



# Analytical Review of Q1-2015 Results



# Disclaimer



**“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 – Q1 2015



- Consolidated revenue Rs 150.79 crores (\$ 24.23 mn) compared to Rs. 156.27 crores (US\$ 25.31 mn) in Q1, 2014 and Rs. 163.05 crores (US\$ 26.31 mn) in Q4, 2014.
- Excluding Europe BPO Business which was sold during last quarter, the consolidated revenue from operations grew by 6.74% YoY and 2.10% QoQ.
- EBITDA Rs. 15.65 crores (US\$ 2.51 mn) compared to Rs. 18.67 crores (US\$ 3.03 mn) in Q1, 2014 and Rs. 22.08 crores (US\$ 3.56 mn) in Q4, 2014.
- Profit After Tax Rs. 8.20 crores (US\$ 1.32 mn) compared to Rs. 14.36 crores (US\$ 2.33 mn) in Q1, 2014 and Rs. 31.63 crores (US\$ 5.14 mn) in Q4, 2014.
- Earnings per share Re. 0.64 for Q1 2015 as against Rs. 1.13 in Q1 2014 and Rs. 2.48 in Q4 2014.
- Declared interim dividend of Re 0.40 per share (40% of par value of Re 1/-).

## Key Highlights – Q1 2015 (Continues...)



- Telecom and Digital Media continues to be our largest industry vertical with 33.19% share of revenues followed by BFSI which accounts for 19.51% during Q1 2015.
- 150 plus active customers including 26 customers having annual revenue above US\$ one million on Run Rate Basis.
- Added 8 key customers during the quarter.
- Margins were impacted by salary raises primarily at offshore centres, sharp decline of Euro and ramp up costs for new projects as offset by increase in license fee.
- Board has approved acquisition of IBIZ, a Singapore based ERP company with BI competencies, having presence in South East Asia for a maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfillment of certain conditions.
- IBIZ Acquisition has been completed on April 30, 2015. Now, we are working on its integration with R Systems.
- Share Holder Funds : Rs. 206.15 crores or \$ 32.98 mn.
- Cash and bank balances Rs. 107.24 crores or \$ 17.16 mn.

# Financial Performance - Contribution Analysis – Q1 2015



(Figures in mn, except per share data)

Particulars	Q1 2015		Q1 2014		Q4 2014	
	INR	US\$	INR	US\$	INR	US\$
<b>Revenues</b>	<b>1,507.86</b>	<b>24.23</b>	<b>1,562.65</b>	<b>25.31</b>	<b>1,630.48</b>	<b>26.31</b>
Cost of revenues	994.35	15.98	1,014.07	16.42	1,049.73	16.94
<b>Gross margin</b>	<b>513.51</b>	<b>8.25</b>	<b>548.58</b>	<b>8.89</b>	<b>580.75</b>	<b>9.37</b>
	<i>34.06%</i>		<i>35.11%</i>		<i>35.62%</i>	
<b>SG &amp; A Expenses</b>	<b>357.04</b>	<b>5.74</b>	<b>361.89</b>	<b>5.86</b>	<b>359.90</b>	<b>5.81</b>
	<i>23.68%</i>		<i>23.16%</i>		<i>22.07%</i>	
<b>EBITDA</b>	<b>156.47</b>	<b>2.51</b>	<b>186.69</b>	<b>3.03</b>	<b>220.85</b>	<b>3.56</b>
	<i>10.38%</i>		<i>11.95%</i>		<i>13.54%</i>	
Depreciation and amortization	45.89	0.73	26.99	0.44	28.61	0.46
<b>Income from operations before exceptional items</b>	<b>110.58</b>	<b>1.78</b>	<b>159.70</b>	<b>2.59</b>	<b>192.24</b>	<b>3.10</b>
Exceptional items <sup>#</sup>	-	-	-	-	224.02	3.67
<b>Income from operations</b>	<b>110.58</b>	<b>1.78</b>	<b>159.70</b>	<b>2.59</b>	<b>416.26</b>	<b>6.77</b>
Interest expense	(0.22)	(0.00)	(0.42)	(0.01)	(0.27)	(0.01)
Other income (net)	20.02	0.32	40.75	0.66	17.94	0.29
<b>Income before income tax</b>	<b>130.38</b>	<b>2.10</b>	<b>200.03</b>	<b>3.24</b>	<b>433.93</b>	<b>7.05</b>
Income tax provision	48.39	0.78	56.40	0.91	117.60	1.91
<b>Net earnings</b>	<b>81.99</b>	<b>1.32</b>	<b>143.63</b>	<b>2.33</b>	<b>316.33</b>	<b>5.14</b>
<b>Earnings per share (Face value of Re. 1/- each)</b>						
Basic	<b>0.64</b>	<b>0.01</b>	<b>1.13</b>	<b>0.02</b>	<b>2.48</b>	<b>0.04</b>
Diluted	<b>0.64</b>	<b>0.01</b>	<b>1.13</b>	<b>0.02</b>	<b>2.48</b>	<b>0.04</b>

# Exceptional Items in quarter ended December 31, 2014 represents profit on sale of Europe BPO Business.

## Movement in Gross Margin % Q1-15 Vs Q4-14

Gross Margin % in Q4-14	35.62
Impact of increased licensing revenue	0.57
Impact of increase in utilization	0.27
Impact of rupee appreciation	(0.26)
Decrease due to sale of Europe BPO	(0.73)
Impact of change in COGS salary	(1.41)
Gross Margin % in Q1-15	34.06

# Revenues and Margins, Historical Trend



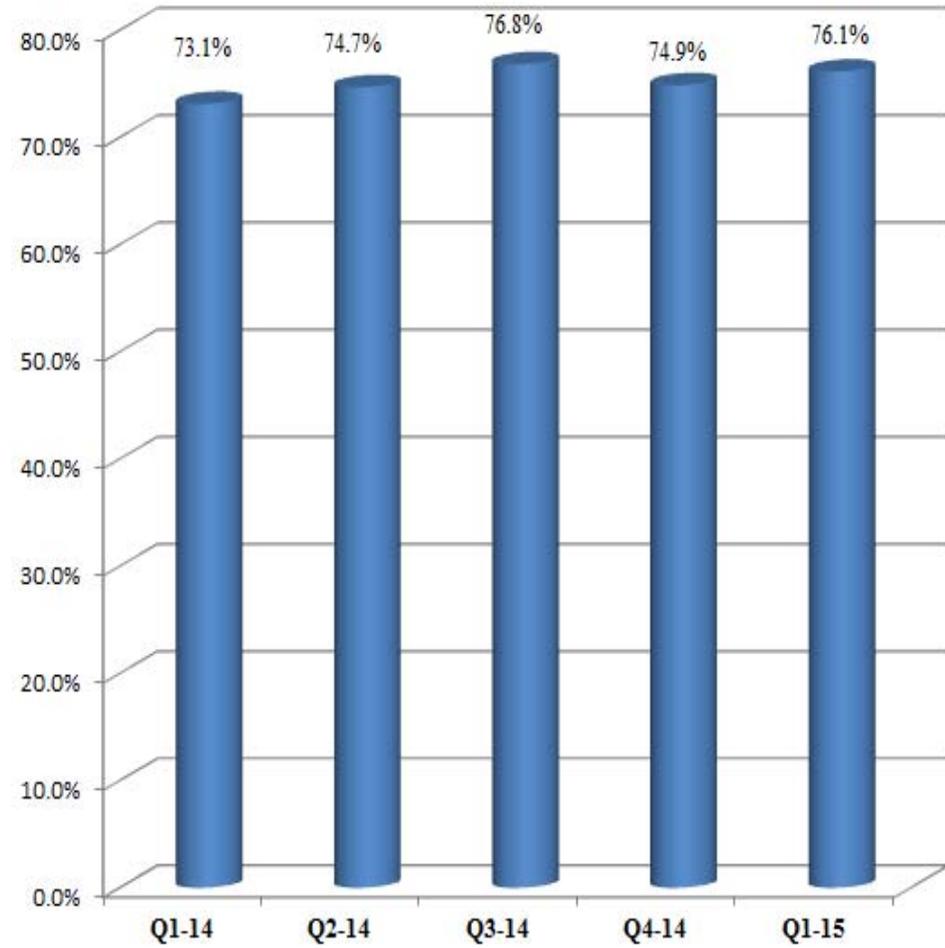
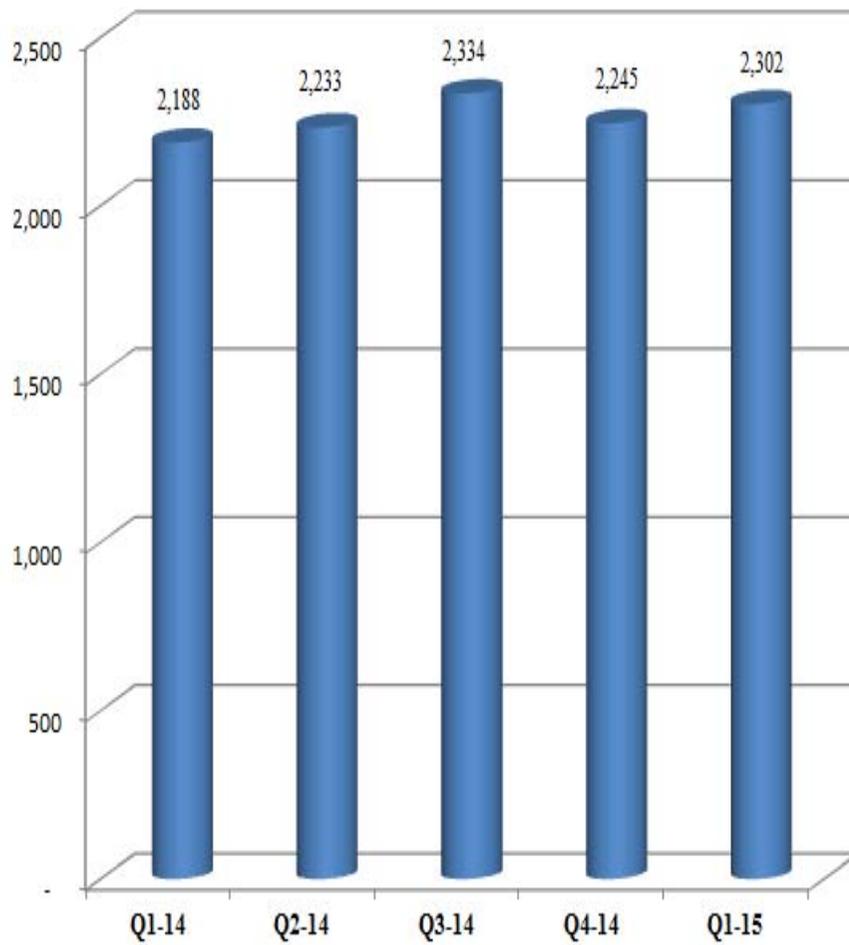
# Consolidated Key Balance Sheet Data



Rupees in Crores except "DSO"

	As at Mar 31, 2015	As at Dec 31, 2014
Share Holders' Funds	206.15	213.11
Receivables	111.08	125.08
Receivables in days "DSO" for the quarter	59	51
Cash & Bank	107.24	109.82
Fixed Assets	37.86	41.58

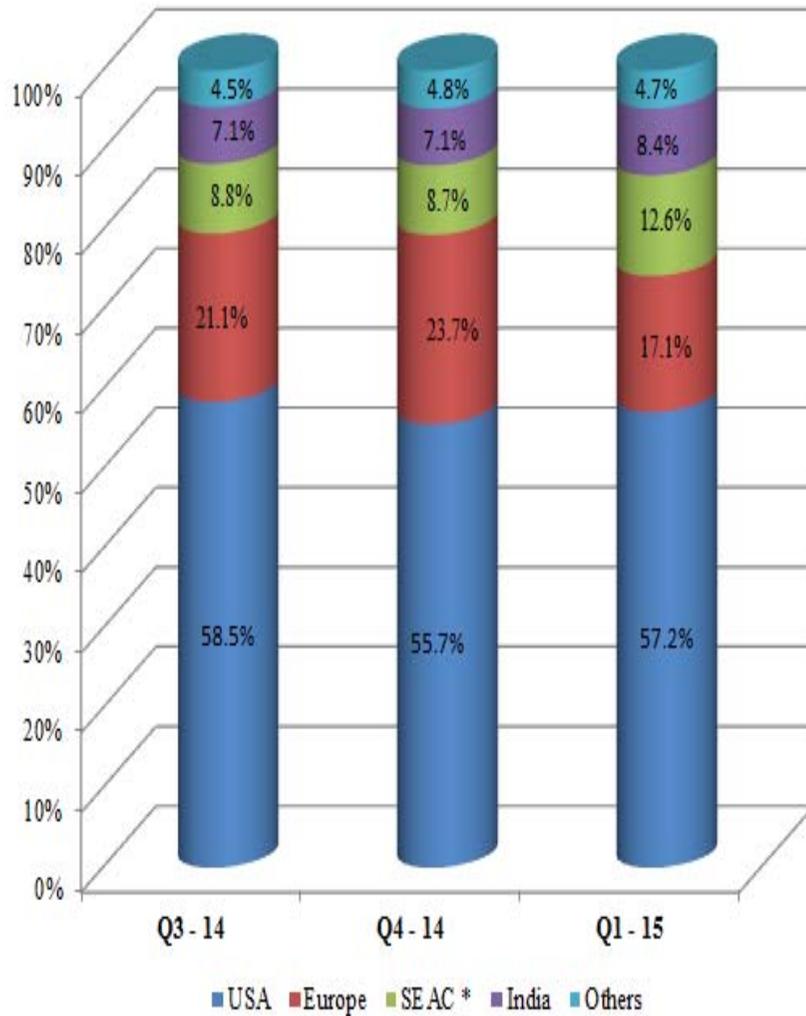
# Billable Head Count and Utilization



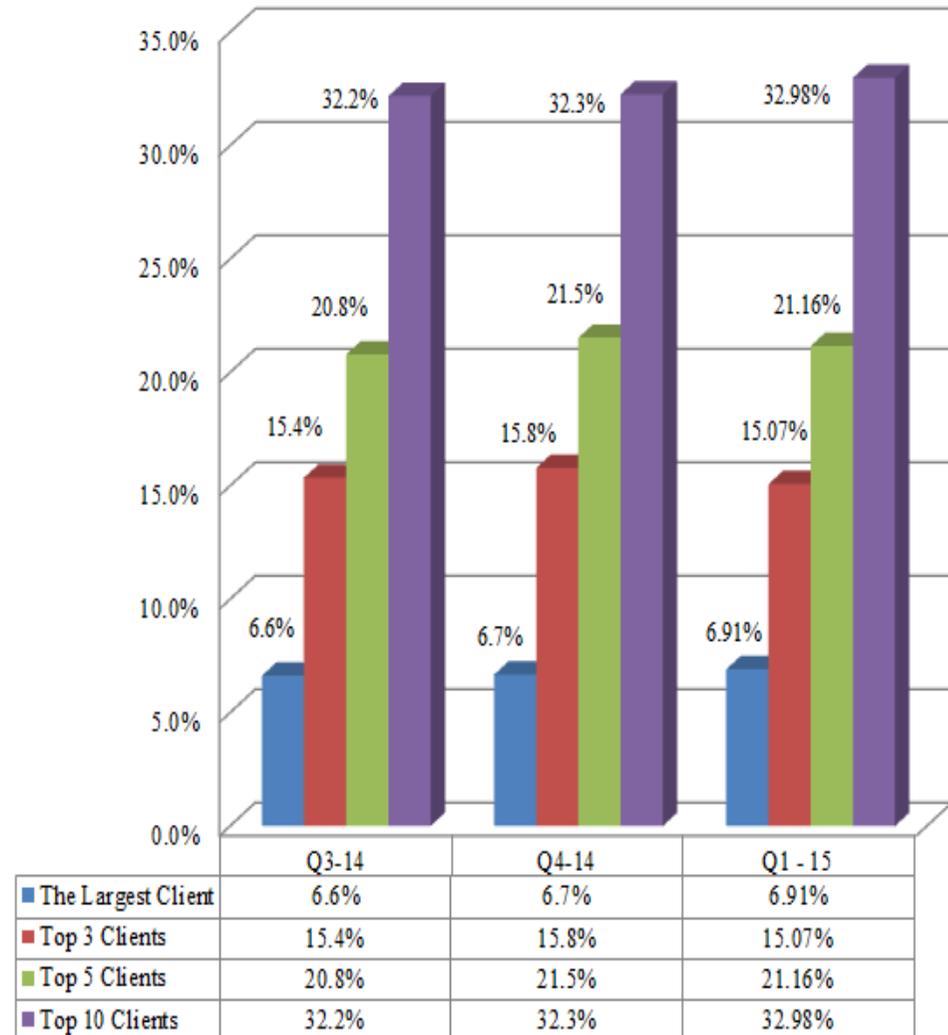
# Quarterly Revenue Break-Down



By Geography



Client Concentration



\* South East Asian Countries

- Q1 Results impacted by salary changes effective January 2015 and start up costs for new projects.
- Year 2015 looks promising on the back of strong sales funnel across all businesses.
- IBIZ acquisition will contribute 8 months performance during 2015 along with other cross selling opportunities.
- 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 innovation around people, process and technologies.

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