

# YOUR **DIGITAL** TRANSFORMATION PARTNER





## **R Systems Announces Results for Q1 2017**

**Q1 2017: Revenue: Rs. 144.3 Crores, EBITDA: Rs.7.6 Crores and Net Profit Rs. 5.3 Crores  
Focusing Digital Transformation Through Software Engineering**

Noida, India – May 04, 2017

### **Highlights**

#### **Consolidated results for the quarter ended March 31, 2017**

- Consolidated revenue from operations for Q1 2017 was Rs. 144.30 crores (US\$ 21.56 mn) compared to Rs. 141.87 crores (US\$ 21.02 mn) in Q1 2016 and Rs. 153.40 crores (US\$ 22.75 mn) in Q4 2016.
- EBITDA for Q1 2017 was Rs. 7.57 crores (US\$ 1.13 mn) compared to Rs. 13.31 crores (US\$ 1.97 mn) in Q1 2016 and Rs. 19.69 crores (US\$ 2.92 mn) in Q4 2016.
- Net profit after taxes for Q1 2017 was Rs. 5.26 crores (US\$ 0.79 mn) compared to Rs. 7.64 crores (US\$ 1.13 mn) in Q1 2016 and Rs. 18.60 crores (US\$ 2.76 mn) in Q4, 2016. Net profit after taxes for Q4 2016 includes exceptional profit of Rs. 3.16 crores (US\$ 0.47 mn).

### **Others**

- Added 5 key customers during the quarter.
- Total associates as on March 31, 2017 were 2,356 compared to 2,319 at the end of December 31, 2016.

Rekhi Singh, Managing Director stated “We concluded the quarter with revenues of Rs. 144 crores and net profit of Rs. 5.3 crores. Historically Q1 tends to be a soft quarter where clients are still in the process of releasing their IT budgets and on the other hand salary raises and visa costs kicks in. Accordingly, Q1 2017 margins were impacted which is further deepened by appreciation of rupee and investment in sales and marketing.”

He added, “We are witnessing a good traction towards our product engineering offerings where we partner with customers in their digital transformation. We continue to intensify our investment in digital capabilities and expanding our sales and marketing bandwidth especially in the area of digital marketing. Our balance sheet continues to be strong with cash and bank balance of Rs. 126 crores and net worth of Rs. 278 crores.”

Avirag Jain, CTO said “Leveraging our product engineering capabilities, we started 5 new engagements during the quarter wherein we are addressing key business challenges of our customers by building agile and scalable software solution using newer technologies.”

## **Key Operational Highlights**

Established in 1993, R Systems is a leading global provider of IT and ITeS solutions and services.

Product engineering continues to be an integral part of R Systems DNA. R Systems continuously endeavours to enhance customer experience right from the idea creation, product development, and product maintenance & support through integrated product lifecycle management (iPLM) services. The iPLM engagements are backed with strong engineering capabilities, facilitating the shift from a mere functional perspective to a holistic business process perspective of entire product life cycle. We partner with ISVs and businesses to create futuristic products using next-gen technologies.

R Systems leverage comprehensive range of ITeS services to a wide spectrum of clients for improving their organizational efficiencies. The key ITeS services include customer care, 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. ECnet has signed a Master Alliance Agreement with JDA to offer category management solution suite to retail customers. 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 over five major verticals including Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Retail & E-commerce.

As a trusted digital transformation partner, we help organizations to embrace digitalization towards greater efficiency and streamlined operations. We have also expanded our capabilities horizontally with Analytics, Mobility, IoT and Cloud across the key verticals.

The quarter concluded with 5 key wins. The brief of these wins is listed below:

One of the leading telecom ISVs providing cloud based communication software to telcos has mandated our subsidiary Computaris, to redesign and align one of their core product with newer technologies.

A USA based non-profit organization that provides product and services to educational institution and management students around the world has engaged R Systems for developing and fueling their digital ecosystem.

An Indonesian bank offering banking products and services based on sharia principles has assigned R System to design and develop a mobile application on multiple platforms facilitating digital account opening along with delivering sales insight for optimizing their performance.



A Singapore based high tech equipment manufacturer has mandated ECnet to roll out a robust ERP system for its manufacturing operations in Singapore and China. The system will integrate various business processes to deliver financial visibility and operational excellence.

A Singapore-based company providing security solutions and services across Asia has engaged IBIZ to implement a comprehensive ERP solution to automate their back end operations in Singapore, Malaysia, Vietnam, Philippines.

### **Liquidity and Shareholder Funds**

Total Consolidated Cash and bank balance, including bank deposits as at March 31, 2017, was Rs. 126.35 crores compared to Rs. 98.96 crores as at March 31, 2016 and Rs. 119.97 crores as at December 31, 2016. Total shareholder funds as at March 31, 2017 were Rs. 278.28 crores compared to Rs. 254.68 crores as at March 31, 2016 and Rs. 277.97 crores as at December 31, 2016.

## Financial Performance

### Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2017

*(As per Indian GAAP)*

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended March 31,		Quarter Ended December 31,
		2017	2016	2016
<b>1</b>	<b>Income</b>			
1.1	Income from operations	1,442.98	1,418.69	1,534.02
1.2	Other operating income	39.99	(0.68)	32.62
	<b>Total</b>	<b>1,482.97</b>	<b>1,418.01</b>	<b>1,566.64</b>
<b>2</b>	<b>Expenditure</b>			
2.1	Employee benefits expense	1,007.18	913.62	990.97
2.2	Depreciation and amortisation expense	28.43	28.31	28.94
2.3	Travelling and conveyance	77.49	95.01	52.47
2.4	Communication costs	16.22	15.82	18.24
2.5	Legal and professional expenses (including subcontract expenses)	130.82	156.25	147.15
2.6	Provision for doubtful debts and advances (net)	1.67	-	-
2.7	Other expenditure	132.37	94.66	148.48
	<b>Total expenditure</b>	<b>1,394.18</b>	<b>1,303.67</b>	<b>1,386.25</b>
<b>3</b>	<b>Profit from operations before other income and finance cost</b>	<b>88.79</b>	<b>114.34</b>	<b>180.39</b>
4	Other income	14.10	13.61	20.91
<b>5</b>	<b>Profit from operations before finance cost</b>	<b>102.89</b>	<b>127.95</b>	<b>201.30</b>
6	Finance cost	4.00	1.76	1.68
<b>7</b>	<b>Profit before tax</b>	<b>98.89</b>	<b>126.19</b>	<b>199.62</b>
8	Exceptional items	-	-	46.35
<b>9</b>	<b>Profit before tax</b>	<b>98.89</b>	<b>126.19</b>	<b>245.97</b>
<b>10</b>	<b>Provision for tax</b>			
10.1	Current tax	45.96	53.64	73.75
10.2	MAT Credit entitlement	-	-	(15.13)
10.3	Deferred tax charge / (credit)	0.30	(3.82)	1.37
	<b>Total tax expense</b>	<b>46.26</b>	<b>49.82</b>	<b>59.99</b>
<b>11</b>	<b>Net profit after tax</b>	<b>52.63</b>	<b>76.37</b>	<b>185.98</b>
<b>12</b>	<b>Earnings per share (Face value of Re. 1/- each)</b>			
12.1	Basic	0.42	0.60	1.48
12.2	Diluted	0.42	0.60	1.48

## Financial Performance

### Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2017 (Contribution Analysis Format; Basis Indian GAAP)

(FIGURES IN MN)

Particulars	Q1 2017		Q1 2016		Q4 2016	
	INR	US\$	INR	US\$	INR	US\$
<b>Revenues</b>	<b>1,442.98</b>	<b>21.56</b>	<b>1,418.69</b>	<b>21.02</b>	<b>1,534.02</b>	<b>22.75</b>
Cost of revenues	1,008.17	15.06	935.88	13.87	998.17	14.80
<b>Gross margin</b>	<b>434.81</b>	<b>6.50</b>	<b>482.81</b>	<b>7.15</b>	<b>535.85</b>	<b>7.95</b>
<b>SG &amp; A</b>	30.13%		34.03%		34.93%	
Expenses	359.16	5.37	349.74	5.18	339.00	5.03
	24.89%		24.65%		22.10%	
<b>EBITDA</b>	<b>75.65</b>	<b>1.13</b>	<b>133.07</b>	<b>1.97</b>	<b>196.85</b>	<b>2.92</b>
	5.24%		9.38%		12.83%	
Depreciation and amortization	28.43	0.42	28.31	0.42	28.94	0.42
<b>Income from operations before exceptional items</b>	<b>47.22</b>	<b>0.71</b>	<b>104.76</b>	<b>1.55</b>	<b>167.91</b>	<b>2.50</b>
Exceptional items	-	-	-	-	46.35	0.69
<b>Income from operations</b>	<b>47.22</b>	<b>0.71</b>	<b>104.76</b>	<b>1.55</b>	<b>214.26</b>	<b>3.19</b>
Interest expense	(2.31)	(0.03)	(0.31)	(0.00)	(0.41)	(0.01)
Other income (net)	53.98	0.80	21.74	0.32	32.12	0.47
<b>Income before income tax</b>	<b>98.89</b>	<b>1.48</b>	<b>126.19</b>	<b>1.87</b>	<b>245.97</b>	<b>3.65</b>
Income tax provision	46.26	0.69	49.82	0.74	59.99	0.89
<b>Net earnings</b>	<b>52.63</b>	<b>0.79</b>	<b>76.37</b>	<b>1.13</b>	<b>185.98</b>	<b>2.76</b>

## Financial Performance

### Consolidated Balance Sheet as at March 31, 2017 (As per Indian GAAP)

Particulars	(Rs. in mn)		
	As at		
	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
	(Unaudited)	(Unaudited)	(Audited)
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	123.13	126.13	123.13
Reserves and Surplus	2,659.70	2,420.64	2,656.60
<b>Sub-Total Shareholder's Funds</b>	<b>2,782.83</b>	<b>2,546.77</b>	<b>2,779.73</b>
<b>Minority interest</b>	-	-	-
<b>Non-current liabilities</b>			
Long-term borrowings	18.00	8.37	19.15
Deferred tax liabilities	-	0.25	-
Other long term liabilities	13.01	105.47	57.20
Long-term provisions	89.16	68.91	89.43
<b>Subtotal - Non-current liabilities</b>	<b>120.17</b>	<b>183.00</b>	<b>165.78</b>
<b>Current liabilities</b>			
Trade payables	385.87	448.59	438.94
Other current liabilities	415.27	276.89	270.26
Short-term provisions	178.23	161.29	174.90
<b>Subtotal- Current Liabilities</b>	<b>979.37</b>	<b>886.77</b>	<b>884.10</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>3,882.37</b>	<b>3,616.54</b>	<b>3,829.61</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	354.68	318.06	347.94
Goodwill on consolidation	440.83	501.03	452.21
Non-current investments	201.04	290.08	201.40
Deferred tax assets (net)	45.81	41.59	46.14
Long-term loans and advances	84.68	60.97	89.11
Other non-current assets	54.45	75.50	61.58
<b>Subtotal - Non-current assets</b>	<b>1,181.49</b>	<b>1,287.23</b>	<b>1,198.38</b>
<b>Current assets</b>			
Current Investment	87.57	118.01	87.57
Trade receivables	1,052.97	1,032.53	1,082.22
Cash and bank balance	1,209.59	918.42	1,143.24
Short-term loans and advances	208.55	140.87	151.58
Other current assets	142.20	119.48	166.62
<b>Subtotal - Current Assets</b>	<b>2,700.88</b>	<b>2,329.31</b>	<b>2,631.23</b>
<b>TOTAL - ASSETS</b>	<b>3,882.37</b>	<b>3,616.54</b>	<b>3,829.61</b>

## Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 17	Mar 31, 16	Dec 31, 16
Revenues	100.00	100.00	100.00
Gross margin	30.13	34.03	34.93
SG & A	24.89	24.65	22.10
EBITDA	5.24	9.38	12.83
EBT #	6.85	8.89	13.01
PAT #	3.65	5.38	10.07

# excluding exceptional profit in Q4-2016

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 17	Mar 31, 16	Dec 31, 16
Top 10 Clients	34.77%	34.14%	32.98%
Top 5 Clients	22.78%	21.57%	21.28%
Top 3 Clients	15.43%	15.27%	14.80%
Largest Client	5.79%	6.76%	6.84%

Revenues by Geographies	Quarter ended		
	Mar 31, 17	Mar 31, 16	Dec 31, 16
USA	58.35%	61.13%	57.47%
Europe	19.78%	17.06%	18.55%
SEAC ( South East Asia )	18.28%	15.43%	19.70%
India	1.15%	1.76%	1.32%
Others	2.44%	4.62%	2.96%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 17	Mar 31, 16	Dec 31, 16
Onsite	97.84%	94.99%	96.65%
Offshore	70.90%	75.37%	75.72%
Blended	74.57%	78.51%	78.57%

Utilization (including trainees)	Quarter ended		
	Mar 31, 17	Mar 31, 16	Dec 31, 16
Onsite	97.84%	94.99%	96.65%
Offshore	66.56%	70.32%	70.90%
Blended	70.59%	74.05%	74.21%



## Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 17	Mar 31, 16	Dec 31, 16
<b>Technical</b>	<b>1,997</b>	<b>1,773</b>	<b>1,974</b>
<b>Software services</b>			
Onsite	244	260	241
Offshore	1,290	1,091	1,233
<b>BPO</b>			
Offshore	352	318	400
<b>Trainees</b>	<b>111</b>	<b>104</b>	<b>100</b>
<b>Support</b>	<b>359</b>	<b>299</b>	<b>345</b>
<b>Total count</b>	<b>2,356</b>	<b>2,072</b>	<b>2,319</b>

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Mar 31, 17	Mar 31, 16	Dec 31, 16
Receivable	1,052.97	1,032.53	1,082.22
Receivable in days (“DSO”)	52	55	49
Total cash and bank balance	1,263.52	989.58	1,199.70
Fixed assets	354.68	318.06	347.94
Shareholders’ funds	2,782.83	2,546.77	2,779.73

Development/Service Centres Location	As on Mar 31, 2017	
	Covered areas in sq ft.	No. of seats
<b>India</b>		
Noida	93,679	1,785
Chennai	5,905	65
	99,584	1,850
<b>USA</b>		
Sacramento, CA	9,500	60
<b>South East Asia</b>		
Singapore	8,054	91
Malaysia	6,162	52
Thailand	592	6
Indonesia	1,109	12
	15,917	161
<b>Europe</b>		
Romania	15,489	153
Poland	9,239	81
Moldova	3,398	49
	28,126	283
<b>Total</b>	<b>153,127</b>	<b>2,354</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 software product engineering and ITeS services and solutions. We partner with software product companies and businesses for their digital transformation by building scalable, configurable and secure products and applications using next-gen technologies 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, Retail & E-commerce, Healthcare, and Manufacturing and Logistic Industries. R Systems maintains fifteen development and service centres to serve customers in USA, Europe and the Far East.

**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.

**For further information please contact:**

Nand Sardana  
Chief Financial Officer  
Tel # 0120 – 4303506  
Fax # 0120 – 2587123  
Email: [nand.sardana@rsystems.com](mailto:nand.sardana@rsystems.com)

Kumar Gaurav  
AVP Finance & Accounts  
Tel # 0120 – 4082650  
Fax # 0120 – 2587123  
Email: [kumar.gaurav@rsystems.com](mailto:kumar.gaurav@rsystems.com)

Ashish Thakur  
Company Secretary & Compliance Officer  
Tel # 0120 – 4082633  
Fax # 0120 – 2587123  
Email: [ashish.thakur@rsystems.com](mailto:ashish.thakur@rsystems.com)