

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

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

Statement of Consolidated Unaudited Results for the Quarter and Half Year Ended June 30, 2015

PART I		(Rs. in lakhs, except per share data)					
S.No.	Particulars	Three Months Ended			Half Year Ended		Year Ended
		30.06.2015	31.03.2015	30.06.2014	30.06.2015	30.06.2014	31.12.2014
	(Refer notes)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from operations						
(a)	Income from operations	16,545.27	15,078.58	16,066.75	31,623.85	31,693.30	64,849.59
(b)	Other operating income	82.52	98.04	6.58	180.56	345.29	487.05
	Total income from operations	16,627.79	15,176.62	16,073.33	31,804.41	32,038.59	65,336.64
2	Expenses						
(a)	Employee benefits expense	9,547.80	9,611.26	9,793.52	19,159.06	19,651.99	39,352.21
(b)	Depreciation and amortisation expense (refer note 5)	344.53	458.87	283.67	803.40	553.57	1,124.53
(c)	Traveling and conveyance	1,009.10	1,060.67	751.68	2,069.77	1,689.77	3,477.64
(d)	Communication costs	206.31	190.24	222.39	396.55	440.40	874.68
(e)	Legal and professional expenses (including subcontract expenses)	1,658.60	1,503.46	1,742.96	3,162.06	3,360.95	7,227.17
(f)	Provision for doubtful debts and advances (net)	45.47	29.25	-	74.72	-	-
(g)	Other expenses (refer note 9)	1,676.39	1,104.63	1,267.66	2,781.02	2,423.28	4,870.57
	Total expenses	14,488.20	13,958.38	14,061.88	28,446.58	28,119.96	56,926.80
3	Profit from operations before other Income, finance costs and exceptional items (1-2)	2,139.59	1,218.24	2,011.45	3,357.83	3,918.63	8,409.84
4	Other income	112.51	107.88	103.77	220.39	217.58	420.21
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	2,252.10	1,326.12	2,115.22	3,578.22	4,136.21	8,830.05
6	Finance costs	22.03	22.33	18.82	44.36	39.46	89.10
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	2,230.07	1,303.79	2,096.40	3,533.86	4,096.75	8,740.95
8	Exceptional items (refer note 11 and 12)	-	-	-	-	-	2,501.10
9	Profit from ordinary activities before tax (7+8)	2,230.07	1,303.79	2,096.40	3,533.86	4,096.75	11,242.05
10	Tax expense						
	Current tax	875.84	598.61	701.77	1,474.45	1,108.00	3,252.89
	Deferred tax charge / (credit)	(80.30)	(114.68)	1.92	(194.98)	159.72	175.78
	Total tax expense	795.54	483.93	703.69	1,279.47	1,267.72	3,428.67
11	Net profit from ordinary activities after tax (9-10)	1,434.53	819.86	1,392.71	2,254.39	2,829.03	7,813.38
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net profit for the period / year (11-12)	1,434.53	819.86	1,392.71	2,254.39	2,829.03	7,813.38
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)	1,434.53	819.86	1,392.71	2,254.39	2,829.03	7,813.38
17	Paid - up equity share capital (Face value Re. 1/- each) (refer note 6 and 13)	1,261.31	1,264.70	1,266.28	1,261.31	1,266.28	1,267.20
18	Reserves excluding Revaluation Reserves as at December 31, 2014	-	-	-	-	-	20,043.32
19.i	Earnings per share before extraordinary items (Face value of Re. 1/- each) (not annualised)						
(a)	Basic	1.13	0.64	1.09	1.77	2.23	6.14
(b)	Diluted	1.13	0.64	1.09	1.77	2.23	6.14
19.ii	Earnings per share after extraordinary items (Face value of Re. 1/- each) (not annualised)						
(a)	Basic	1.13	0.64	1.09	1.77	2.23	6.14
(b)	Diluted	1.13	0.64	1.09	1.77	2.23	6.14

See accompanying notes to the financial results.

PART II							
A	PARTICULARS OF SHAREHOLDING (refer note 6 and 13)						
1	Public Shareholding						
	- Number of shares (Face value Re. 1/- each)	62,410,019	62,748,839	63,000,635	62,410,019	63,000,635	62,998,174
	- Percentage of shareholding	49.19	49.33	49.46	49.19	49.46	49.43
2	Promoters and Promoter Group Shareholding						
(a)	Pledged / encumbered						
	- Number of shares (Face value Re. 1/- each)	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Non-encumbered						
	- Number of shares (Face value Re. 1/- each)	64,460,406	64,460,406	64,366,545	64,460,406	64,366,545	64,460,406
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- Percentage of shares (as a % of the total share capital of the Company)	50.81	50.67	50.54	50.81	50.54	50.57

	Particulars	Three Months Ended
		30.06.2015
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	6
	Disposed off during the quarter	6
	Remaining unresolved at the end of the quarter	Nil

For R SYSTEMS INTERNATIONAL LTD.

Director

CERTIFIED TRUE COPY

For R SYSTEMS INTERNATIONAL LTD.

Company Secretary

S.R. Battiboi & Associates LLP, Gurgaon

for Identification

Page 8 of 25

Notes:

- 1 The results for the quarter ended June 30, 2015 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on August 05, 2015.
- 2 The Limited Review as required under clause 41 of Listing Agreement has been completed by the Statutory Auditor for the quarter and half year ended June 30, 2015 and June 30, 2014, for the quarter ended March 31, 2015 and audit for the year ended December 31, 2014. There is no qualification in the Auditors' Report on these financial results.
- 3 The Board of Directors at its meeting held on April 23, 2015 had declared first interim dividend of Re. 0.40 per equity share of face value of Re. 1/- each. The first interim dividend was paid to the shareholders on May 07, 2015. Further, Board of Directors at its meeting held on August 05, 2015 has declared second interim (special) dividend of Rs. 3.30 per equity share, as per record date of August 12, 2015. The Shareholders' assent for both interim dividends will be taken in the forthcoming Annual General Meeting.
- 4 The Board of Directors at its meeting held on February 07, 2015 had recommended a final dividend of Re. 0.95/- per equity share of face value of Re. 1/- each. This was in addition to four interim dividends aggregating to Rs. 4.90 per equity share of face value of Re. 1/- each declared during the year ended December 31, 2014. These dividends have been approved by the shareholders at the Annual General Meeting held on June 09, 2015.
- 5 As at January 01, 2015, the Company, based on technical assessment, reassessed the useful life of tangible assets and accordingly changed the useful lives of certain assets resulting in incremental charge of depreciation. Accordingly, the depreciation charge for the quarter ended June 30, 2015 was higher by Rs. 76.71 lakhs (previous quarter was higher by Rs. 102.18 lakhs) and for the half year ended June 30, 2015 was higher by Rs. 178.89 lakhs and profit after tax for the quarter ended June 30, 2015 was lower by Rs. 50.16 lakhs (previous quarter was lower by Rs. 67.45 lakhs). Further, during the quarter ended March 31, 2015, the Company had transferred Rs. 124.55 lakhs (net of tax) to reserves based on the transitional provision under Schedule II of the Companies Act, 2013.
- 6 The Company had issued Public Announcement dated December 29, 2014, for buy-back of equity shares of face value of Re. 1/- each from the open market at a price not exceeding Rs. 100 per share for an aggregate amount not exceeding Rs. 600 lakhs. Under the Buy-back offer, the Company has bought back 678,155 equity shares for an aggregate amount of Rs. 595.74 lakhs by utilising the Securities Premium Account to the extent of Rs. 588.96 lakhs and General Reserve to the extent of Rs. 6.78 lakhs. The Capital Redemption Reserve has been created out of General Reserve for Rs. 6.78 lakhs being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The Company has closed the buy-back offer pursuant to approval by the Board of Directors of the Company at its meeting held on April 23, 2015.
- 7 During the current quarter, the Company has opened a branch in Auckland, New Zealand on June 22, 2015 pursuant to resolution passed by the Board of Directors of the Company at its meeting held on June 09, 2015.
- 8 During the quarter ended June 30, 2015, R Systems (Singapore) Pte. Limited wholly owned subsidiary of the Company, has acquired 100% share of IBIZCS Group Pte. Ltd, Singapore (IBIZ) on April 30, 2015 for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfillment of certain conditions by the erstwhile shareholder of IBIZ. The management has assessed investment value at SGD 4.52 million (Rs. 2,171.81 lakhs) which represents the consideration assessed as probable to be paid over the period and accordingly recorded the goodwill on acquisition amounting to SGD 5.19 million (Rs. 2,451.78 lakhs).

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, Hongkong and China. The above stated consolidated results includes the consolidated results of IBIZ and its subsidiaries from the date of its acquisition.

- 9 During the quarter ended March 31, 2015, the wholly owned subsidiary of the Company, R Systems Solutions, Inc. has received a notice of termination for convenience from its significant customer. Consequently, the Company, has recorded provision for certain committed costs aggregating to Rs. 84.01 lakhs under "Other expenses" in quarter ended March 31, 2015 and half year ended June 30, 2015.

For R SYSTEMS INTERNATIONAL LTD.

Director

S.R. Battiboi & Associates LLP, Gurgaon

for Identification

CERTIFIED TRUE COPY

For R SYSTEMS INTERNATIONAL LTD.

Company Secretary

- 10 On July 11, 2014, the Company 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 Indus Business Unit operated out of Pune and Chennai centres to RSPTPL.
- The Company has 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. 6,227,333 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. 633.10 lakhs (USD 1 million). 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.
- Subsequent to the quarter end, the closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.
- Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" and all the non-current assets (excluding fixed assets) and non-current liabilities pertaining to Indus Business Unit as at June 30, 2015 are considered as current assets and current liabilities. The revenue and expenses attributable to the said operations included in the financial results are as follows:

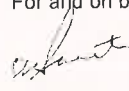
Particulars	(Rs. in lakhs)					
	Three Months Ended			Half Year Ended		Year Ended
	30.06.2015	31.03.2015	30.06.2014	30.06.2015	30.06.2014	31.12.2014
Total income	2,957.23	2,582.36	1,957.11	5,539.59	3,855.00	8,413.41
Total expenses	2,485.75	2,294.95	1,642.37	4,780.70	3,355.31	7,188.35
Profit before tax	471.48	287.41	314.74	758.89	499.69	1,225.06
Total tax expense	163.17	97.69	106.98	260.86	169.84	416.40
Profit after tax	308.31	189.72	207.76	498.03	329.85	808.66

The carrying amount of assets and liabilities attributable to the said operations included in the financial statements are as follows:

Particulars	(Rs. in lakhs)	
	As at	
	30.06.2015	31.12.2014
Total assets	5,443.82	3,959.20
Total liabilities	3,143.58	1,922.43
Net assets	2,300.24	2,036.77

- 11 The Board of Directors at its meeting held on July 07, 2014 had approved the offer of buy-back from Computaris International Limited (a wholly owned subsidiary) of 13,500 shares held by the Company in the said subsidiary at the rate of GBP 111.38 per share amounting to GBP 1.50 million. The aforesaid buy-back proceeds were received by the Company on September 17, 2014. Even after this buy back, Computaris International Limited continues to remain wholly owned subsidiary of the Company.
- On account of this buy-back, the Company had released proportionate currency translation reserve amounting to Rs. 260.85 lakhs to the foreign exchange fluctuation which is disclosed as 'Exceptional Items' in the financial results for the year ended December 31, 2014.
- 12 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, to Customer Contact Management Group B.V. ("CCMG") a Europe based company by executing the Share Sale Agreement 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) had been placed in an escrow account in the Netherlands pursuant to the provision of the Share Sale Agreement. The profit on aforesaid transfer of subsidiaries amounting to Rs. 2,240.25 lakhs is disclosed as 'Exceptional Items' in the financial results for the year ended December 31, 2014.
- 13 During the quarter ended June 30, 2015, the Company has issued 90,000 equity shares of Re. 1/- each at an exercise price of Rs. 12.07 per share, pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.
- 14 The Board of Directors at its meeting held on August 05, 2015, has approved a business acquisition consisting of customer contracts and intellectual properties from a subsidiary of a leading European telecommunication company through its wholly owned subsidiary Computaris International Limited, UK, for a maximum consideration of Euro 0.70 million on fulfilment of certain conditions. The above said approval is subject to execution of definitive agreements and receipt of necessary corporate and regulatory approvals.
- 15 Refer Annexure A for the consolidated statement of assets and liabilities.
- 16 Refer Annexure B for segment wise consolidated revenue, results and capital employed.
- 17 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


Suresh Paruthi
[Director]

Place : NOIDA
Date : August 05, 2015

CERTIFIED TRUE COPY

For R SYSTEMS INTERNATIONAL LTD.


Company Secretary

S.R. Batliboi & Associates LLP, Gurgaon

for Identification

Page 10 of 25

R SYSTEMS INTERNATIONAL LIMITED

Consolidated Statement of Assets and Liabilities

(Rs. in lakhs)

Particulars		As at Half Year Ended 30.06.2015	As at Year Ended 31.12.2014
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	1,261.31	1,267.20
	(b) Reserves and surplus	15,871.51	20,043.32
	Sub total - Shareholders' fund	17,132.82	21,310.52
2	Minority interest	-	-
3	Non-current liabilities		
	(a) Long-term borrowings	50.83	62.85
	(b) Deferred tax liabilities (net)	-	6.62
	(c) Other long-term liabilities	1,584.24	49.95
	(d) Long-term provisions	647.34	952.16
	Sub total - Non-current liabilities	2,282.41	1,071.58
4	Current liabilities		
	(a) Trade payables	4,998.34	5,088.88
	(b) Other current liabilities	5,233.62	5,902.48
	(c) Short-term provisions	7,487.47	3,927.31
	Sub total - Current liabilities	17,719.43	14,918.67
	TOTAL - EQUITY AND LIABILITIES	37,134.66	37,300.77
B	ASSETS		
1	Non-current assets		
	(a) Fixed assets *	3,705.13	4,158.15
	(b) Goodwill on consolidation	5,303.12	2,802.04
	(c) Non-current investments	0.25	0.25
	(d) Deferred tax assets (net)	636.16	382.98
	(e) Long-term loans and advances	637.30	688.41
	(f) Other non-current assets	776.33	585.72
	Sub total - Non- current assets	11,058.29	8,617.55
2	Current assets		
	(a) Current investments	-	180.00
	(b) Trade receivables	10,812.76	12,507.65
	(c) Cash and cash equivalents	10,979.36	13,638.35
	(d) Short-term loans and advances	2,422.42	1,185.75
	(e) Other current assets	1,861.83	1,171.47
	Sub total - Current assets	26,076.37	28,683.22
	TOTAL - ASSETS	37,134.66	37,300.77

* including fixed assets amounting to Rs. 551.32 lakhs pertaining to Discontinuing Operations.

For R SYSTEMS INTERNATIONAL LTD.

Director

S.R. Balliboi & Associates LLP, Gurugram.

for Identification

CERTIFIED TRUE COPY

For R SYSTEMS INTERNATIONAL LTD.

Company Secretary

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

(Rs. in lakhs)

S.No.	Particulars	Three Months Ended			Half Year Ended		Year Ended
		30.06.2015	31.03.2015	30.06.2014	30.06.2015	30.06.2014	31.12.2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue						
	- Information technology services and products	15,407.51	13,477.15	13,113.78	28,884.66	25,734.34	52,985.91
	- Business process outsourcing services	1,182.63	1,645.23	2,995.95	2,827.86	6,055.34	12,047.89
	Total	16,590.14	15,122.38	16,109.73	31,712.52	31,789.68	65,033.80
	Less: Elimination of intersegment sales	44.87	43.80	42.98	88.67	96.38	184.21
	Income from operations	16,545.27	15,078.58	16,066.75	31,623.85	31,693.30	64,849.59
2	Segment results before tax and interest						
	- Information technology services and products	2,207.86	1,454.81	1,825.94	3,662.67	3,725.85	7,620.70
	- Business process outsourcing services	93.69	(74.68)	366.07	19.01	505.04	1,435.08
	Total	2,301.55	1,380.13	2,192.01	3,681.68	4,230.89	9,055.78
	(i) Interest expense	(2.72)	(2.23)	(2.23)	(4.95)	(6.45)	(11.75)
	(ii) Interest income	94.77	107.88	93.72	202.65	207.53	410.16
	(iii) Other unallocable income	17.74	-	10.05	17.74	10.05	10.05
	(iv) Exceptional Items (refer note 11 and 12)	-	-	-	-	-	2,501.10
	(v) Other unallocable expenses	(181.27)	(181.99)	(197.15)	(363.26)	(345.27)	(723.29)
	Profit before tax	2,230.07	1,303.79	2,096.40	3,533.86	4,096.75	11,242.05
3	Capital employed *						
	- Information technology services and products	12,058.70	10,962.38	14,918.62	12,058.70	14,918.62	12,387.56
	- Business process outsourcing services	1,900.73	1,575.70	1,188.44	1,900.73	1,188.44	1,916.88
	- Unallocated corporate	3,173.39	8,076.45	7,632.15	3,173.39	7,632.15	7,006.08
	Total capital employed	17,132.82	20,614.53	23,739.21	17,132.82	23,739.21	21,310.52

*The Company has re-classified the goodwill on consolidation and business acquisition as at June 30, 2014, aggregating to Rs. 3,071.25 lakhs from information technology services and products to unallocated corporate to conform to the current period / year presentation

For R SYSTEMS INTERNATIONAL LTD.

Director

S.R. Batliboi & Associates LLP, Gurgaon.

for Identification

CERTIFIED TRUE COPY

For R SYSTEMS INTERNATIONAL LTD.



Company Secretary