

R SYSTEMS INTERNATIONAL LIMITED

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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2010

(Rs. in lakhs, except per share data)

S. No.	Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
		2010	2009	2010	2009	2009
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 (a)	Income from operations	7,582.31	7,867.73	21,673.00	25,124.97	32,752.52
1 (b)	Other operating income	40.01	94.07	167.11	289.11	287.00
2	Expenditure					
(a)	Employees cost	4,769.03	4,915.33	14,236.12	15,699.47	20,296.51
(b)	Traveling and conveyance	536.65	487.76	1,478.00	1,470.98	1,970.07
(c)	Communication cost (refer note 7 below)	145.01	176.44	458.97	548.40	712.90
(d)	Legal and professional expenses	465.54	763.96	1,551.61	2,131.98	2,738.63
(e)	Provision for doubtful debts / advances	56.19	27.75	174.45	402.41	478.82
(f)	Depreciation / amortisation	331.73	357.53	996.19	1,004.98	1,348.19
(g)	Other expenditure	831.13	587.25	2,142.28	2,150.78	2,843.76
	Total expenditure	7,135.28	7,316.02	21,037.62	23,409.00	30,388.88
3	Profit from operations before other income, interest and exceptional items (1-2)	487.04	645.78	802.49	2,005.08	2,650.64
4	Other Income	120.67	136.55	356.08	393.05	517.22
5	Profit before interest and exceptional items (3+4)	607.71	782.33	1,158.57	2,398.13	3,167.86
6	Interest	1.42	12.23	5.17	23.96	27.99
7	Profit after interest but before exceptional items (5-6)	606.29	770.10	1,153.40	2,374.17	3,139.87
8	Exceptional items (refer note 5 below)	-	-	-	(2,087.14)	(2,087.14)
9	Profit for the period / year from ordinary activities before tax (7+8)	606.29	770.10	1,153.40	287.03	1,052.73
10	Tax expense					
	Current tax	117.82	236.37	264.01	426.97	655.94
	MAT (credit) / charge	9.50	(205.06)	(132.00)	(273.21)	(426.78)
	Deferred tax charge / (credit)	0.19	(2.37)	(229.57)	22.19	41.85
	Fringe benefit tax	-	(22.82)	-	9.68	9.68
	Total tax expense	127.51	6.12	(97.56)	185.63	280.69
11	Net profit for the period / year from ordinary activities after tax (9-10)	478.78	763.98	1,250.96	101.40	772.04
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net profit for the period / year (11-12)	478.78	763.98	1,250.96	101.40	772.04
14	Paid up equity share capital (Face value Rs. 10/- each) (refer note 4 below)	1,224.30	1,224.30	1,224.30	1,224.30	1,224.30
15	Reserves and surplus excluding revaluation reserves as at December 31, 2009					15,515.00
16	Earnings per share (EPS)					
(a)	EPS for the period / year before extraordinary items					
	- Basic	3.89	6.16	10.16	0.79	6.09
	- Diluted	3.84	6.08	10.04	0.78	6.02
(b)	EPS for the period / year after extraordinary items					
	- Basic	3.89	6.16	10.16	0.79	6.09
	- Diluted	3.84	6.08	10.04	0.78	6.02
17	Public shareholding					
	- Number of shares	6,574,593	6,574,593	6,574,593	6,574,593	6,574,593
	- Percentage of shareholding	53.38	53.38	53.38	53.38	53.38
18	Promoters and Promoter Group Shareholding					
(a)	Pledged / encumbered					
	- Number of shares	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
	- Percentage of shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil	Nil
(b)	Non-encumbered					
	- Number of shares	5,742,293	5,742,293	5,742,293	5,742,293	5,742,293
	- 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
	- Percentage of shares (as a % of the total share capital of the Company)	46.62	46.62	46.62	46.62	46.62

Notes:

- The results for the quarter and nine months ended September 30, 2010 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on October 30, 2010.
- The Limited Review as required under Clause 41 of Listing Agreement has been completed by the Statutory Auditors for the quarter and nine months ended September 30, 2010 and September 30, 2009 and audit for the year ended December 31, 2009.
- Pursuant to the Initial Public Offer (IPO), the Company collected Rs. 7,062.50 lakhs (net of selling shareholders' proceeds), details of utilisation of IPO proceeds are as follows:

Objects	Total estimated project cost*	Amount incurred till June 30, 2010	During July - September 2010	(Rs. in lakhs)
				Amount incurred till September 30, 2010
Upgrading and expansion of existing infrastructure*	2,299.93	2,299.93	-	2,299.93
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	1,795.10	-	1,795.10
General corporate purposes*	1,590.60	586.20	-	586.20
Meeting offer expenses*	1,011.37	1,011.37	-	1,011.37
Total	7,062.50	6,058.10	-	6,058.10

*The Company had obtained approval from its shareholders at the annual general meeting held on May 2, 2008 for reallocation in the estimated project cost among above mentioned heads.

Further, the Company had also obtained approval from its shareholders at the annual general meeting held on May 20, 2010 for extension of time up to June 30, 2012 for utilization of balance IPO proceeds. Pending utilization, balance funds as at September 30, 2010 have been invested in fixed deposit with nationalised banks.

- The Company had successfully completed the buy-back of 1,265,820 equity shares of Rs. 10 each at an average price of Rs. 63.20 per share for an aggregate amount of Rs. 800 lakhs on August 27, 2009.
- During earlier years, the Company had acquired subsidiaries [namely R Systems Solutions, Inc., (USA), R Systems Europe B.V., (The Netherlands) and R Systems S.A.S., (France)] in new geographies / business verticals. During the year ended December 31, 2009, these subsidiaries had received termination notices from certain significant customers. Consequently during the year ended December 31, 2009, the management had assessed that there was impairment of goodwill recognized in the books on acquisition of these subsidiaries and had impaired the goodwill amounting to Rs. 2,087.14 lakhs.
- The Company has a policy of recognising deferred tax assets only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Accordingly, on the basis of such evaluation, the Company had recognised incremental deferred tax asset of Rs.156 lakhs during the quarter ended March 31, 2010
- Communication cost includes Rs. 17.29 lakhs of prior period expenses during the nine months ended September 30, 2010.
- The Board of Directors have approved a scheme for corporate restructuring of its two subsidiaries based in Singapore viz ECnet Limited and R Systems (Singapore) Pte Limited subject to applicable corporate and other regulatory approvals in India and Singapore. The proposed corporate restructuring involves conversion of loan by the Company to ECnet Limited into equity investment and thereafter amalgamation of both these subsidiaries.
- There were 8 investor complaints received and disposed off during the quarter ended September 30, 2010. There were no pending complaints at the beginning and end of the quarter.
- Previous period's / year's figures have been regrouped / recasted wherever applicable, to the extent possible.

For and on behalf of the Board

Sd/-

Place : NOIDA
Date : October 30, 2010

Lt. Gen. Baldev Singh (Retd.)
[President & Senior Executive Director]

R SYSTEMS INTERNATIONAL LIMITED
SEGMENT WISE CONSOLIDATED REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in lakhs)

S.No.	Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
		2010	2009	2010	2009	2009
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	6,139.78	5,858.87	17,399.82	18,731.09	24,486.17
	- Business process outsourcing services	1,466.99	2,032.23	4,347.09	6,476.78	8,370.86
	Less: Elimination of intersegment sales	24.46	23.37	73.91	82.90	104.51
	Income from operations	7,582.31	7,867.73	21,673.00	25,124.97	32,752.52
2	Segment results before tax and interest					
	- Software development and customisation services	568.97	834.85	1,219.01	2,196.90	2,914.25
	- Business process outsourcing services *	16.71	(74.49)	(164.62)	(1,938.28)	(1,892.22)
	Total	585.68	760.36	1,054.39	258.62	1,022.03
	(i) Interest expense	(1.42)	(12.23)	(5.17)	(23.96)	(27.99)
	(ii) Interest income	120.67	136.55	356.08	393.05	517.22
	(iii) Other income	2.86	1.21	54.74	28.67	23.67
	(iv) Other unallocable expenses	(101.50)	(115.79)	(306.64)	(369.35)	(482.20)
	Profit before tax	606.29	770.10	1,153.40	287.03	1,052.73
3	Capital employed					
	- Software development and customisation services	11,083.72	10,336.58	11,083.72	10,336.58	10,399.11
	- Business process outsourcing services	(1,665.42)	(1,206.21)	(1,665.42)	(1,206.21)	(1,220.35)
	- Unallocated corporate	8,523.13	7,381.32	8,523.13	7,381.32	7,560.54
	Total capital employed	17,941.43	16,511.69	17,941.43	16,511.69	16,739.30

* After considering exceptional items for nine months ended September 30, 2009 and year ended December 31, 2009 as explained in note 5 to the unaudited consolidated financial results.