

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048

Tel : +91 120 4303500; Fax : +91 120 2587123

Website : www.rsystems.com; Email : rsystems.india@rsystems.com

Statement of Consolidated Unaudited Results for the Quarter ended March 31, 2016

(Rs. in lakhs, except per share data)					
S.No.	Particulars (Refer notes)	Three Months Ended			Year Ended
		31.03.2016 (Unaudited)	31.12.2015 (Audited) Refer note 7	31.03.2015 (Unaudited)	31.12.2015 (Audited)
1	Income from operations				
(a)	Income from operations	14,186.89	14,578.44	15,078.58	60,503.19
(b)	Other operating income	81.29	233.03	92.27	469.53
	Total income from operations	14,268.18	14,811.47	15,170.85	60,972.72
2	Expenses				
(a)	Employee benefits expense	9,136.19	8,808.10	9,611.26	36,488.03
(b)	Depreciation and amortisation expense	283.14	330.14	458.87	1,402.34
(c)	Traveling and conveyance	950.08	631.90	1,060.67	3,406.16
(d)	Communication costs	158.17	180.95	190.24	777.08
(e)	Legal and professional expenses (including subcontract expenses)	1,562.46	1,753.96	1,503.46	6,451.90
(f)	Provision for doubtful debts and advances (net)	88.11	12.92	29.25	82.15
(g)	Other expenses	946.61	1,658.32	1,098.86	6,062.67
	Total expenses	13,124.76	13,376.29	13,952.61	54,670.33
3	Profit from operations before other income, finance costs and exceptional items (1-2)	1,143.42	1,435.18	1,218.24	6,302.39
4	Other income	136.08	120.96	107.88	511.75
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,279.50	1,556.14	1,326.12	6,814.14
6	Finance costs	17.60	28.20	22.33	95.88
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	1,261.90	1,527.94	1,303.79	6,718.26
8	Exceptional items (refer note 4)	-	369.59	-	6,031.01
9	Profit from ordinary activities before tax (7+8)	1,261.90	1,897.53	1,303.79	12,749.27
10	Tax expense				
	Current tax expense / (benefit) [refer note 4 (f)]	536.44	(551.30)	598.61	2,900.75
	Deferred tax charge / (credit)	(38.23)	119.82	(114.68)	65.54
	Total tax expense	498.21	(431.48)	483.93	2,966.29
11	Net profit from ordinary activities after tax (9-10)	763.69	2,329.01	819.86	9,782.98
12	Extraordinary items (net of tax expense)	-	-	-	-
13	Net profit for the period / year (11-12)	763.69	2,329.01	819.86	9,782.98
14	Share of profit / (loss) of associates	-	-	-	-
15	Minority Interest	-	-	-	-
16	Net profit after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	763.69	2,329.01	819.86	9,782.98
17	Paid - up equity share capital (Face value Re. 1/- each)	1,261.31	1,261.31	1,264.70	1,261.31
18	Reserves excluding Revaluation Reserves as at December 31, 2015				23,024.34
19.i	Earnings per share before extraordinary items (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.60	1.84	0.64	7.70
(b)	Diluted	0.60	1.84	0.64	7.70
19.ii	Earnings per share after extraordinary items (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.60	1.84	0.64	7.70
(b)	Diluted	0.60	1.84	0.64	7.70

See accompanying notes to the financial results.

Notes:

- The results for the quarter ended March 31, 2016 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on April 30, 2016.
- The Limited Review as required under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been completed by the Statutory Auditor for the quarter ended March 31, 2016 and March 31, 2015 and audit for the quarter and year ended December 31, 2015 (also refer note 7 below). There is no qualification in the Auditors' Report on these financial results.
- During the year ended December 31, 2015, the Board of Directors had declared three interim dividends aggregating to Rs. 3.95 per equity share of face value of Re. 1/- each. These dividends were paid to the shareholders during the year ended December 31, 2015. The shareholder's assent for these interim dividends will be taken in forthcoming Annual General Meeting.
- 'Exceptional items':

(a) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 7,839.00 lakhs to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each, on the terms and conditions agreed in BTA.

The Company also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 4,431.70 lakhs (USD 7 million). Subject to the satisfaction of certain conditions, BDC has also agreed to purchase the balance 7% equity shares for a consideration up to Rs. 662.55 lakhs (USD 1 million). These conditions though have been completed during the quarter, the Company is yet to receive the consideration from BDC pending certain modalities. Accordingly, it has not recorded the sale of balance 7% equity shares. The Company will continue to hold the compulsorily redeemable debentures having an aggregate face value of Rs. 3,502.60 lakhs in accordance with the terms of the BTA. The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.

The gain on sale of Indus Business Unit including the gain on sale of aforesaid equity share in RSPTPL, amounting to Rs. 5,661.42 lakhs (net of related expenses) is disclosed as 'Exceptional items' in the financial results for year ended December 31, 2015. The name of RSPTPL has been changed to Indus Software Technologies Private Limited w.e.f August 19, 2015.

Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" till July 07, 2015. The revenue and expenses attributable to the said operations included in the financial results are as follows:

Particulars	(Rs. in lakhs)	
	Three Months Ended 31.03.2015	Year Ended 31.12.15 (01.01.15 to 07.07.15)
Total income	2,582.36	5,764.71
Total expenses	2,294.95	4,931.89
Profit before tax	287.41	832.82
Total tax expense	97.69	267.14
Profit after tax	189.72	565.68

(b) On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of the Company was merged into R Systems Inc. (RSI), also a wholly owned subsidiary of the Company, as per the applicable laws of India and USA. Pursuant to aforesaid merger, the Company had received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI.

Due to aforesaid merger, the Company had released currency translation reserve of RSSI amounting to Rs. 96.81 lakhs to the foreign exchange fluctuation which is disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2015.

(c) Rs. 126.09 lakhs for the quarter and year ended December 31, 2015 being the reversal of deferred payment compensation to the erstwhile shareholders of ECnet limited, Singapore after the expiry of relevant limitation period under applicable laws, has been included under 'Exceptional items'.

(d) On November 27, 2014, the Company had completed the transfer of Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, by executing the Share Sale Agreement (the "SSA") along with other necessary documents for a sale consideration of Euro 4.70 million (Rs. 3,574.69 lakhs). Out of the sale consideration, Euro 0.35 million (Rs. 266.28 lakhs) was placed in an escrow account in the Netherlands, the realisation of which was subject to certain conditions pursuant to the provision of the SSA.

During the quarter and year ended December 31, 2015, on the stipulated conditions under the SSA being completed, the Company had received Euro 0.35 million (Rs. 266.28 lakhs) which was placed in an escrow account. The amount so received, has been included as profit on sale of aforesaid subsidiaries under the 'Exceptional items' in the financial results for the quarter and year ended December 31, 2015.

(e) ECnet Limited, a subsidiary of the Company had recorded an impairment loss amounting to Rs. 119.59 lakhs related to the certain intangible assets acquired in earlier years which is included under 'Exceptional items' for the quarter and year ended December 31, 2015.

(f) The consequent tax expense / (benefit) of above 'Exceptional items' amounting to Rs. (696.17) lakhs and Rs. 630.18 lakhs for the quarter and year ended December 31, 2015 respectively, is included in the 'Current tax'.

- On April 30, 2015, R Systems (Singapore) Pte. Limited, a wholly owned subsidiary of the Company, has acquired 100% share of IBIZCS Group Pte. Ltd, Singapore (IBIZ) for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfilment of certain conditions by the erstwhile shareholder of IBIZ. IBIZ is a Microsoft Gold-certified partner specialized in Microsoft Business Management Solution suites, including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Point of Sales (POS), Mobility, Business Intelligence (BI) and Portals having subsidiaries in Singapore, Malaysia, Indonesia, India, Hong Kong and China.

As at December 31, 2015, basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof, the management assessed the investment value at SGD 3.37 million (Rs. 1,577.10 lakhs) which represents the consideration assessed as probable to be paid over the period and consequently the goodwill arising on acquisition is SGD 4.24 million (Rs. 1,984.75 lakhs). The restated goodwill as at March 31, 2016 amounts to Rs. 2,088.17 lakhs.

- On August 07, 2015, Computaris International Limited, a UK subsidiary of the Company entered into an Assets Purchase Agreement (APA) for acquisition of certain customer contracts and related intellectual property rights from the subsidiary of a leading European telecommunication company for a maximum consideration of Euro 0.70 million on fulfilment of certain conditions. The aforesaid Assets purchase was completed on October 1, 2015. The management assessed Euro 0.58 mn (Rs. 404.15 Lakhs) as the estimated purchase price for the aforesaid assets acquired basis the conditions specified in APA and accordingly recorded as intangible assets.
- Figures for the quarter ended December 31, 2015 are equivalent to the difference between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year which were subjected to quarterly limited review by the statutory auditors.
- Refer Annexure A for segment wise consolidated revenue, results and capital employed.
- Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period / year presentation.

For and on behalf of the Board

Place : NOIDA
Date : April 30, 2016

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior Executive Director]

R SYSTEMS INTERNATIONAL LIMITED
Segment Wise Consolidated Revenue, Results and Capital Employed

(Rs. in lakhs)

S.No.	Particulars	Three Months Ended			Year Ended
		31.03.2016	31.12.2015	31.03.2015	31.12.2015
		(Unaudited)	(Audited) Refer note 7	(Unaudited)	(Audited)
1	Segment revenue				
	- Information technology services and products	13,196.27	13,507.28	13,477.15	55,642.74
	- Business process outsourcing services	1,038.30	1,117.85	1,645.23	5,041.88
	Total	14,234.57	14,625.13	15,122.38	60,684.62
	Less: Elimination of intersegment sales	47.68	46.69	43.80	181.43
	Income from operations	14,186.89	14,578.44	15,078.58	60,503.19
2	Segment results before tax, interest and exceptional items				
	- Information technology services and products	1,194.07	1,501.73	1,454.81	6,768.49
	- Business process outsourcing services	114.87	101.44	(74.68)	188.89
	Total	1,308.94	1,603.17	1,380.13	6,957.38
	(i) Interest expense	(3.03)	(15.03)	(2.23)	(22.94)
	(ii) Interest income	120.08	104.96	107.88	463.21
	(iii) Other unallocable income	16.00	16.00	-	48.54
	(iv) Exceptional items (refer note 4)	-	369.59	-	6,031.01
	(v) Other unallocable expenses	(180.09)	(181.16)	(181.99)	(727.93)
	Profit before tax	1,261.90	1,897.53	1,303.79	12,749.27
3	Capital employed				
	- Information technology services and products	11,219.92	11,228.06	10,962.38	11,228.06
	- Business process outsourcing services	2,464.36	2,358.06	1,575.70	2,358.06
	- Unallocated corporate	11,783.46	10,699.53	8,076.45	10,699.53
	Total capital employed	25,467.74	24,285.65	20,614.53	24,285.65

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048

Tel : +91 120 4303500; Fax : +91 120 2587123

Website : www.rsystems.com; Email : rsystems.india@rsystems.com

Statement of Standalone Audited Results for the Quarter Ended March 31, 2016

(Rs. in lakhs, except per share data)					
S.No.	Particulars (Refer notes)	Three Months Ended			Year Ended
		31.03.2016 (Audited)	31.12.2015 (Audited) Refer Note 5	31.03.2015 (Audited)	31.12.2015 (Audited)
1	Income from operations				
(a)	Income from operations	6,387.25	6,152.67	7,881.19	28,925.98
(b)	Other operating income	146.60	128.01	171.48	453.04
	Total income from operations	6,533.85	6,280.68	8,052.67	29,379.02
2	Expenses				
(a)	Employee benefits expense	3,863.09	3,843.46	4,866.91	17,346.10
(b)	Depreciation and amortisation expense	174.34	181.27	355.76	958.12
(c)	Traveling and conveyance	446.20	435.97	627.83	2,386.40
(d)	Communication costs	110.66	114.85	138.54	554.88
(e)	Legal and professional expenses (including subcontract expenses)	93.32	199.88	225.96	860.53
(f)	Provision for doubtful debts and advances (net)	-	6.17	12.85	23.89
(g)	Other expenses	456.80	538.81	605.19	2,416.77
	Total expenses	5,144.41	5,320.41	6,833.04	24,546.69
3	Profit from operations before other income, finance costs and exceptional items (1-2)	1,389.44	960.27	1,219.63	4,832.33
4	Other income	135.60	120.02	107.44	509.31
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,525.04	1,080.29	1,327.07	5,341.64
6	Finance costs	6.85	16.27	7.63	42.76
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	1,518.19	1,064.02	1,319.44	5,298.88
8	Exceptional items (refer note 4)	-	836.39	-	6,480.74
9	Profit from ordinary activities before tax (7+8)	1,518.19	1,900.41	1,319.44	11,779.62
10	Tax expense				
	Current tax expense / (benefit) [refer note 4 (e)]	557.38	(352.34)	550.00	2,628.20
	Deferred tax charge / (credit)	(11.00)	103.30	(97.71)	87.02
	Total tax expense	546.38	(249.04)	452.29	2,715.22
11	Net profit from ordinary activities after tax (9-10)	971.81	2,149.45	867.15	9,064.40
12	Extraordinary items (net of tax expense)	-	-	-	-
13	Net profit for the period / year (11-12)	971.81	2,149.45	867.15	9,064.40
14	Paid - up equity share capital (Face value Re. 1/- each)	1,261.31	1,261.31	1,264.70	1,261.31
15	Reserves excluding Revaluation Reserves as at December 31, 2015				18,575.93
16.i	Earnings per share before extraordinary items (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.77	1.69	0.68	7.14
(b)	Diluted	0.77	1.69	0.68	7.14
16.ii	Earnings per share after extraordinary items (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.77	1.69	0.68	7.14
(b)	Diluted	0.77	1.69	0.68	7.14

See accompanying notes to the financial results.

Notes:

- 1 The results for the quarter ended March 31, 2016 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on April 30, 2016.
- 2 An audit has been completed by the Statutory Auditors for the quarter ended March 31, 2016, quarter ended March 31, 2015 and for the quarter and year ended December 31, 2015 (also refer note 5 below). There is no qualification in the Auditors' Report on these financial results.
- 3 During the year ended December 31, 2015, the Board of Directors had declared three interim dividends aggregating to Rs. 3.95 per equity share of face value of Re. 1/- each. These dividends were paid to the shareholders during the year ended December 31, 2015. The shareholder's assent for these interim dividends will be taken in forthcoming Annual General Meeting.
- 4 'Exceptional items':

(a) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 7,839.00 lakhs to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each, on the terms and conditions agreed in BTA.

The Company also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 4,431.70 lakhs (USD 7 million). Subject to the satisfaction of certain conditions, BDC has also agreed to purchase the balance 7% equity shares for a consideration up to Rs. 662.55 lakhs (USD 1 million). These conditions though have been completed during the quarter, the Company is yet to receive the consideration from BDC pending certain modalities. Accordingly, it has not recorded the sale of balance 7% equity shares. The Company will continue to hold the compulsorily redeemable debentures having an aggregate face value of Rs. 3,502.60 lakhs in accordance with the terms of the BTA. The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.

The gain on sale of Indus Business Unit amounting to Rs. 5,357.13 lakhs (net of related expenses) and gain on sale of aforesaid equity share in RSPTPL amounting to Rs. 287.22 lakhs (net of related expenses) is disclosed as 'Exceptional items' in the financial results for the year ended December 31, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited w.e.f August 19, 2015.

Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" till July 07, 2015. The revenue and expenses attributable to the said operations included in the financial results are as follows:

Particulars	(Rs. in lakhs)	
	Three Months Ended 31.03.2015	Year Ended 31.12.15 (01.01.15 to 07.07.15)
Total income	2,582.36	5,764.71
Total expenses	2,294.95	4,931.89
Profit before tax	287.41	832.82
Total tax expense	97.69	267.14
Profit after tax	189.72	565.68

(b) On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of the Company was merged into R Systems Inc. (RSI), also a wholly owned subsidiary of the Company, as per the applicable laws of India and USA. Pursuant to aforesaid merger, the Company had received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI. Accordingly the Company had recorded receipt of incremental shares in RSI at Rs. 578.16 lakhs, being the fair value of investments given up. The Company in the earlier years had provided for permanent diminution in value of its investments in RSSI amounting to Rs. 1,726.76 lakhs and was carrying these investments at Rs. 134.14 lakhs. Consequent to the above merger, the Company had written back such permanent diminution to the extent of available net assets of Rs. 578.16 lakhs and accordingly recorded Rs. 444.02 lakhs as gain under 'Exceptional items' for the quarter and year ended December 31, 2015.

(c) Rs. 126.09 lakhs for the quarter and year ended December 31, 2015 being the reversal of deferred payment compensation to the erstwhile shareholders of ECnet limited, Singapore after the expiry of relevant limitation period under applicable laws, has been included under 'Exceptional items'.

(d) On November 27, 2014, the Company had completed the transfer of Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, by executing the Share Sale Agreement (the "SSA") along with other necessary documents for a sale consideration of Euro 4.70 million (Rs. 3,574.69 lakhs). Out of the sale consideration, Euro 0.35 million (Rs. 266.28 lakhs) was placed in an escrow account in the Netherlands, the realisation of which was subject to certain conditions pursuant to the provision of the SSA.

During the quarter and year ended December 31, 2015, on the stipulated conditions under the SSA being completed, the Company had received Euro 0.35 million (Rs. 266.28 lakhs) which was placed in an escrow account. The amount so received, has been included as profit on sale of aforesaid subsidiaries under the 'Exceptional items' in the financial results for the quarter and year ended December 31, 2015.

(e) The consequent tax expense / (benefit) of above 'Exceptional items' amounting to Rs. (696.17) lakhs and Rs. 630.18 lakhs for the quarter and year ended December 31, 2015 respectively, is included in the 'Current tax'.

- 5 Figures for the quarter ended December 31, 2015 are equivalent to the difference between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year.
- 6 Refer Annexure A for segment wise standalone revenue, results and capital employed.
- 7 Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period / year presentation.

For and on behalf of the Board

Place : NOIDA
Date : April 30, 2016

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior Executive Director]

R SYSTEMS INTERNATIONAL LIMITED**Segment Wise Standalone Revenue, Results and Capital Employed**

(Rs. in lakhs)

S.No.	Particulars	Three Months Ended			Year Ended
		31.03.2016	31.12.2015	31.03.2015	31.12.2015
		(Audited)	(Audited) Refer Note 5	(Audited)	(Audited)
1	Segment revenue				
	- Information technology services and products	5,348.95	5,089.85	6,890.83	24,823.07
	- Business process outsourcing services	1,038.30	1,062.82	990.36	4,102.91
	Income from operations	6,387.25	6,152.67	7,881.19	28,925.98
2	Segment results before tax, interest and exceptional items				
	- Information technology services and products	1,422.05	961.37	1,260.74	4,882.88
	- Business process outsourcing services	114.87	96.63	115.99	487.33
	Total	1,536.92	1,058.00	1,376.73	5,370.21
	(i) Interest expense	(2.91)	(14.62)	(2.19)	(21.26)
	(ii) Interest income	119.60	104.02	107.44	460.77
	(iii) Other unallocable income	16.00	16.00	-	48.54
	(iv) Exceptional Items (refer note 4)	-	836.39	-	6,480.74
	(v) Other unallocable expenses	(151.42)	(99.38)	(162.54)	(559.38)
	Profit before tax	1,518.19	1,900.41	1,319.44	11,779.62
3	Capital employed				
	- Information technology services and products	3,466.41	3,424.72	5,674.66	3,424.72
	- Business process outsourcing services	996.44	890.14	(528.95)	890.14
	- Unallocated corporate	16,346.19	15,522.38	12,297.14	15,522.38
	Total capital employed	20,809.04	19,837.24	17,442.85	19,837.24