin % in Q3-14	37.86
Impact of lesser billable days	(0.99)
Impact of decrease in licensing revenue	(0.55)
Impact of decrease in utilization	(0.54)
Increase in travel and other COGS	(0.16)
Gross Margin % in Q4-14	35.62

Financial Performance - Contribution Analysis – Year 2014



(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
	<i>36.28%</i>		<i>36.76%</i>	
SG & A Expenses	1,452.06	23.79	1,404.98	23.99
	<i>22.39%</i>		<i>23.57%</i>	
EBITDA	900.47	14.76	786.42	13.43
	<i>13.89%</i>		<i>13.19%</i>	
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

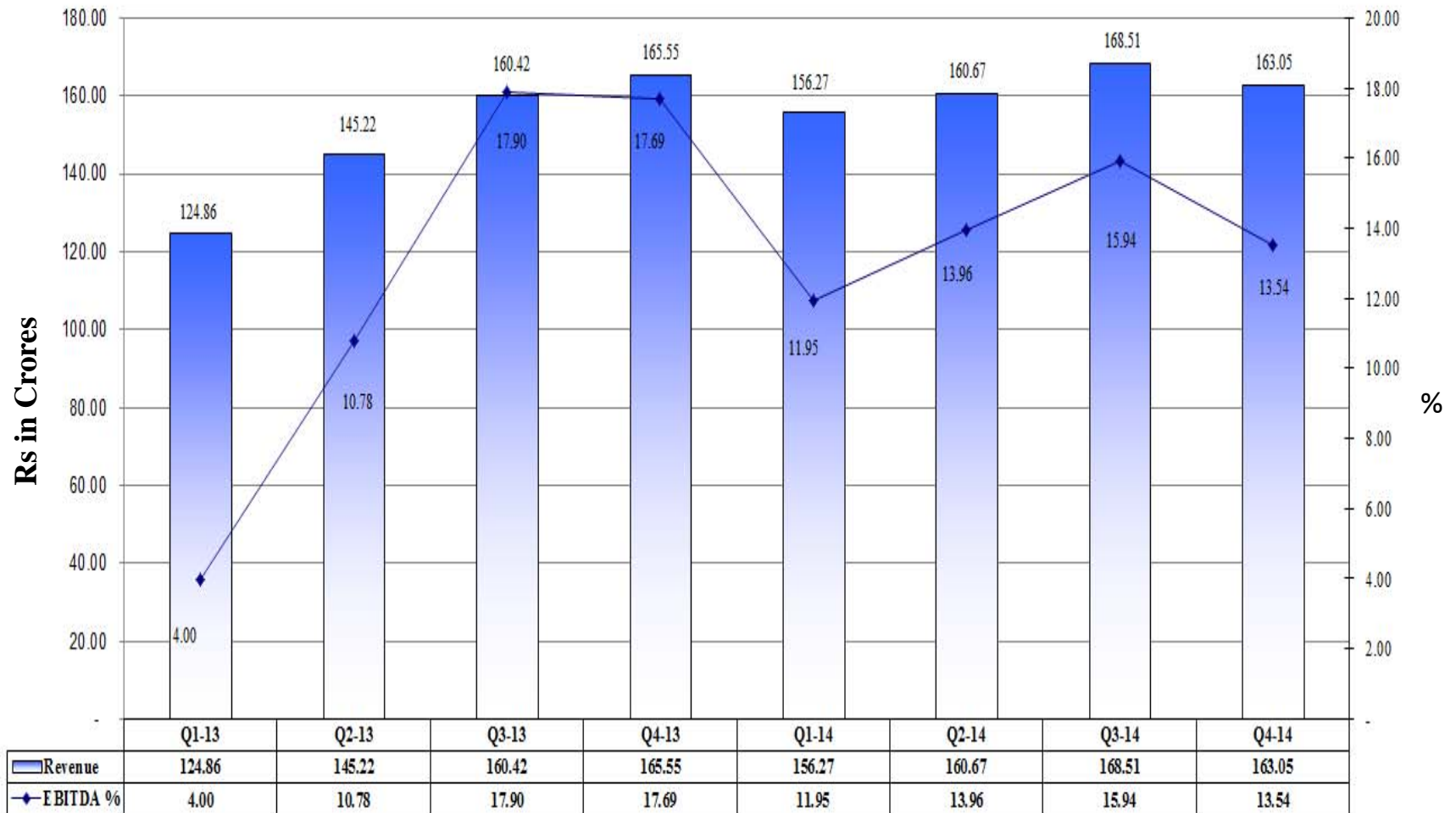
Exceptional Items for the year 2014 consists of:

- 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.

Movement in Gross Margin %

Gross Margin % in 2013	36.76
Impact of increase in utilization	1.10
Impact of increase in licensing revenue	0.44
Impact of rupee depreciation	0.43
Impact of change in COGS salary	(2.45)
Gross Margin % in 2014	36.28

Revenues and Margins, Historical Trend



Consolidated Key Balance Sheet Data



Rupees in Crores except "DSO"

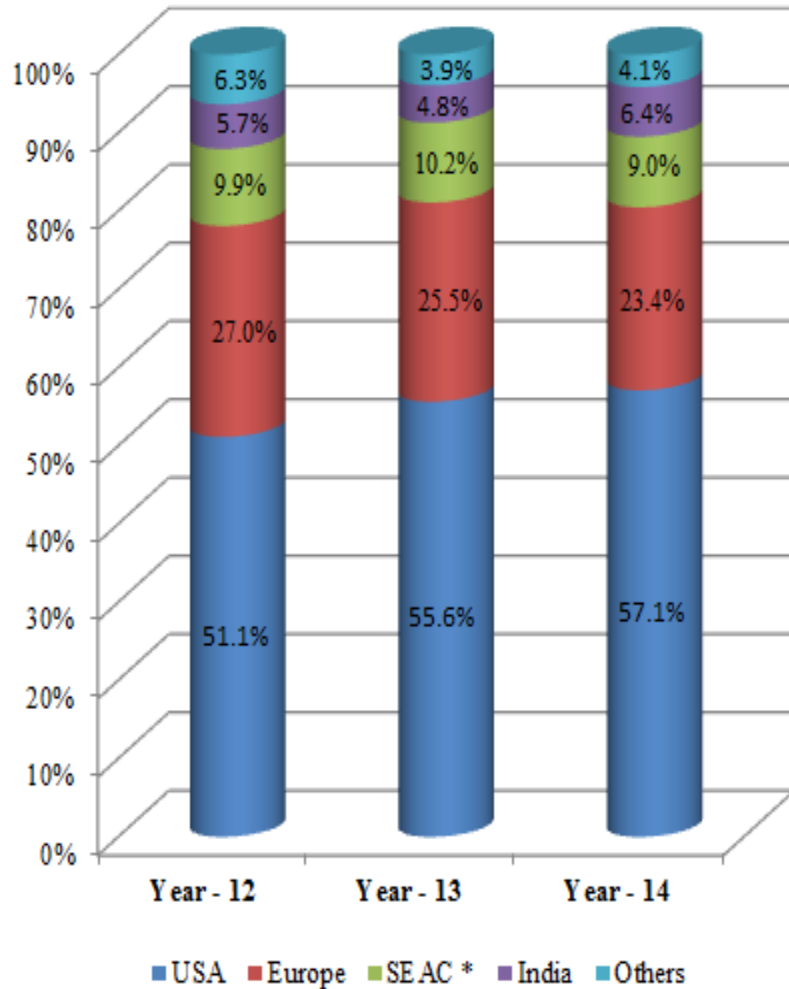
	As at Dec 31, 2014	As at Dec 31, 2013
Share Holders' Funds	213.11	231.76
Receivables	125.08	104.09
Receivables in days "DSO"	55	56
Cash & Bank *	109.82	111.52
Fixed Assets	41.58	46.30

* Excluding money kept in escrow account for interim dividend (Dec 2014) and margin money for buy back.

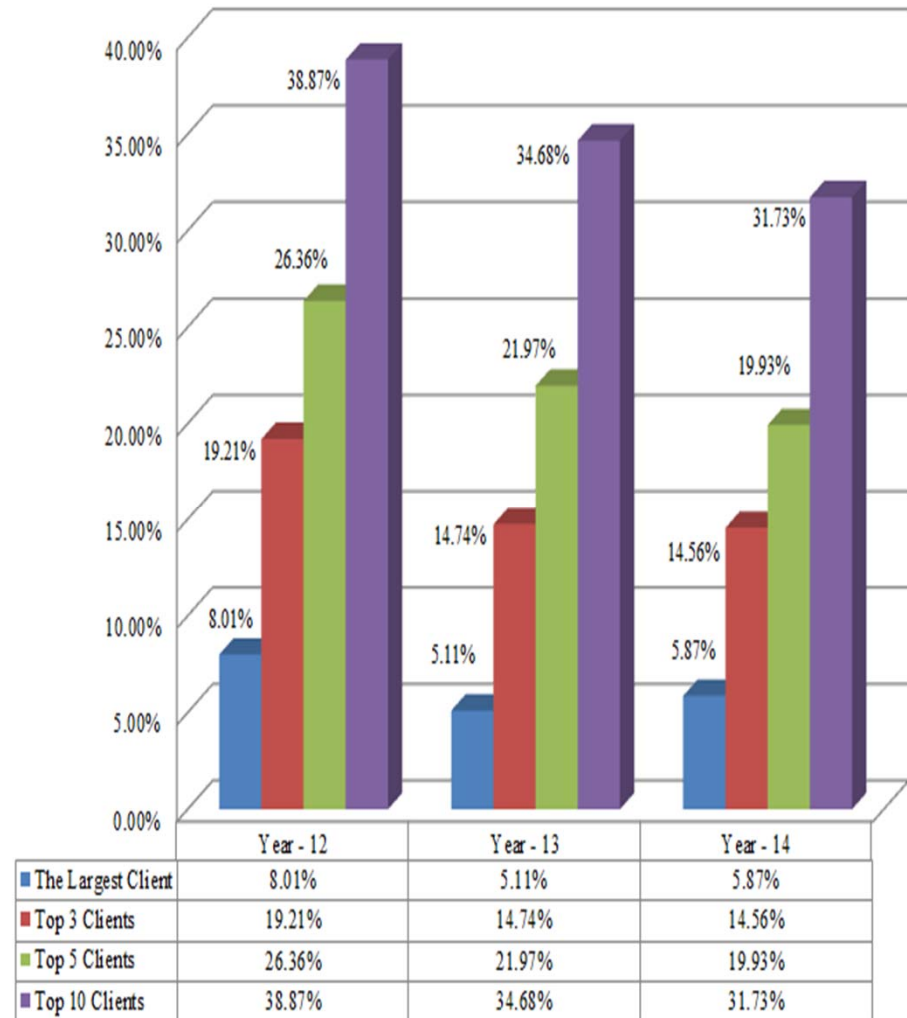
Yearly Revenue Break-Down



By Geography

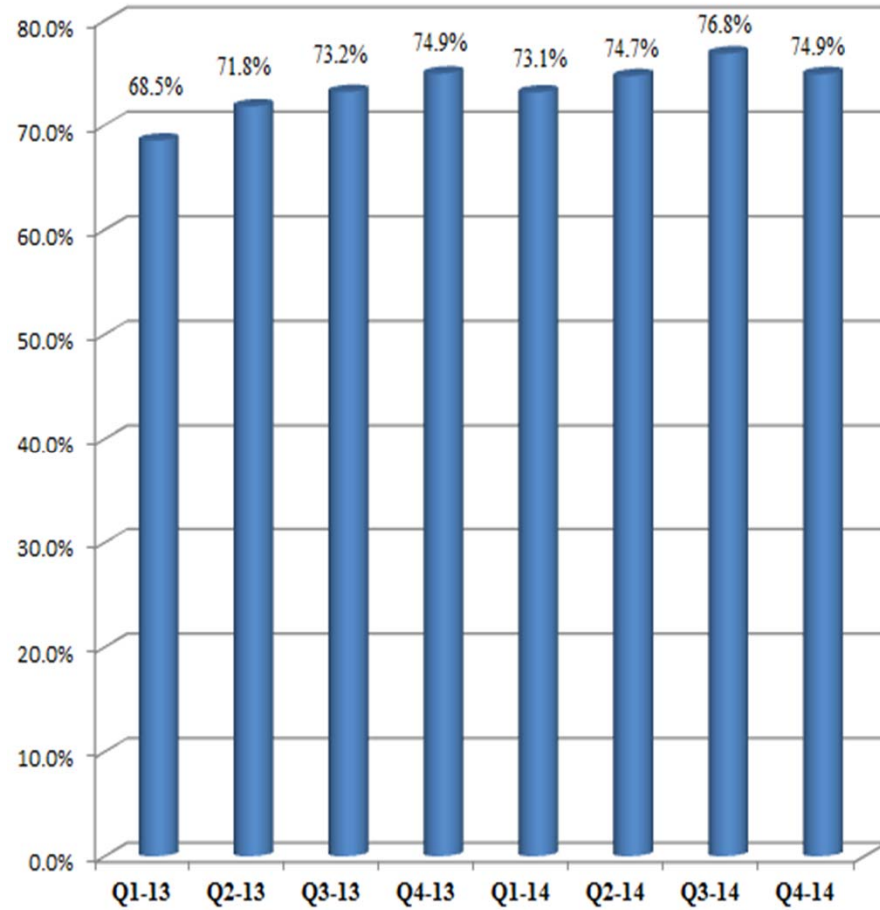
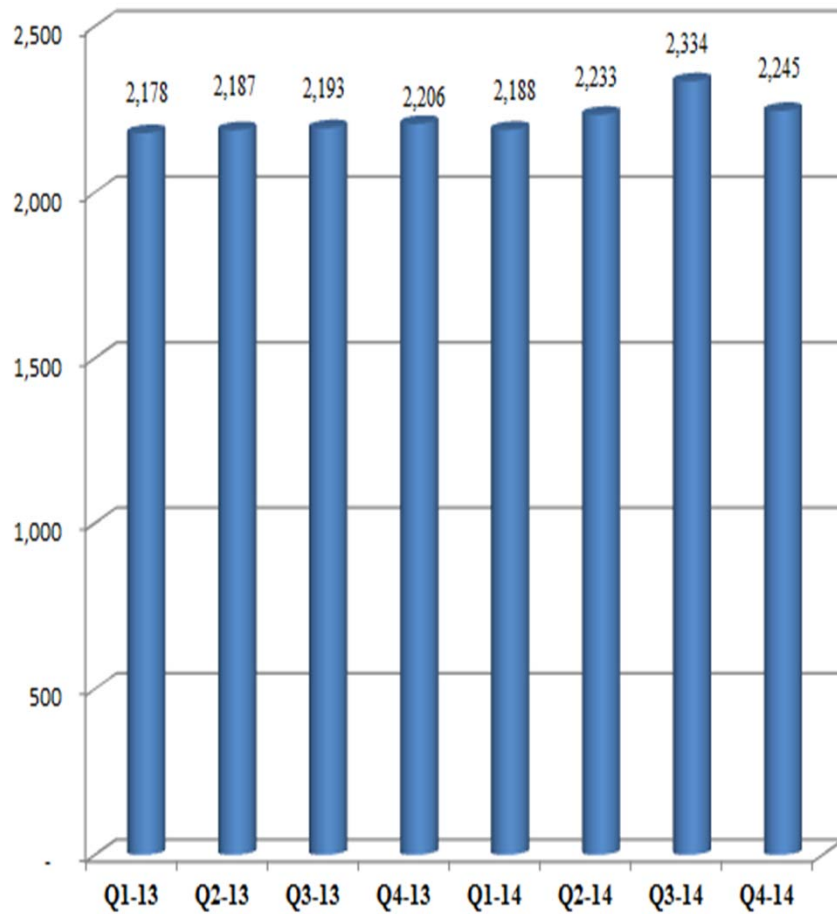


Client Concentration



* South East Asian Countries

Billable Head Count and Utilization



Q4-2014 headcount is after excluding 124 associates of Europe BPO

- Satisfactory performance in 2014 with profitable growth.
- Year 2015 looks promising on the back of strong sales funnel across all businesses.
- Rupee depreciation is helping our margins. We continue to follow our hedge policy to mitigate currency risk.
- Continuous Focus for Year 2015 :
 - Deliver enhanced business value to customers through industry specific innovative services and solutions;
 - Realigning our focus towards core services to improve margins;
 - improve our branding and marketing efforts for highlighting our strengths in key verticals to accelerate the future growth;
 - Discipline in execution and maintain utilization around 75% while investing in people, capabilities and infrastructure.

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**Thank You
For Your Support**