



R Systems Announces Results for Q1 2014

Q1 2014: Revenue: Rs 156.27 Crores, EBITDA: Rs 18.67 Crores and Net Profits: Rs 14.36 Crores

Noida, India – April 27, 2014

Highlights

Consolidated results for the quarter ended March 31, 2014

- Consolidated revenue from operations for Q1-14 was Rs. 156.27 crores (US\$ 25.31 mn) compared to Rs. 124.86 crores (US\$ 23.04 mn) in Q1, 2013 and Rs. 165.55 crores (US\$ 26.78 mn) in Q4, 2013. YoY increase was 25.15%.
- EBITDA was Rs. 18.67 crores (US\$ 3.03 mn) compared to Rs. 4.99 crores (US\$ 0.92 mn) in Q1, 2013 and Rs. 29.28 crores (US\$ 4.83 mn) in Q4, 2013. YoY increase was 273.76%.
- Net profit after taxes was Rs. 14.36 crores (US\$ 2.33 mn) compared to Rs. 5.20 crores (US\$ 0.96 mn) in Q1, 2013 and Rs. 21.77 crores (US\$ 3.61 mn) in Q4, 2013. YoY increase was 176.43%.

Mr. Rekhi Singh, Chairman and Managing Director stated “We concluded the quarter with revenues of Rs. 156 crores and net profit of Rs. 14 crores. Q1 2014 margins were mainly impacted by salary raises primarily at offshore centres and ramp up costs for new projects. Global economy is gathering momentum which will enhance spending for IT services and solutions. We are partnering with customers through our domain expertise in key business verticals to offer innovative and end to end services and solutions to maximize these opportunities.”

He further added, “Our Balance sheet continues to be very strong with cash and bank balance of Rs. 124 crores and net worth of Rs. 243 crores”

Mr. Raj Swaminathan Executive Director and COO said “We are continuing our focus on disciplined execution, strengthening sales & marketing efforts and processes and deepening our relationship with customers to create higher value proposition. We have recently released our comprehensive solution for Commercial Vehicles and Equipment Leasing for banks, NBFCs and leasing companies to expand our offerings.”

Key Operational Highlights for the Quarter

R Systems’ core service offerings include Outsourced Product Engineering, 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 to accelerate their time-to-market, make our customer 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 using our global delivery model.



R Systems products group consists of two units i.e., Indus® and ECnet®. Indus® addresses its target BFSI market with its flagship product LSI (Lending Solutions from Indus) and its variants for the telecom and insurance industry.

ECnet® addresses supply chain, warehousing and inventory management. Further, ECnet also operates as a channel partner for reselling and implementing several ERP products of one of the largest ERP vendors.

Our IT services and solutions span five major verticals which include Telecom and Digital Media, Banking and Finance, Healthcare Services, Manufacturing and Logistics, and Government Services. We serve customers worldwide using our global delivery model, 2500+ expert associates and multi-language support capability.

The quarter concluded with addition of 8 key customers. The brief of some significant wins are listed below:

One of the leading providers of interactive patient care and patient engagement solutions based in USA has engaged R Systems to re-architect its key product which empowers patients to participate in their care and leads to better outcomes.

One of the leading providers of self-service banking solutions such as web-enabled ATMs, deposit automation, customer preferences and targeted marketing has selected R Systems for development of next generation software products / solutions.

One of India's foremost system integrators has chosen to partner with R Systems to implement Indus Loan Originations Systems and the Corporate Loan Originations solution at a reputed public sector bank in India.

An international automobile company's captive finance arm has chosen R Systems flagship Lending Solutions product LSI "Loan Origination System", "Loan Management System", "Collections System" Common Reporting Services module (CRS), Commissions & Incentives (CNI), Dealer Funding (DF) and Stock Audit for its business in India.

The R&D division of one of the leading electronic product manufacturer worldwide has awarded R Systems' Singapore based subsidiary ECnet Limited software development projects related to effective energy management systems.

Liquidity and Shareholder Funds

Total Consolidated Cash and bank balance, including bank deposits and liquid debt funds, as at March 31, 2014 was Rs. 123.90 crores compared to Rs. 111.52 crores as on December 31, 2013. Total shareholder funds as on March 31, 2014 were Rs. 243.40 crores compared to Rs. 231.76 crores as on December 31, 2013.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended March 31, 2014 (As per Indian GAAP)

(Rs. in mn)

Sr. No.	Particulars	Quarter Ended March 31,		Quarter Ended December 31, 2013
		2014	2013	
1	Income			
1.1	Income from operations	1,562.65	1,248.63	1,655.51
1.2	Other operating income	33.87	2.80	0.96
	Total	1,596.52	1,251.43	1,656.47
2	Expenses			
2.1	Employee benefits expense	985.85	842.28	942.75
2.2	Depreciation and amortisation expense	26.99	21.31	28.17
2.3	Traveling and conveyance	93.81	92.79	81.14
2.4	Communication costs	21.80	19.85	21.15
2.5	Legal and professional expenses (including subcontract expenses)	161.80	119.13	174.49
2.6	Provision for doubtful debts and advances (net)	-	19.47	0.88
2.7	Other expenses	115.56	88.19	119.85
	Total expenses	1,405.81	1,203.02	1,368.43
3	Profit from operations before other income and finance cost	190.71	48.41	288.04
4	Other income	11.38	11.25	10.11
5	Profit from operations before finance cost	202.09	59.66	298.15
6	Finance cost	2.06	1.73	2.22
7	Profit before tax	200.03	57.93	295.93
8	Tax expense			
8.1	Current tax (net of MAT credit)	40.62	8.23	76.02
8.2	Deferred tax charge / (credit)	15.78	(2.26)	2.20
	Total tax expense	56.40	5.97	78.22
9	Net profit after tax	143.63	51.96	217.71

Financial Performance

Consolidated Profit & Loss Statement (Un- audited) for the Quarter Ended March 31, 2014 (Contribution Analysis Format; Basis Indian GAAP)

(FIGURES IN MN)

Particulars	Q1 2014		Q1 2013		Q4 2013	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,562.65	25.31	1,248.63	23.04	1,655.51	26.78
Cost of revenues	1,014.07	16.42	847.99	15.65	1,006.46	16.23
Gross margin	548.58	8.89	400.64	7.39	649.05	10.55
SG & A	35.11%		32.09%		39.21%	
Expenses	361.89	5.86	350.69	6.47	356.23	5.72
	23.16%		28.09%		21.52%	
EBITDA	186.69	3.03	49.95	0.92	292.82	4.83
	11.95%		4.00%		17.69%	
Depreciation and amortization	26.99	0.44	21.31	0.39	28.17	0.46
Income from operations	159.70	2.59	28.64	0.53	264.65	4.37
Interest expense	(0.42)	(0.01)	(0.30)	(0.01)	(0.38)	(0.00)
Other income (net)	40.75	0.66	29.59	0.55	31.66	0.54
Income before income tax	200.03	3.24	57.93	1.07	295.93	4.91
Income tax provision	56.40	0.91	5.97	0.11	78.22	1.30
Net earnings	143.63	2.33	51.96	0.96	217.71	3.61

Consolidated Balance Sheet as at March 31, 2013 (As per Indian GAAP)

Particulars	(Rs. in mn)		
	As at		
	Mar 31, 2014	Mar 31, 2013	Dec 31, 2013
	(Unaudited)	(Unaudited)	(Audited)
EQUITY & LIABILITIES			
Shareholders' Funds			
Share capital	126.63	124.97	125.92
Reserves and Surplus	2,307.38	1,833.41	2,191.69
Sub-Total Shareholder's Funds	2,434.01	1,958.38	2,317.61
Minority interest	-	-	-
Non-current liabilities			
Long-term borrowings	7.24	9.30	8.80
Other long term liabilities	4.37	7.57	4.38
Long-term provisions	75.61	78.12	73.44
Subtotal - Non-current liabilities	87.22	94.99	86.62
Current liabilities			
Trade payables	465.15	407.45	514.62
Other current liabilities	333.95	231.78	177.45
Short-term provisions	307.11	286.08	375.65
Subtotal- Current Liabilities	1,106.21	925.31	1,067.72
TOTAL - EQUITY AND LIABILITIES	3,627.44	2,978.68	3,471.95
ASSETS			
Non-current assets			
Fixed assets	468.56	423.34	463.00
Goodwill on consolidation	283.84	254.33	291.11
Non-current investments	18.03	10.03	0.03
Deferred tax assets (net)	39.29	56.97	55.35
Long-term loans and advances	75.04	64.30	84.38
Other non-current assets	74.45	81.04	96.23
Subtotal - Non- current assets	959.21	890.01	990.10
Current assets			
Current Investment	10.00	-	10.00
Trade receivables	1,089.00	915.02	1,040.93
Cash and bank balance	1,137.65	790.35	1,014.54
Short-term loans and advances	167.78	145.39	150.15
Other current assets	263.80	237.91	266.23
Subtotal - Current Assets	2,668.23	2,088.67	2,481.85
TOTAL - ASSETS	3,627.44	2,978.68	3,471.95

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 14	Mar 31, 13	Dec 31, 13
Revenues	100.00	100.00	100.00
Gross margin	35.11	32.09	39.21
SG & A	23.16	28.09	21.52
EBITDA	11.95	4.00	17.69
EBT	12.80	4.64	17.88
PAT	9.19	4.16	13.15

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 14	Mar 31, 13	Dec 31, 13
Top 10 Clients	33.94%	36.18%	35.74%
Top 5 Clients	20.29%	23.12%	20.35%
Top 3 Clients	13.75%	15.94%	13.32%
Largest Client	5.25%	5.73%	4.85%

Revenues by Geographies	Quarter ended		
	Mar 31, 14	Mar 31, 13	Dec 31, 13
USA	55.82%	55.49%	54.75%
Europe	26.23%	23.92%	27.34%
SEAC (South East Asia)	9.31%	10.77%	9.10%
India	5.29%	4.78%	5.85%
Others	3.35%	5.04%	2.96%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 14	Mar 31, 13	Dec 31, 13
Onsite	74.95%	71.00%	73.76%
Offshore	72.55%	67.81%	75.29%
Blended	73.13%	68.52%	74.92%

Utilization (including trainees)	Quarter ended		
	Mar 31, 14	Mar 31, 13	Dec 31, 13
Onsite	74.95%	71.00%	73.76%
Offshore	69.07%	63.41%	71.63%
Blended	70.43%	65.01%	72.13%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 14	Mar 31, 13	Dec 31, 13
Technical	2,188	2,178	2,206
Software services			
Onsite	305	289	307
Offshore	1,366	1,339	1,351
BPO			
Offshore	244	299	261
Onsite	192	164	201
Trainees	81	87	86
Support	377	377	376
Total count	2,565	2,555	2,582

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Mar 31, 14	Mar 31, 13	Dec 31, 13
Receivable	1,089.00	915.02	1,040.93
Receivable in days (“DSO”)	52	64	52
Total cash and bank balance*	1,238.97	874.87	1,115.20
Fixed assets	468.56	423.34	463.00
Shareholders’ funds	2,434.01	1,958.38	2,317.61

*Including investments in liquid debt funds and fixed deposits with banks

Development/Service Centres Location	As on March 31, 2014	
	Covered areas in sq ft.	No. of seats
India		
Noida	76,980	1,428
Pune	25,190	436
Chennai	12,666	170
	114,836	2,034
USA		
Sacramento, CA	9,500	60
Salt Lake City, Utha	13,800	117
	23,300	177
South East Asia		
Singapore	7,125	42
Malaysia	3,822	39
Thailand	592	6
	11,539	87
Europe		
Netherlands	21,194	251
France	8,600	112
Romania	14,090	126
Poland	6,083	54
Moldova`	3,398	46
	53,365	589
Total	203,040	2,887



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 in 20 languages. 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 thirteen development and service centres and using our global delivery model we serve customers in USA, Europe, South America, India, the Far East, the Middle East and Africa.

Safe Harbor:

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