

R SYSTEMS INTERNATIONAL LIMITED Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048 AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2010					
(Rs. in lakhs, except per share data)					
S. No.	Particulars	Nine months ended September 30,	Quarter ended December 31,		
		2010	2010	2009	2010
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 (a)	Income from operations	21,673.00	7,381.66	7,627.55	29,054.66
1 (b)	Other operating income	167.11	29.02	(2.11)	196.13
2	Expenditure				
(a)	Employees cost	14,236.12	4,862.47	4,597.04	19,098.59
(b)	Traveling and conveyance	1,478.00	467.64	499.09	1,945.64
(c)	Communication cost (refer note 11 below)	458.97	144.62	164.50	603.59
(d)	Legal and professional expenses	1,539.78	661.85	593.43	2,201.63
(e)	Provision for doubtful debts / advances	174.45	140.46	76.41	314.91
(f)	Depreciation / amortisation	996.19	334.67	343.21	1,330.86
(g)	Other expenditure	2,154.11	634.17	706.20	2,788.28
	Total expenditure	21,037.62	7,245.88	6,979.88	28,283.50
3	Profit from operations before other income, interest and exceptional items (1-2)	802.49	164.80	645.56	967.29
4	Other Income	356.08	139.07	124.17	495.15
5	Profit before interest and exceptional items (3+4)	1,158.57	303.87	769.73	1,462.44
6	Interest	5.17	1.47	4.03	6.64
7	Profit after interest but before exceptional items (5-6)	1,153.40	302.40	765.70	1,455.80
8	Exceptional items (refer note 6 below)	-	-	-	(2,087.14)
9	Profit for the period / year from ordinary activities before tax (7+8)	1,153.40	302.40	765.70	1,455.80
10	Tax expense				
	Current tax	264.01	47.68	228.97	311.69
	MAT charge / (credit)	(132.00)	29.42	(153.57)	(102.58)
	Deferred tax charge / (credit) (refer note 10 below)	(229.57)	(201.38)	19.66	(430.95)
	Fringe benefit tax	-	-	-	9.68
	Total tax expense / (credit)	(97.56)	(124.28)	95.06	(221.84)
11	Net profit for the period / year from ordinary activities after tax (9-10)	1,250.96	426.68	670.64	1,677.64
12	Extraordinary items (net of tax expense)	-	-	-	-
13	Net profit for the period / year (11-12)	1,250.96	426.68	670.64	1,677.64
14	Paid up equity share capital (Face value Rs. 10/- each) (refer note 5 below)	1,224.30	1,224.30	1,224.30	1,224.30
15	Reserves and surplus excluding Revaluation Reserves as at December 31, 2010 and December 31, 2009				16,801.04
16	Earnings per share (EPS)				
(a)	EPS for the period / year before extraordinary items				
	- Basic	10.16	3.46	5.44	13.62
	- Diluted	10.04	3.42	5.38	13.46
(b)	EPS for the period / year after extraordinary items				
	- Basic	10.16	3.46	5.44	13.62
	- Diluted	10.04	3.42	5.38	13.46
17	Public shareholding				
	- Number of shares	6,574,593	6,574,593	6,574,593	6,574,593
	- Percentage of shareholding	53.38	53.38	53.38	53.38
18	Promoters and Promoter Group Shareholding				
(a)	Pledged / encumbered				
	- Number of shares	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil
(b)	Non-encumbered				
	- Number of shares	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
	- Percentage of shares (as a % of the total share capital of the Company)	46.62	46.62	46.62	46.62

Notes:

- The results for the quarter and year ended December 31, 2010 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on February 20, 2011.
- The Board of Directors have recommended a dividend of Rs. 2.40 per share, subject to the approval of the shareholders at the forthcoming Annual General Meeting.
- An audit has been completed by the Statutory Auditors for the year ended December 31, 2010 and year ended December 31, 2009. For the nine months ended September 30, 2010 a review was completed by the Statutory Auditors.
- Pursuant to the Initial Public Offer (IPO), R Systems International Limited (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 September 30, 2010	During October - December 2010	Amount incurred till December 31, 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 December 31, 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 Board of Directors of the Company and R Systems NV, Belgium (wholly owned subsidiary of the Company) has approved the liquidation of R Systems NV, Belgium subject to the required statutory and corporate approvals in India and Belgium.
- During the year ended December 31, 2010, the Board of Directors had 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. The Company is in the process of obtaining relevant regulatory approvals for the restructuring.
- Subsequent to the year end, the Company has acquired 100% of shares of Computaris International Limited (Computaris) on January 26, 2011 for a maximum consideration of GBP 9 million (Rs. 6,536.25 lakhs) out of which GBP 4.25 million (Rs. 3,086.56 lakhs) is initial payout and balance is based on earn outs of Computaris as well as fulfillment of certain condition by the erstwhile shareholders of Computaris over the next two years.
- 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. 162.07 lakhs and Rs. 318.07 lakhs for the quarter and year ended December 31, 2010 respectively.
- Communication cost includes Rs. 17.29 lakhs of prior period expenses recorded during the nine months ended September 30, 2010 and year ended December 31, 2010.

12 There were 2 investor complaints received and disposed off during the quarter ended December 31, 2010. There were no pending complaints at the beginning and end of the quarter.

13 The statement of consolidated assets and liabilities :

Particulars	(Rs. in lakhs)	
	As at December 31,	
	2010	2009
SOURCES OF FUNDS		
Shareholders' funds		
(a) Capital	1,224.30	1,224.30
(b) Reserves and surplus	16,801.04	15,515.00
Loan funds	83.49	145.20
Deferred tax liability (net)	-	210.63
TOTAL	18,108.83	17,095.13
APPLICATION OF FUNDS		
Fixed assets (net)	4,443.39	5,302.71
Investments	0.25	0.25
Deferred tax assets (net)	220.33	-
Current assets, loans and advances		
(a) Sundry debtors	5,556.90	4,965.17
(b) Cash and bank balances	9,568.91	8,719.75
(c) Other current assets	1,826.61	1,910.30
(d) Loans and advances	1,648.32	1,784.72
Less : Current liabilities and provisions		
(a) Liabilities	3,567.42	3,680.32
(b) Provisions	1,588.46	1,907.45
TOTAL	18,108.83	17,095.13

14 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 : February 20, 2011

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	Nine months ended September 30,	Quarter ended December 31,		Year ended December 31,	
		2010	2010	2009	2010	2009
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	17,399.82	5,863.07	5,755.08	23,262.89	24,486.17
	- Business process outsourcing services	4,347.09	1,543.21	1,894.08	5,890.30	8,370.86
	Less: Elimination of intersegment sales	73.91	24.62	21.61	98.53	104.51
	Income from operations	21,673.00	7,381.66	7,627.55	29,054.66	32,752.52
2	Segment results before tax and interest					
	- Software development and customisation services	1,219.01	284.61	717.35	1,503.62	2,914.25
	- Business process outsourcing services *	(164.62)	(16.05)	46.06	(180.67)	(1,892.22)
	Total	1,054.39	268.56	763.41	1,322.95	1,022.03
	(i) Interest expense	(5.17)	(1.47)	(4.03)	(6.64)	(27.99)
	(ii) Interest income	356.08	139.07	124.17	495.15	517.22
	(iii) Other income	54.74	8.58	(5.00)	63.32	23.67
	(iv) Other unallocable expenses	(306.64)	(112.34)	(112.85)	(418.98)	(482.20)
	Profit before tax	1,153.40	302.40	765.70	1,455.80	1,052.73
3	Capital employed					
	- Software development and customisation services	11,083.72	10,910.55	10,399.11	10,910.55	10,399.11
	- Business process outsourcing services	(1,665.42)	(2,018.54)	(1,220.35)	(2,018.54)	(1,220.35)
	- Unallocated corporate	8,523.13	9,133.33	7,560.54	9,133.33	7,560.54
	Total capital employed	17,941.43	18,025.34	16,739.30	18,025.34	16,739.30

* After considering exceptional items for the year ended December 31, 2009 as explained in note 6 to the audited consolidated financial results.