

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, 2011

(Rs. in lakhs, except per share data)

S. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended December 31,	
		December 31,	September 30,	December 31,		
		2011	2011	2010	2011	2010
		Refer Note 18	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1 (a)	Income from operations	11,267.95	11,239.20	7,381.66	40,949.55	29,054.66
1 (b)	Other operating income	110.77	20.33	8.58	147.13	74.80
2	Expenditure					
(a)	Employees cost	7,148.96	6,520.36	4,862.47	26,228.30	19,098.59
(b)	Traveling and conveyance	710.90	696.86	467.64	2,720.63	1,945.64
(c)	Communication cost (refer note 13 below)	183.00	168.36	144.62	658.58	603.59
(d)	Legal and professional expenses	970.76	819.29	661.85	3,222.70	2,201.63
(e)	Provision for doubtful debts / advances	219.83	174.51	120.02	579.24	193.58
(f)	Depreciation / amortisation	330.62	323.13	334.67	1,311.85	1,330.86
(g)	Other expenditure (refer note 14 below)	1,298.31	1,983.49	634.17	4,686.08	2,788.28
	Total expenditure	10,862.38	10,686.00	7,225.44	39,407.38	28,162.17
3	Profit from operations before other income, interest and exceptional items (1-2)	516.34	573.53	164.80	1,689.30	967.29
4	Other Income	125.53	118.94	139.07	409.30	495.15
5	Profit before interest and exceptional items (3+4)	641.87	692.47	303.87	2,098.60	1,462.44
6	Interest	1.52	1.65	1.47	6.69	6.64
7	Profit after interest but before exceptional items (5-6)	640.35	690.82	302.40	2,091.91	1,455.80
8	Exceptional items	-	-	-	-	-
9	Profit for the period / year from ordinary activities before tax (7+8)	640.35	690.82	302.40	2,091.91	1,455.80
10	Tax expense					
	Current tax	336.75	291.80	47.68	928.00	311.69
	MAT charge / (credit) (refer note 12 below)	(50.06)	-	29.42	(70.56)	(102.58)
	Deferred tax credit (refer note 10 and 11 below)	(190.22)	(62.34)	(201.38)	(416.78)	(430.95)
	Total tax expense / (credit)	96.47	229.46	(124.28)	440.66	(221.84)
11	Net profit for the period / year from ordinary activities after tax (9-10)	543.88	461.36	426.68	1,651.25	1,677.64
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net profit for the period / year (11-12)	543.88	461.36	426.68	1,651.25	1,677.64
14	Paid up equity share capital (Face value Rs. 10/- each)	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, 2011 and December 31, 2010				18,634.01	16,801.04
16	Earnings per share (EPS)					
(a)	EPS for the period / year before extraordinary items					
	- Basic	4.42	3.75	3.46	13.41	13.62
	- Diluted	4.37	3.70	3.42	13.26	13.46
(b)	EPS for the period / year after extraordinary items					
	- Basic	4.42	3.75	3.46	13.41	13.62
	- Diluted	4.37	3.70	3.42	13.26	13.46
17	Public shareholding					
	- Number of shares	6,455,801	6,557,494	6,574,593	6,455,801	6,574,593
	- Percentage of shareholding	52.41	53.24	53.38	52.41	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	5,861,085	5,759,392	5,742,293	5,861,085	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)	47.59	46.76	46.62	47.59	46.62

Notes:

- The results for the quarter and year ended December 31, 2011 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on February 9, 2012.
- The Board of Directors have recommended a dividend of Rs. 3.60 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, 2011 and December 31, 2010.
- For comparative purpose quarter ended September 30, 2011 is also presented which was reviewed by the Statutory Auditors.
- Pursuant to the Initial Public Offer (IPO), R Systems International Limited (the "Company") has collected Rs. 7,062.50 lakhs (net of selling shareholders' proceeds) during the year ended December 31, 2006. The Company has utilised the entire IPO proceeds as at December 31, 2011.
- During the quarter ended March 31, 2011, the Company had acquired 100% shares of Computaris International Limited, UK (Computaris) on January 26, 2011 for a maximum consideration of GBP 9 million out of which GBP 4.25 million is the initial payout and balance is based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of Computaris over the next two years. The management assessed investment value at Rs. 5,092.20 lakhs which represented consideration assessed as probable to be paid over the period and accordingly recorded the goodwill on acquisition amounting to Rs. 3,095.82 lakhs. Subsequently on further reassessment of the conditions the Company increased the investment value and goodwill on acquisition by Rs. 255.57 lakhs and Rs. 104.27 lakhs respectively during the quarter ended June 30, 2011 and reduced the investment value and goodwill on acquisition by Rs. 501.94 lakhs and Rs. 499.08 lakhs respectively during the quarter ended December 31, 2011. The investment value and goodwill on acquisition as at December 31, 2011 amounts to Rs. 4,845.83 lakhs and Rs. 2,701.01 lakhs and against such investment amount payable within one year from the year-end amounting to Rs. 1,162.33 lakhs is disclosed under 'current liabilities' and balance amount of Rs. 709.95 lakhs payable after one year has been disclosed separately as 'deferred payment liabilities'. The above stated consolidated results includes the consolidated results of Computaris and its subsidiaries from the date of its acquisition.
- In July 2011, the Company had received a termination notice and claims from a customer on account of damages and losses due to alleged delays in the project. The Company was in discussion with the customer and on prudent basis had considered full provision against amount recoverable of Rs. 27.73 lakhs and Rs. 50.00 lakhs towards unbilled revenue of Rs. 261.11 lakhs as at September 30, 2011. During the quarter ended December 31, 2011 the customer has confirmed termination and accordingly the balance unbilled revenue has been fully provided for.
- The Board of Directors of the Company and R Systems NV, Belgium (wholly owned subsidiary of the Company) had approved the liquidation of R Systems NV, Belgium subject to the required statutory and corporate approvals in India and Belgium. The Company is in the process of obtaining relevant regulatory approvals.
- 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. During the quarter ended December 31, 2011, the loan to ECnet Limited has been converted into equity investment and the Company is in the process of obtaining relevant regulatory approvals for the amalgamation of both the subsidiaries.

For R SYSTEMS INTERNATIONAL LTD.

S.R. Batliboi & Co., Gurgaon

President & Senior Executive Director

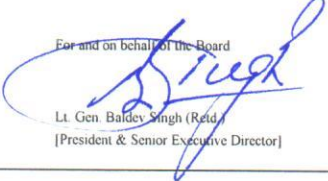
For Identification

- 10 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.
- 11 Deferred tax credit during the quarter ended September 30, 2011 and year ended December 31, 2011 includes Rs. 21.26 lakhs and Rs 20.59 lakhs respectively pertaining to earlier periods.
- 12 MAT Credit during the quarter and year ended December 31, 2011 includes Rs. 81.56 lakhs pertaining to earlier periods.
- 13 Communication cost during the year ended December 31, 2010 includes Rs. 17.29 lakhs pertaining to prior periods.
- 14 Other expenditure includes cost incurred Rs. 855.58 lakhs during the year ended December 31, 2011 for the third party hardware and software supplied by one of the subsidiary pursuant to the composite services contract.
- 15 There were 2 Investor complaints received and disposed off during the quarter ended December 31, 2011. There were no pending complaints at the beginning and end of the quarter.
- 16 The statement of consolidated assets and liabilities :

Particulars	(Rs. in lakhs)	
	As at December 31,	
	2011 (Audited)	2010 (Audited)
SOURCES OF FUNDS		
Shareholders' funds		
(a) Capital	1,224.30	1,224.30
(b) Reserves and surplus	18,634.01	16,801.04
Loan funds	68.81	83.49
Deferred payments liability (refer note 6 above)	709.95	-
TOTAL	20,637.07	18,108.83
APPLICATION OF FUNDS		
Fixed assets (net)	6,702.02	4,443.39
Investments	0.25	0.25
Deferred tax assets (net)	634.33	220.33
Current assets, loans and advances		
(a) Sundry debtors	10,531.54	5,556.90
(b) Cash and bank balances	9,495.54	9,568.91
(c) Other current assets	1,715.37	1,826.61
(d) Loans and advances	1,699.99	1,648.32
Less : Current liabilities and provisions		
(a) Liabilities	7,587.23	3,567.42
(b) Provisions	2,554.74	1,588.46
TOTAL	20,637.07	18,108.83

- 17 Refer Annexure A for segment wise consolidated revenue, results and capital employed.
- 18 The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year up to December 31, 2011 and the unaudited published year-to-date figures up to September 30, 2011, being the date of the end of the third quarter of the financial year.
- 19 Previous period's / year's figures have been regrouped / recasted wherever applicable, to the extent possible.

Place : NOIDA
Date : February 9, 2012

For and on behalf of the Board

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

S.R. Batliboi & Co., Gurgaon

For Identification

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

(Rs. in lakhs)

S.No.	Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Year ended December 31,	
		2011	2011	2010	2011	2010
		Refer Note 18	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	9,178.46	9,514.03	5,863.07	34,099.29	23,262.89
	- Business process outsourcing services	2,126.20	1,756.11	1,543.21	6,974.83	5,890.30
	Less: Elimination of intersegment sales	36.71	30.94	24.62	124.57	98.53
	Income from operations	11,267.95	11,239.20	7,381.66	40,949.55	29,054.66
2	Segment results before tax and interest					
	- Software development and customisation services	448.52	588.16	284.61	1,926.68	1,503.62
	- Business process outsourcing services	103.85	83.21	(16.05)	135.26	(180.67)
	Total	552.37	671.37	268.56	2,061.94	1,322.95
	(i) Interest expense	(1.52)	(1.65)	(1.47)	(6.69)	(6.64)
	(ii) Interest income	125.53	118.94	139.07	409.30	495.15
	(iii) Other income	110.77	20.33	8.58	147.13	63.32
	(iv) Other unallocable expenses	(146.80)	(118.17)	(112.34)	(519.77)	(418.98)
	Profit before tax	640.35	690.82	302.40	2,091.91	1,455.80
3	Capital employed					
	- Software development and customisation services	14,759.91	15,182.67	10,910.55	14,759.91	10,910.55
	- Business process outsourcing services	(1,914.62)	(2,137.33)	(2,018.54)	(1,914.62)	(2,018.54)
	- Unallocated corporate	7,013.02	6,402.35	9,133.33	7,013.02	9,133.33
	Total capital employed	19,858.31	19,447.69	18,025.34	19,858.31	18,025.34

For R SYSTEMS INTERNATIONAL LTD.


 President & Senior Executive Director