



R Systems Announces Results for Q2 2016

Q2 2016: Revenue: Rs. 148.85 Crores, EBITDA: Rs. 22.19 Crores and Net Profits: Rs. 16.69 Crores
QoQ - Revenue increased: 4.9%, EBIDTA increased: 66.8%, PAT increased: 118.5%

Noida, India – July 29, 2016

Highlights

Consolidated results for the quarter ended June 30, 2016

- Consolidated revenue from operations for Q2-16 was Rs. 148.85 crores (US\$ 22.25 mn) compared to Rs. 165.45 crores (US\$ 26.10 mn) in Q2, 2015 and Rs. 141.87 crores (US\$ 21.02 mn) in Q1, 2016. QoQ increase was 4.92%.
- EBITDA was Rs. 22.19 crores (US\$ 3.31 mn) compared to Rs. 23.81 crores (US\$ 3.77 mn) in Q2, 2015 and Rs. 13.31 crores (US\$ 1.97 mn) in Q1, 2016. QoQ increase was 66.79%.
- Net profit after taxes was Rs. 16.69 crores (US\$ 2.49 mn) compared to Rs. 14.35 crores (US\$ 2.27 mn) in Q2, 2015 and Rs. 7.64 crores (US\$ 1.13 mn) in Q1, 2016. QoQ increase was 118.47%.

Rekhi Singh, Managing Director stated “We concluded the quarter with revenues of Rs. 149 crores and net profit of Rs. 16.7 crores. Revenue grew about 5% quarter on quarter primarily due to growth from new and existing customers. We have started several promising accounts during first half of 2016 mainly in telecom, digital media and health care verticals. The volume growth helped in reporting improved margins despite offsetting the ramp up costs.”

He added, “Our Balance sheet continues to be very strong with cash and bank balance of Rs. 116 crores and net worth of Rs. 273 crores.” He further added, “Our continuing investment in building capabilities in digital technologies around the chosen industry verticals has started yielding results in terms of adding marquee customers.”

Avirag Jain, CTO said “We are continuing to help our customers to build software products using digital technologies like analytics, mobility etc. to simplify their processes and offer enhanced value propositions.” He added, “We have strengthened our technical team with the addition of 80 net associates over the quarter on the back of new orders and strong sales pipe line across all 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 8 key wins. The brief of some significant wins is listed below:

A leading French company providing software solutions for IPTV, cable, satellite & TV operators and broadcasters, has engaged R Systems for its product enhancement and feature development.

A USA-based company providing online video delivery and video streaming services, has engaged R Systems for development and testing of cloud-based product for live audio/video streaming.

A multinational information technology company, that provides a wide variety of hardware and software solutions for consumer market, small and medium businesses, as well as large enterprises, has selected our subsidiary Computaris as a strategic supplier to develop a new messaging platform for a leading European telecommunication company.

A USA-based provider of wireless and networking solutions has engaged our subsidiary Computaris to enhance and expand their product development teams for two of their solutions, a web based tool for planning wireless access points deployment and an application for cloud managed network services.

A Singapore-based leading provider of specialized communication solutions has engaged our Singapore subsidiary IBIZ to implement cloud based Microsoft Dynamics ERP along with a CRM solution to automate their field and back end operations.

Liquidity and Shareholder Funds

Total Consolidated Cash and bank balance, including bank deposits as at June 30, 2016, was Rs. 115.68 crores compared to Rs. 116.77 crores as at June 30, 2015 and Rs. 98.96 crores as at March 31, 2016. Total shareholder funds as at June 30, 2016 were Rs. 272.65 crores compared to Rs. 171.33 crores as at June 30, 2015 and Rs. 254.68 crores as at March 31, 2016.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2016

(As per Indian GAAP)

(Figures in mn, except per share data)

| Sr. No. | Particulars | Quarter Ended June 30, | | Quarter Ended March 31, |
|-----------|---|---------------------------|-----------------|----------------------------|
| | | 2016 | 2015 | 2016 |
| 1 | Income | | | |
| 1.1 | Income from operations | 1,488.53 | 1,654.53 | 1,418.69 |
| 1.2 | Other operating income | 13.08 | 8.34 | 8.13 |
| | Total | 1,501.61 | 1,662.87 | 1,426.82 |
| 2 | Expenditure | | | |
| 2.1 | Employee benefits expense | 939.61 | 954.78 | 913.62 |
| 2.2 | Depreciation and amortisation expense | 28.03 | 34.45 | 28.31 |
| 2.3 | Travelling and conveyance | 39.93 | 100.91 | 95.01 |
| 2.4 | Communication costs | 19.15 | 20.63 | 15.82 |
| 2.5 | Legal and professional expenses (including subcontracting expenses) | 137.76 | 165.87 | 156.25 |
| 2.6 | Provision for doubtful debts and advances (net) | 6.43 | 4.54 | 8.81 |
| 2.7 | Other expenditure | 122.13 | 167.73 | 94.66 |
| | Total expenditure | 1,293.04 | 1,448.91 | 1,312.48 |
| 3 | Profit from operations before other income and finance cost | 208.57 | 213.96 | 114.34 |
| 4 | Other income | 14.27 | 11.25 | 13.61 |
| 5 | Profit from operations before finance cost | 222.84 | 225.21 | 127.95 |
| 6 | Finance cost | 1.89 | 2.20 | 1.76 |
| 7 | Profit before tax | 220.95 | 223.01 | 126.19 |
| 8 | Provision for tax | | | |
| 8.1 | Current tax expenses | 61.56 | 87.59 | 53.64 |
| 8.2 | Deferred tax credit | (7.47) | (8.03) | (3.82) |
| | Total tax expense | 54.09 | 79.56 | 49.82 |
| 9 | Net profit after tax | 166.86 | 143.45 | 76.37 |
| 10 | Earnings per share (Face value of Re. 1/- each) | | | |
| 10.1 | Basic | 1.32 | 1.13 | 0.60 |
| 10.2 | Diluted | 1.31 | 1.13 | 0.60 |

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2016

(As per Indian GAAP)

(Figures in mn, except per share data)

| Sr. No. | Particulars | Six Month Ended June 30 | |
|-----------|---|----------------------------|-----------------|
| | | 2016 | 2015 |
| 1 | Income | | |
| 1.1 | Income from operations | 2,907.22 | 3,162.39 |
| 1.2 | Other operating income | 21.21 | 17.57 |
| | Total | 2,928.43 | 3,179.96 |
| 2 | Expenditure | | |
| 2.1 | Employee benefits expense | 1,853.23 | 1,915.91 |
| 2.2 | Depreciation and amortisation expense | 56.34 | 80.34 |
| 2.3 | Travelling and conveyance | 134.94 | 206.98 |
| 2.4 | Communication costs | 34.97 | 39.66 |
| 2.5 | Legal and professional expenses (including subcontracting expenses) | 294.01 | 316.21 |
| 2.6 | Provision for doubtful debts and advances (net) | 15.24 | 7.47 |
| 2.7 | Other expenditure | 216.79 | 277.61 |
| | Total expenditure | 2,605.52 | 2,844.18 |
| 3 | Profit from operations before other income and finance cost | 322.91 | 335.78 |
| 4 | Other income | 27.88 | 22.04 |
| 5 | Profit from operations before finance cost | 350.79 | 357.82 |
| 6 | Finance cost | 3.65 | 4.43 |
| 7 | Profit before tax | 347.14 | 353.39 |
| 8 | Provision for tax | | |
| 8.1 | Current tax | 115.20 | 147.45 |
| 8.2 | Deferred tax credit | (11.29) | (19.50) |
| | Total tax expense | 103.91 | 127.95 |
| 9 | Net profit after tax | 243.23 | 225.44 |
| 10 | Earnings per share (Face value of Re. 1/- each) | | |
| 10.1 | Basic | 1.92 | 1.77 |
| 10.2 | Diluted | 1.92 | 1.77 |

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2016 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

| Particulars | Q2 2016 | | Q2 2015 | | Q1 2016 | |
|---------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| | INR | US\$ | INR | US\$ | INR | US\$ |
| Revenues | 1,488.53 | 22.25 | 1,654.53 | 26.10 | 1,418.69 | 21.02 |
| Cost of revenues | 948.43 | 14.18 | 1,058.84 | 16.70 | 935.88 | 13.87 |
| Gross margin | 540.10 | 8.07 | 595.69 | 9.40 | 482.81 | 7.15 |
| | 36.28% | | 36.00% | | 34.03% | |
| SG & A | | | | | | |
| Expenses | 318.16 | 4.76 | 357.55 | 5.63 | 349.74 | 5.18 |
| | 21.37% | | 21.61% | | 24.65% | |
| EBITDA | 221.94 | 3.31 | 238.14 | 3.77 | 133.07 | 1.97 |
| | 14.91% | | 14.39% | | 9.38% | |
| Depreciation and amortization | 28.03 | 0.42 | 34.45 | 0.54 | 28.31 | 0.42 |
| Income from operations | 193.91 | 2.89 | 203.69 | 3.23 | 104.76 | 1.55 |
| Interest expense | (0.32) | (0.01) | (0.27) | (0.01) | (0.31) | (0.00) |
| Other income (net) | 27.36 | 0.42 | 19.59 | 0.31 | 21.74 | 0.32 |
| Income before income tax | 220.95 | 3.30 | 223.01 | 3.53 | 126.19 | 1.87 |
| Income tax provision | 54.09 | 0.81 | 79.56 | 1.26 | 49.82 | 0.74 |
| Net earnings | 166.86 | 2.49 | 143.45 | 2.27 | 76.37 | 1.13 |

Financial Performance

Consolidated Profit & Loss Statement (Un- audited) for the Six Months Ended June 30, 2016

(Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

| Particulars | Jan to Jun 16 | | Jan to Jun 15 | |
|---------------------------------|-----------------|--------------|-----------------|--------------|
| | INR | US\$ | INR | US\$ |
| Revenue | 2,907.22 | 43.27 | 3,162.39 | 50.33 |
| Cost of revenue | 1,884.31 | 28.05 | 2,053.19 | 32.68 |
| Gross margin | 1,022.91 | 15.22 | 1,109.20 | 17.65 |
| SG & A | 35.19% | | 35.07% | |
| Expenses | 667.90 | 9.94 | 714.59 | 11.37 |
| | 22.97% | | 22.60% | |
| EBITDA | 355.01 | 5.28 | 394.61 | 6.28 |
| | 12.21% | | 12.48% | |
| Depreciation and amortization | 56.34 | 0.84 | 80.34 | 1.27 |
| Income from operations | 298.67 | 4.44 | 314.27 | 5.01 |
| Interest expense | (0.63) | (0.01) | (0.49) | (0.01) |
| Other income (net) | 49.10 | 0.74 | 39.61 | 0.63 |
| Income before income tax | 347.14 | 5.17 | 353.39 | 5.63 |
| Income tax provision | 103.91 | 1.55 | 127.95 | 2.04 |
| Net earnings | 243.23 | 3.62 | 225.44 | 3.59 |

Consolidated Balance Sheet as at June 30, 2016 (As per Indian GAAP)

| Particulars | (Rs. in mn) | | |
|---|-----------------|-----------------|-----------------|
| | As at | | |
| | June 30, 2016 | June 30, 2015 | Mar 31, 2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| EQUITY & LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share capital | 126.13 | 126.13 | 126.13 |
| Reserves and Surplus | 2,600.41 | 1,587.15 | 2,420.64 |
| Sub-Total Shareholder's Funds | 2,726.54 | 1,713.28 | 2,546.77 |
| Minority interest | - | - | - |
| Non-current liabilities | | | |
| Long-term borrowings | 8.79 | 5.08 | 8.37 |
| Deferred tax liabilities | - | - | 0.25 |
| Other long term liabilities | 65.19 | 158.42 | 105.47 |
| Long-term provisions | 75.65 | 64.74 | 68.91 |
| Subtotal - Non-current liabilities | 149.63 | 228.24 | 183.00 |
| Current liabilities | | | |
| Trade payables | 390.77 | 499.83 | 448.59 |
| Other current liabilities | 335.69 | 523.36 | 276.89 |
| Short-term provisions | 195.05 | 748.76 | 161.29 |
| Subtotal- Current Liabilities | 921.51 | 1,771.95 | 886.77 |
| TOTAL - EQUITY AND LIABILITIES | 3,797.68 | 3,713.47 | 3,616.54 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 312.31 | 370.51 | 318.06 |
| Goodwill on consolidation | 500.80 | 530.31 | 501.03 |
| Non-current investments | 289.72 | 0.03 | 290.08 |
| Deferred tax assets (net) | 48.65 | 63.62 | 41.59 |
| Long-term loans and advances | 63.43 | 63.73 | 60.97 |
| Other non-current assets | 76.96 | 77.63 | 75.50 |
| Subtotal - Non- current assets | 1,291.87 | 1,105.83 | 1,287.23 |
| Current assets | | | |
| Current Investment | 118.01 | - | 118.01 |
| Trade receivables | 1,025.67 | 1,081.28 | 1,032.53 |
| Cash and bank balance | 1,084.20 | 1,097.94 | 918.42 |
| Short-term loans and advances | 141.55 | 242.24 | 140.87 |
| Other current assets | 136.38 | 186.18 | 119.48 |
| Subtotal - Current Assets | 2,505.81 | 2,607.64 | 2,329.31 |
| TOTAL - ASSETS | 3,797.68 | 3,713.47 | 3,616.54 |

Consolidated Operational Data (Un-audited)

| Profitability in Percentage | Quarter ended | | |
|-----------------------------|---------------|-------------|------------|
| | June 30, 16 | June 30, 15 | Mar 31, 16 |
| Revenues | 100.00 | 100.00 | 100.00 |
| Gross margin | 36.28 | 36.00 | 34.03 |
| SG & A | 21.37 | 21.61 | 24.65 |
| EBITDA | 14.91 | 14.39 | 9.38 |
| EBT | 14.84 | 13.48 | 8.89 |
| PAT | 11.21 | 8.67 | 5.38 |

| Revenue from Top 10 Clients | Quarter ended | | |
|-----------------------------|---------------|-------------|------------|
| | June 30, 16 | June 30, 15 | Mar 31, 16 |
| Top 10 Clients | 31.74% | 29.52% | 34.14% |
| Top 5 Clients | 19.89% | 18.67% | 21.57% |
| Top 3 Clients | 13.87% | 13.09% | 15.27% |
| Largest Client | 6.37% | 5.72% | 6.76% |

| Revenues by Geographies | Quarter ended | | |
|--------------------------|---------------|-------------|------------|
| | June 30, 16 | June 30, 15 | Mar 31, 16 |
| USA | 58.12% | 51.49% | 61.13% |
| Europe | 18.03% | 16.19% | 17.06% |
| SEAC (South East Asia) | 18.26% | 17.18% | 15.43% |
| India | 1.69% | 8.00% | 1.76% |
| Others | 3.90% | 7.14% | 4.62% |
| Total | 100.00% | 100.00% | 100.00% |

| Utilization (excluding trainees) | Quarter ended | | |
|----------------------------------|---------------|-------------|------------|
| | June 30, 16 | June 30, 15 | Mar 31, 16 |
| Onsite | 84.85% | 79.24% | 79.52% |
| Offshore | 77.50% | 72.52% | 78.26% |
| Blended | 78.82% | 73.57% | 78.51% |

| Utilization (including trainees) | Quarter ended | | |
|----------------------------------|---------------|-------------|------------|
| | June 30, 16 | June 30, 15 | Mar 31, 16 |
| Onsite | 84.85% | 79.24% | 79.52% |
| Offshore | 71.60% | 67.63% | 72.81% |
| Blended | 73.83% | 69.33% | 74.05% |

Consolidated Operational Data (Un-audited)

| Human resources | As at | | |
|--------------------------|--------------|---------------|--------------|
| | June 30, 16 | June 30, 15 ^ | Mar 31, 16 |
| Technical | 1,853 | 2,428 | 1,773 |
| Software services | | | |
| Onsite | 297 | 318 | 313 |
| Offshore | 1,111 | 1,657 | 1038 |
| BPO | | | |
| Offshore | 336 | 304 | 318 |
| Onsite | - | 10 | - |
| Trainees | 109 | 139 | 104 |
| Support | 315 | 369 | 299 |
| Total count | 2,168 | 2,797 | 2,072 |

^ June 30, 2015 head count includes 838 (683 technical, 72 trainees and 83 support) associates pertaining to Indus Business Unit.

(Rs. in mn, except DSO)

| Key Balance Sheet Data | As At | | |
|-----------------------------|-------------|-------------|------------|
| | June 30, 16 | June 30, 15 | Mar 31, 16 |
| Receivable | 1,025.67 | 1,081.28 | 1,032.53 |
| Receivable in days (“DSO”) | 53 | 43 | 55 |
| Total cash and bank balance | 1,156.81 | 1,167.71 | 989.58 |
| Fixed assets | 312.31 | 370.51 | 318.06 |
| Shareholders’ funds | 2,726.54 | 1,713.28 | 2,546.77 |

| Development/Service Centres Location | As on June 30, 2016 | |
|--------------------------------------|-------------------------|--------------|
| | Covered areas in sq ft. | No. of seats |
| India | | |
| Noida | 76,980 | 1,460 |
| Chennai | 5,905 | 65 |
| | 82,885 | 1,525 |
| 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 | 1,985 |



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.

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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