

YOUR **DIGITAL** TRANSFORMATION PARTNER



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Digital Transformation Partner

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Safe Harbor Statement

Certain Statements in this report concerning our future growth prospects are forward-looking statements, which involves a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT and ITeS services and solutions including those factors which may affect our cost advantage, salary increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international marketing and sales operations, reduced demand for technology and consulting services in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions and restructuring, liability for damages on our service contracts and product warranty, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time-to-time, make additional written and oral forward-looking statements and does not undertake to update any forward-looking statements that may be made from time-to-time by or on behalf of the Company.



YOUR **DIGITAL** **TRANSFORMATION** PARTNER



Today, we are witnessing a digital world driven by robust connectivity and tech-savvy Netizens. The businesses are compelled to redraw their digital priorities to stay relevant and competitive. This transformation is driving organizations to innovate, achieve operational flexibility, and augment end-to-end customer experiences. Furthermore, this transition is disrupting their legacy business models and driving them to redesign their products & services and realign themselves with the customers. However, the real success of a digital transformation depends upon the level of being adaptive for embracing the change with speed and an elegant experience.

As a trusted digital transformation partner, we help organizations to embrace digitalization towards greater efficiency and streamlined operations. The key for a successful digital transformation is knowing your customer, their industry, their challenges and partnering with them in creating an overall digital ecosystem. Nurturing a start-up like work

culture, we have diligently built industry-specific competencies across Telecom & Digital Media, Healthcare, Banking & Finance, Manufacturing & Logistics, and Retail & E-Commerce to enable digital transformation.

Over a period of time, we have built digital capabilities around Analytics,

Mobility, Cloud, and Internet of Things. We command marquee clientele across both, next-gen and legacy businesses. We enrich their Digital Transformation endeavour by modernizing their existing systems, developing core platform, and processes towards a robust and evolving digital ecosystem.





OUR DIGITAL CAPABILITIES

ANALYTICS

R Systems analytics practice provides industry-specific services and solutions with qualitative and quantitative actionable insights to address business challenges through data and speech analytics. These actionable insights are aggregated, transformed and visualized to infer unexplored potential. Our analytics team deploys cutting-edge methodologies like organizational case studies, cognitive science, business intelligence, and industry-specific methods to deliver tangible ROI. Leveraging on the deep domain knowledge across industry verticals, our engagement starts with the particular assessment of an analytics query – build proof of concept – to the deployment of the most scalable model to answer it. This creates a vital information pool across the economical, statistical, social media, and speech metrics and delivers actionable business insight.



Our team showcasing our analytics services & solutions edge at Chief Analytics Officer Summit in New York.



Solutions for Data and Speech Analytics

Medley

- Unified Data Framework
- Enables Rapid Deployment of Custom Advanced Analytics Solutions
- Simplifies Data Acquisition, Transformation, and Visualization from any Data Source

Analytics Gym

- Consulting Framework
- Discovers & Evaluates Relevant Data, Technology, and Right Approach

Anagram

- Customer Interaction Analytics Platform
- Speech Text Mining Capabilities
- Delivers Actionable Business Insights by Analyzing Unstructured & Semi-Structured Data
- Integrated Capabilities for Speech, Text, Social Media, Big Data & Predictive Analytics

Our customized solutions aim to deliver rich market insights thereby enriching real-time business value.

CLOUD COMPUTING

The Cloud has changed businesses outlook towards technology. It has provided flexibility to technology companies to access emerging technologies at a nominal or no capital expense. Spearheading the Center of Excellence, R-Cloud covers cloud offerings of all three leading public cloud platforms - Salesforce, Microsoft Azure, and Amazon Cloud Services. The world-class services under our ambit include hosting, consulting, architecture setup, designing, implementation, and monitoring.

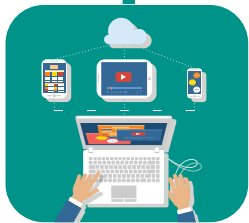
Our prime focus remains on maximizing clients' ROI by ensuring business agility, IT flexibility, and data security. Our cloud competencies have further deepened our project engineering competencies, with product companies opting for cloud route to be more agile and responsive in the evolving digital world.

Our subsidiaries, IBIZ and ECnet, are also equipped with cloud platforms, facilitating SMEs and enterprise customers to maximize their ROI.



Our Core Competencies in Cloud Computing

- Blueprint For Introducing Cloud Environment
- Proper Cloud Selection For Individual Need
- Cloud Migration
- Customized SaaS Model
- Provisions For Accelerated Scalability & Optimized Development
- Enabled With Audio & Video Feature



MOBILITY

Mobility has emerged as the foundation of digital transformation due to its inherent attributes like quick accessibility, portability, and ease of operation. The flexibility to be available anytime & anywhere redefines the user experience. Customers leverage our mobility capabilities to bring transformational changes in their existing ecosystem. We collaborate with our clients at every phase of product development such as envisioning, designing, development, deployment, and

support of mobility solutions. We deliver responsive solutions across leading mobile platforms like iOS, Android, and Hybrid to

Web apps. Also, specialized in aligning mobile applications with specific business goals to deliver optimum results for enterprises.





INTERNET OF THINGS (IoT)

The melting point of the virtual world and the digital world creates a huge opportunity. IoT backed by automation captures real-time data and insights from different assets round-the-clock. As per industry estimates, there would be 50 billion connected devices fuelling the IoT solutions spending to surpass \$6 trillion by 2020.

Our IoT services enable seamless data acquisition, processing, and analytics. The clients tap our industry-specific knowledge, design thinking, and technical expertise for improving their business operations. Our IoT initiatives include bringing

intelligence to the edge and futuristic sensor devices using machine learning & artificial intelligence.

Building IoT solutions can be complex. It needs a lot of embedded software development and application development on cloud ecosystem. R Systems through its inherent product engineering DNA offers a unique blend of IoT consulting, strategy, implementation, and operational support to unravel the complexity of IoT.



Our IoT Offerings

- Conceptualize New IoT Business Opportunity Development
- Proof of Concept Development for IoT
- IoT Edge Security
- Central Data Aggregation for IoT Devices
- IoT Sensor Device Management & Alert Management
- IoT in Factory & Manufacturing Automation Systems
- IoT in Home Automation Systems
- IoT in Healthcare Sector
- IoT Data Analytics
- Protocol Software Development & Testing
- IoT Service Architecture & Back-end Development

OUR DIGITAL SUCCESS STORIES

Innovative Solution for Digital Media

Having partnered with one of the global leaders in digital rights management solutions, R Systems delivered a breakthrough innovative solution for new generations set-top-boxes.



Modern Subscription Management & Provisioning Solution

Working closely with one of the leading telecom ISVs, our subsidiary Computaris delivered a modern subscription management and provisioning solution for a US telecom operator. It empowered the client towards cloud migration yielding operational efficiencies.



Futuristic Solutions for a leading OTT, DVB, and IPTV Operator

We delivered multiple futuristic solutions comprising of state of the art solutions in analytics, cloud, and innovative browser-based user interface to a leading OTT, DVB, and IPTV operator in Europe. Our solutions yielded tangible ROI with cost rationalization and enhanced end user experience.



Transforming Healthcare

Delivered a digital transformation solution to a leading healthcare solution provider in the USA automating their processes to make recovery of Medicaid paid claims more reliable, efficient, and faster.



Enabling Smart Banking

We designed a mobile banking solution for a leading bank in the USA, enabling their customers to perform banking operations conveniently and securely through smart devices.



Boosting Omnichannel Sales

We designed a robust, reliable, and scalable inventory, and retail management solution for a leading bookstore chain in the USA boosting their omnichannel sales. Our solution enabled the bookstore to increase online sales by 145%.



Optimizing Supply Chain Performance

Our subsidiary ECnet provided a robust vendor managed inventory solution to a leading electronic manufacturer in the APAC region optimizing their supply chain performance. The solution improved suppliers fill rates by 90% and reduced the production cycle lead time from 7 weeks to 3 weeks.



Automating Business Processes

IBIZ, our subsidiary, has delivered a robust ERP system to a Japanese multi-national to automate their key business processes. Our solution enabled insights about cost structure, automated their shipping operations and enhanced budgetary control.



FINANCIAL HIGHLIGHTS

(On the basis of Consolidated Financial Statements under Indian GAAP)

FINANCIAL PERFORMANCE

(₹ in million)

Particulars	2016	2015	2014	2013	2012
Revenue	5,882	6,050	6,485	5,961	4,650
Adjusted Revenue [@]	5,882	5,476	5,163	4,751	3,524
EBITDA	711	715	900	786	348
EAT *	505	438	596	527	184
Shareholders' Fund	2,780	2,429	2,131	2,318	1,946
Cash and Bank Balances	1,200	922	1,098	1,115	889

KEY RATIOS

Particulars	2016	2015	2014	2013	2012
Debt -Equity Ratio	0.01	0.01	0.00	0.01	0.00
Days Sales Outstanding (in days)	55	57	55	56	71
EBITDA / Revenue (%)	12.1	11.8	13.9	13.2	7.5
EAT * / Revenue (%)	8.6	7.2	9.2	8.8	3.9
Earning Per Share					
- Basic (₹)	4.24	7.70	6.14	4.18	1.48
- Diluted (₹)	4.24	7.70	6.14	4.18	1.48
Book Value Per Share (₹)	22.58	19.25	16.82	18.41	15.63
Cash Per Share (₹)	9.74	7.31	8.67	8.86	7.15

@ Net off the revenue of Indus Product Business and Europe BPO business, as hived off in earlier years.

* Excluding exceptional items

NOTES

EBITDA - Earning before tax, interest, foreign exchange fluctuation, exceptional and prior period items;

EBT- Earnings before tax;

EAT - Earnings after tax;

Debt Equity ratio = Long Term Debt / Equity;

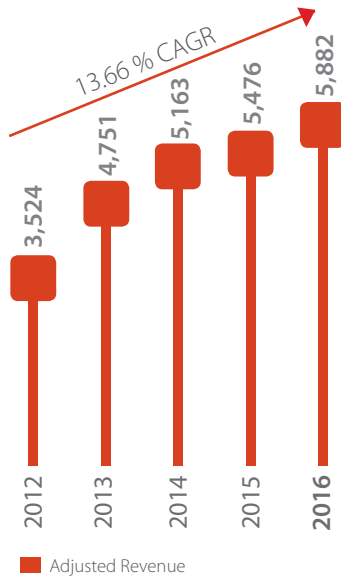
Days Sales Outstanding = Average Trade Receivables / Net Credit Sales*360;

Book Value Per Share = Net Shareholder Fund / Closing Outstanding No of Shares;

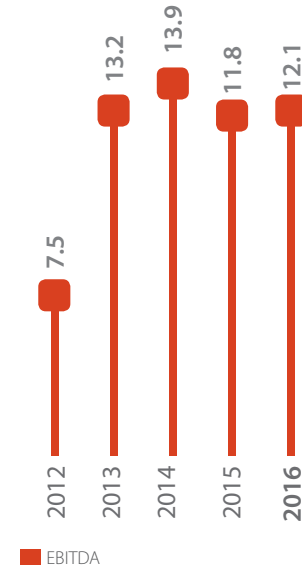
Cash Per Share = Cash and Bank Balances / Closing Outstanding No of Shares.

Previous year's figures have been regrouped or reclassified where necessary to conform to current year classification.

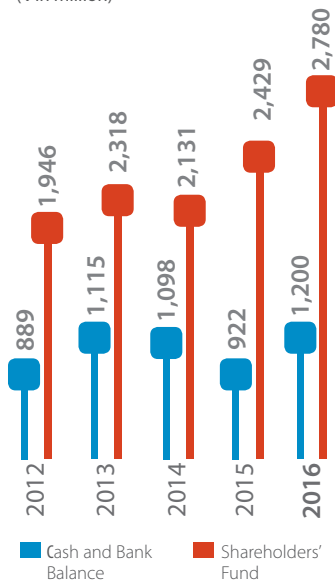
Revenue (₹ in million)



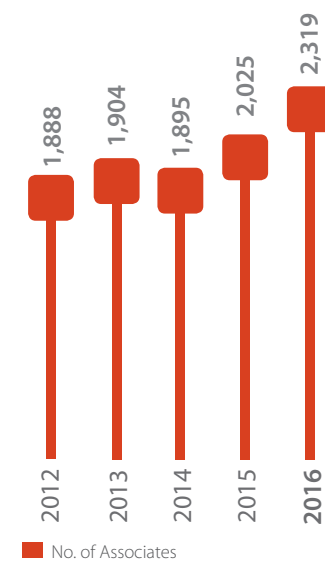
EBITDA (%)



R Systems is a
nearly debt-free
company

Cash & Bank Balance
and Shareholders' Fund
(₹ in million)

Number of Associates*



* Excluding associates of businesses hived off

Graphs not to scale

FROM THE DESK OF **THE MANAGING DIRECTOR**

