



R Systems Announces Results for Q1 2013

Q1 2013: Record Revenue: Rs 124.86 Crores, EBITDA: Rs 4.99 Crores and Net Profits: Rs 5.20 Crores

Noida, India – April 27, 2013

Highlights

Consolidated results for the quarter ended March 31, 2013

- Consolidated revenue from operations for Q1-13 was record Rs 124.86 crores (US\$ 23.04 mn); QoQ increase was 2.68 % and YoY increase was 13.86 %.
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) were Rs 4.99 crores (US\$ 0.92 mn) compared to Rs 9.43 crores (US\$ 1.88 mn) in Q1, 2012 and Rs 5.89 crores (US\$ 1.08 mn) in Q4, 2012.
- Net profit after taxes was Rs 5.20 crores (US\$ 0.96 mn) compared to Rs 5.42 crores (US\$ 1.08 mn) in Q1, 2012 and Rs 2.91 crores (US\$ 0.53 mn) in Q4, 2012.

Others

- During the quarter, R Systems added 7 key customers.
- Total associates as on March 31, 2013 were 2,555 compared to 2,453 at the end of March 31, 2012 and 2,566 at the end of December 31, 2012.
- R Systems’ Noida development and service centre was ranked as 1st in “Large Scale Service Industry Category” - Rajiv Gandhi National Quality Awards for the year 2011, declared in March 2013.

Mr. Rekhi Singh, Chairman and Managing Director stated “We closed the quarter with record revenues of Rs 124.9 crores and profit after tax of Rs 5.2 crores. Current quarter profitability is mainly impacted by salary raises primarily at offshore centres and lower license fees. During Q1-2013, we have completed the acquisition of ERP business of NCS through our subsidiary ECnet Limited, Singapore. This acquisition has strengthened our ERP expertise and client base in South East Asia.”

He further added, “Global economic uncertainties remain challenging; however our customer centric approach to deliver value by focus on innovation and cost efficiencies is helping us grow and move up the value chain. We continue to have a healthy balance sheet with our cash and bank balances at Rs 87.49 crores and the net worth of Rs 195.84 crores.”

Mr. Raj Swaminathan Executive Director and COO said “Our Strategy for 2013 is to continue our focus towards key business verticals i.e. telecom and digital media, BFSI, healthcare and manufacturing and logistics to achieve operational and delivery excellence. During Q1-2013, we added 3 million dollar plus accounts in telecom vertical.” He further added, “Our utilization during the quarter was impacted by investment in new projects. However we are committed to take measures to maintain healthy utilization rates to improve our gross margins.”

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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 accelerate their time-to-market, help 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 the retail lending, telecom and insurance industry. Under the Indus product offering, we will be releasing our Corporate Loan Origination product that will cover the loans to Corporate Banking / SME sector.

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.

R Systems is focused on key verticals i.e. Telecom and Digital Media, BFSI, Manufacturing and Logistics, Health Care. We concluded Q1-2013 with 7 key customers wins and have a strong pipeline across the business verticals and geographies. The brief of some significant wins are listed below:

One of the European largest telecommunication companies has selected R Systems for software development and maintenance services for their IPTV backend products.

A Hong Kong based Mobile Virtual Network Operator (MVNO) has selected R Systems' UK based subsidiary, Computaris, to provide end-to-end integrated solution for prepaid billing, churn and campaign management leveraging Computaris' partner products as well as its own IPR.

Mobile Virtual Network Enabler based in the Netherlands, with a portfolio of more than 15 MVNOs, has selected Computaris as the main integrator for the replacement of its legacy IN platform with the new platform based on JAIN SLEE.

A USA based provider of IPTV and digital media services selected R Systems to provide services covering automation of source imaging procurement, developing solution for various workflows, test frame work to integrate with overall workflow automation and digital asset management initiatives.

A Singapore based leading foam and rubber components manufacturer has engaged our Singapore subsidiary ECnet Limited to implement globally renowned and comprehensive ERP System that helps manufacturers worldwide to improve performance and reduce costs along with a business intelligence solution delivering meaningful information and actionable insight for improved and timely decision making.

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Liquidity and Shareholder Funds

Total Consolidated Cash and bank balance, including investments in liquid debt funds and fixed deposits with banks, as at March 31, 2013 was Rs 87.49 crores compared to Rs 88.94 crores as on December 31, 2012. Total shareholder funds as on March 31, 2013 were Rs 195.84 crores compared to Rs 194.60 crores as on December 31, 2012.

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**Financial Performance****Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended March 31, 2013****(As per Indian GAAP)****(Rs. in mn, except per share data)**

Sr. No.	Particulars	Quarter Ended March 31,		Quarter Ended December 31, 2012
		2013	2012	
1	Income			
1.1	Income From Operations	1,248.63	1,096.60	1,216.03
1.2	Other Operating Income	2.80	2.55	2.89
	Total	1,251.43	1,099.15	1,218.92
2	Expenditure			
2.1	Employee Benefits Expense	842.53	758.87	795.98
2.2	Depreciation and Amortisation Expense	21.31	30.12	22.60
2.3	Traveling and Conveyance	91.73	56.22	83.22
2.4	Communication Costs	18.77	16.58	18.20
2.5	Legal and professional expenses (including subcontract expenses)	120.69	72.65	112.44
2.6	Provision for Doubtful Debts and Advances (net)	19.47	18.91	0.33
2.7	Other Expenditure	88.52	79.35	143.15
	Total Expenditure	1,203.02	1,032.70	1,175.92
3	Profit From Operations Before Other Income and Finance Cost	48.41	66.45	43.00
4	Other Income	11.25	11.74	11.19
5	Profit From Operations Before Finance Cost	59.66	78.19	54.19
6	Finance Cost	1.73	2.17	1.40
7	Profit Before Tax	57.93	76.02	52.79
8	Provision For Tax			
8.1	Current Tax	20.55	31.03	25.60
8.2	MAT Credit	(12.32)	-	-
8.3	Deferred Tax Charge / (Credit)	(2.26)	(9.17)	(1.87)
	Total	5.97	21.86	23.73
9	Net Profit After Tax	51.96	54.16	29.06
10	Earning Per Share			
10.1	Basic	4.14	4.39	2.33
10.2	Diluted	4.14	4.39	2.33

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**Financial Performance****Consolidated Profit & Loss Statement (Un- audited) for the Quarter Ended March 31, 2013**
(Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Q1 2013		Q1 2012		Q4 2012	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,248.63	23.04	1,096.60	21.81	1,216.03	22.44
Cost of Revenues	847.99	15.65	701.06	13.94	807.47	14.91
Gross Margin	400.64	7.39	395.54	7.87	408.56	7.53
SG & A	32.09%		36.07%		33.60%	
Expenses	350.69	6.47	301.25	5.99	349.67	6.45
	28.09%		27.47%		28.76%	
EBITDA	49.95	0.92	94.29	1.88	58.89	1.08
Depreciation and Amortization	4.00%		8.60%		4.84%	
	21.31	0.39	30.12	0.60	22.60	0.41
Operating Income Before Non-Recurring Cost	28.64	0.53	64.17	1.28	36.29	0.67
Non-Recurring Cost	-	-	22.07	0.44	-	-
Income From Operations	28.64	0.53	42.10	0.84	36.29	0.67
Interest Expense	(0.30)	(0.01)	(0.17)	(0.00)	(0.21)	(0.00)
Other Income (Net)	29.59	0.55	34.09	0.67	16.71	0.30
Income Before Income Tax	57.93	1.07	76.02	1.51	52.79	0.97
Income Tax Provision	5.97	0.11	21.86	0.43	23.73	0.44
Net Earnings	51.96	0.96	54.16	1.08	29.06	0.53
Earnings Per Share						
- Basic	4.14	0.08	4.39	0.09	2.33	0.04
- Diluted	4.14	0.08	4.39	0.09	2.33	0.04

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

(Rs. in mn)

Particulars	As at		
	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
	(Unaudited)	(Unaudited)	(Audited)
EQUITY & LIABILITIES			
Shareholders' Funds			
Share capital	124.97	123.40	124.47
Reserves and Surplus	1,833.41	1,922.39	1,821.53
Sub-Total Shareholder's Funds	1,958.38	2,045.79	1,946.00
Minority Interest	-	-	-
Non-current liabilities			
Long-term borrowings	9.30	3.82	3.45
Other long term liabilities	7.57	4.27	7.29
Long-term provisions	78.12	60.76	71.24
Subtotal - Non-current liabilities	94.99	68.85	81.98
Current liabilities			
Trade payables	407.45	340.61	396.12
Other current liabilities	231.78	297.98	200.46
Short-term provisions	286.08	170.72	350.97
Sub-Total current Liabilities	925.31	809.31	947.55
TOTAL - EQUITY AND LIABILITIES	2,978.68	2,923.95	2,975.53
ASSETS			
Non-current assets			
Fixed assets (net)	423.34	382.42	387.07
Goodwill on consolidation	254.33	270.10	274.00
Non-current investments	10.03	0.03	0.03
Deferred tax assets (net)	56.97	73.07	54.83
Long-term loans and advances	64.30	79.21	104.79
Other non-current assets	81.04	244.97	80.30
Subtotal - Non- current assets	890.01	1,049.80	901.02
Current assets			
Trade receivables	915.02	836.36	980.63
Cash and bank balance	790.35	753.72	814.56
Short-term loans and advances	145.39	93.97	107.34
Other current assets	237.91	190.10	171.98
Subtotal - Current assets	2,088.67	1,874.15	2,074.51
TOTAL - ASSETS	2,978.68	2,923.95	2,975.53

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Consolidated Operational Data (Un-audited)

Profitability in %	Quarter ended		
	Mar 31, 13	Mar 31, 12	Dec 31, 12
Revenues	100.00	100.00	100.00
Gross margin	32.09	36.07	33.60
SG & A	28.09	27.47	28.76
EBITDA	4.00	8.60	4.84
EBT	4.64	6.93	4.34
PAT	4.16	4.94	2.39
Basic EPS (Rs.)	4.14	4.39	2.33

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 13	Mar 31, 12	Dec 31, 12
Top 10 Clients	36.18%	41.83%	35.75%
Top 5 Clients	23.12%	30.24%	22.37%
Top 3 Clients	15.94%	23.64%	15.23%
Largest Client	5.73%	10.88%	5.58%

Revenues by Geographies	Quarter ended		
	Mar 31, 13	Mar 31, 12	Dec 31, 12
USA	52.57%	48.58%	51.06%
Europe	26.72%	31.48%	25.20%
SEAC (South East Asia)	10.83%	8.57%	10.19%
India	4.84%	6.63%	5.28%
Others	5.04%	4.74%	8.27%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 13	Mar 31, 12	Dec 31, 12
Onsite	71.00%	66.29%	65.52%
Offshore	67.81%	71.29%	70.57%
Blended	68.52%	70.19%	69.45%

Utilization (including trainees)	Quarter ended		
	Mar 31, 13	Mar 31, 12	Dec 31, 12
Onsite	71.00%	65.08%	65.52%
Offshore	63.41%	65.59%	64.64%
Blended	65.01%	65.48%	64.82%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 13	Mar 31, 12	Dec 31, 12
Technical	2,178	2,080	2,183
Software services			
Onsite	289	261	286
Offshore	1,339	1,214	1,282
BPO			
Offshore	299	288	314
Onsite	164	164	161
Trainees	87	153	140
Sales and support	377	373	383
Total count	2,555	2,453	2,566

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Mar 31, 13	Mar 31, 12	Dec 31, 12
Receivable	915.02	836.36	980.63
Receivable in days ("DSO")	64	70	60
Total cash and bank balance*	874.87	995.51	889.39
Fixed assets (net)	423.34	382.42	387.07
Shareholders' funds	1,958.38	2,045.79	1,946.00

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

Development/Service Centres Location	As on March 31, 2013	
	Covered areas in sq fts.	No. of seats
India		
Noida	76,980	1,452
Pune	30,940	529
Chennai	12,666	170
	120,586	2,151
USA	23,300	177
Singapore	7,125	42
Europe		
Netherlands	21,194	251
France	8,601	112
Romania	14,090	137
Poland	4,865	39
Moldova	4,635	55
	53,385	594
Total	204,396	2,964

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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 accelerate the speed to market for 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 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 the US, Europe, South America, the Far East, the Middle East and Africa.

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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