



R Systems Announces Results for Q3 2011

Q3 2011: Revenue: Rs. 112.39 Crores, EBITDA: Rs. 11.18 Crores and Net Profits: Rs. 4.61 Crores

Noida, India – October 29, 2011

Highlights

Consolidated results for the quarter ended September 30, 2011

- Consolidated revenues from operations for Q3-11 was Rs. 112.39 crores (US\$ 24.59 mn); sequential QoQ increase was 15.52 % and YoY increase was 48.23 %.
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) was Rs. 11.18 crores (US\$ 2.46 mn) compared to Rs. 8.26 crores (US\$ 1.84 mn) in Q2, 2011 and Rs. 7.56 crores (US\$ 1.63 mn) in Q3, 2010.
- Net Profit was impacted by exchange loss of Rs. 2.42 crores (US\$ 0.53 mn) mainly on mark to market of forward contract and restatement of foreign exchange denominated liability caused by the sudden devaluation of Rupee in the quarter.
- Net profit after taxes was Rs. 4.61 crores (US\$ 1.01 mn) compared to Rs. 5.05 crores (US\$ 1.13 mn) in Q2, 2011 and Rs. 4.79 crores (US\$ 1.03 mn) in Q3, 2010.
- Cash and cash equivalent per share as at September 30, 2011 was Rs 66.73 as against Rs 60.77 as at June 30, 2011;

Others

- During the quarter, R Systems added 10 key customers.
- Total associates as on September 30, 2011 were 2,413 compared to 2,058 at the end of September 30, 2010 and 2,285 at the end of June 30, 2011.

Mr. Rekhi Singh, Chairman and MD stated “We have reported record revenue of Rs 112 crores during this quarter. Improvement in the utilization level coupled with sudden fall of Indian rupee helped us in reporting improved EBITDA margin. This will further help margin if rupee stays at current level” He added “Our Balance sheet continues to be very strong with cash reserve of Rs 81.7 crores and net worth of Rs 194.5 crores”

Rekhi Singh further added “Sales funnel across all the business vertical is very encouraging. We are well positioned and working hard to convert these opportunities”

Mr. Raj Swaminathan Executive Director and COO said “Telecom and BFSI continues to be the key driver in the double digit revenue growth in this quarter. We reported about 3% increase in overall utilization levels to protect our margins even as we focus on growing our key business verticals and achieving deeper penetration with our existing key clients.”



Key Operational Highlights for the Quarter

The Company delivers solutions and services in the area of Information Technology and Information Technology enabled services. R Systems is focused on key verticals of Telecommunication and Digital Media, BFSI, Hi-Tech Manufacturing and Logistics, Government and Health Care and Security Systems. The IT services today cover application development, systems integration and support and maintenance of applications. Under the ITES we cover managed services, BPO services covering both technical support for IT and Hi-Tech electronic gadgets, high-end Quality Process Management and Revenue and Claims Management. R Systems products group consists of two units. Indus[®] which address the retail lending and telecommunication industry and ECnet[®] which addresses supply chain, warehousing and inventory management.

The quarter concluded 10 key new customers and had a strong pipeline across the business verticals and business segments. The brief of some significant wins are listed below.

R Systems has been selected by an innovative healthcare products and services company in USA to provide web development, report development and portal testing services to interact with its third party integrated, SaaS-based billing and business management software.

One of the largest communications company based in Canada, providing consumers with the solutions to all their communications needs has engaged us in designing and developing Liferay based portal application for online operations.

At one of the leading telecom service providers in India we have won a core software solution engagement (Channel Partner Commissions and Incentives Solution) through a leading global IT vendor as Systems Integrator Partner.

R Systems has won the mandate for delivering a collections processing platform for a key global bank in Australia partnering with India's leading IT/BPO player to deliver a platform-based BPO solution.

Our subsidiary in Singapore has won an ERP implementation with a Company based in Malaysia that manufactures and supplies the headliners and steering column for the Automobile sector.

Our onsite technical support and customer care centre in USA has been selected by a leading provider of mobility solution to deliver technical support services to its premium customers over phone and email.

Liquidity and Shareholder Funds

Consolidated Cash and cash equivalents, including bank deposits, as at September 30, 2011 was Rs. 81.70 crores. Total shareholder funds as on September 30, 2011 were Rs. 194.48 crores compared to Rs. 187.55 crores as on June 30, 2011.

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**Financial Performance****Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2011****(As per Indian GAAP)****(Rs. in mn, except per share data)**

Sr. No.	Particulars	Quarter Ended September 30,		Quarter Ended June 30, 2011
		2011	2010	
1	Income			
1.1	Income From Operations	1,123.92	758.23	972.95
1.2	Other Operating Income	2.59	4.00	6.16
	Total	1,126.51	762.23	979.11
2	Expenditure			
2.1	Employees Cost	652.04	476.90	653.44
2.2	Traveling & Conveyance Cost	69.69	53.67	69.91
2.3	Communication Costs	16.83	4.50	16.36
2.4	Legal & Professional Expenses	81.93	46.26	72.30
2.5	Provision For Doubtful Debts / Advances	18.01	5.62	3.10
2.6	Depreciation / Amortisation	32.31	33.17	32.74
2.7	Other Expenditure	198.35	83.41	71.45
	Total Expenditure	1069.16	713.53	919.30
3	Profit From Operations Before Other Income, Interest	57.35	48.70	59.81
4	Other Income	11.90	2.07	9.50
5	Profit From Operations Before Interest	69.25	60.77	69.31
6	Interest	0.17	0.14	0.17
7	Profit Before Tax	69.08	60.63	69.14
8	Provision For Tax			
8.1	Current Tax	29.18	1.78	22.07
8.2	MAT Charge	-	0.95	-
8.3	Deferred Tax Charge / (Credit)	(6.23)	0.02	(3.44)
	Total	22.95	2.75	18.63
9	Net Profit After Tax	46.13	47.88	50.51
10	Earning Per Share			
10.1	Basic	3.75	3.89	4.10
10.2	Diluted	3.70	3.84	4.05

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For R SYSTEMS INTERNATIONAL LTD.

Company Secretary



Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Nine Months Ended September 30, 2011 (As per Indian GAAP)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Nine Month Ended September 30	
		2011	2010
1	Income		
1.1	Net Sales	2,968.16	2,167.30
1.2	Other Operating Income	11.45	16.71
	Total	2,979.61	2,184.01
2	Expenditure		
2.1	Employees Cost	1,907.93	1,423.61
2.2	Traveling Cost	200.97	147.80
2.3	Communication Costs	47.56	44.17
2.4	Legal & Professional Expenses	225.19	153.98
2.5	Provision for doubtful Debts/ Advances	43.76	17.45
2.6	Depreciation/Amortisation	98.12	99.62
2.7	Other Expenditure	338.78	215.40
	Total Expenditure	2,862.31	2,102.03
3	Profit From Operations Before Other Income, Interest & Prior Period Items	117.30	81.98
4	Other Income	28.38	35.61
5	Profit From Operations Before Interest & Prior Period Items	145.68	117.59
6	Interest	0.52	0.52
7	Profit Before Tax and Prior Period Items	145.16	117.07
8	Prior Period Items	-	(1.73)
9	Profit Before Tax	145.16	115.34
10	Provision For Tax		
10.1	Current Tax	59.13	26.40
10.2	MAT Credit	(2.05)	(13.20)
10.3	Deferred Tax Credit	(22.66)	(22.96)
	Total	34.42	(9.76)
11	Net Profit After Tax	110.74	125.10
12	Earning Per Share		
12.1	Basic	8.99	10.16
12.2	Diluted	8.89	10.04

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Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2011 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Q3 2011		Q3 2010		Q2 2011	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,123.92	24.59	758.23	16.34	972.95	21.75
Cost of Revenues	736.12	16.10	473.79	10.21	639.22	14.29
Gross Margin	387.80	8.49	284.44	6.13	333.73	7.46
	34.50%		37.51%		34.30%	
SG & A Expenses	276.02	6.03	208.86	4.50	251.15	5.62
	24.56%		27.55%		25.81%	
EBITDA	111.78	2.46	75.58	1.63	82.58	1.84
	9.95%		9.97%		8.49%	
Depreciation / Amortization	32.31	0.71	33.17	0.71	32.74	0.73
Income From Operations	79.47	1.75	42.41	0.92	49.84	1.11
Interest Expense	(0.17)	(0.00)	(0.14)	(0.00)	(0.17)	(0.00)
Other Income (Net)	(10.22)	(0.23)	18.36	0.39	19.47	0.43
Income Before Income Tax	69.08	1.52	60.63	1.31	69.14	1.54
Income Tax Provision / (Credit)	22.95	0.51	12.75	0.28	18.63	0.41
Net Earnings	46.13	1.01	47.88	1.03	50.51	1.13
Earning Per Share						
- Basic	3.75	0.08	3.89	0.08	4.10	0.09
- Diluted	3.70	0.08	3.84	0.08	4.05	0.09

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**Consolidated Profit & Loss Statement (Un- audited) for the Nine Months Ended September 30, 2011 (Contribution Analysis Format; Basis Indian GAAP)**

(Figures in mn except per share data)

Particulars	Jan 11 to Sep 11		Jan 10 to Sep 10	
	INR	US\$	INR	US\$
Revenues	2,968.16	65.60	2,167.30	47.14
Cost of Revenues	1,964.40	43.41	1,373.33	29.87
Gross Margin	1,003.76	22.19	793.97	17.27
	33.82%		36.63%	
SG & A Expenses	787.70	17.41	621.95	13.53
	26.54%		28.70%	
EBITDA	216.06	4.78	172.02	3.74
	7.28%		7.94%	
Depreciation/Amortisation	98.12	2.17	99.62	2.16
Operating Income Before Non-Recurring Cost	117.94	2.61	72.40	1.58
Non-Recurring Cost	-	-	1.73	0.04
Income From Operations	117.94	2.61	70.67	1.54
Interest Expense	(0.52)	(0.01)	(0.52)	(0.01)
Other Income (Net)	27.74	0.61	45.19	0.98
Income Before Income Tax	145.16	3.21	115.34	2.51
Income Tax Provision / (Credit)	34.42	0.76	(9.76)	(0.21)
Net Earnings	110.74	2.45	125.10	2.72
Earnings Per Share				
- Basic	8.99	0.20	10.16	0.22
- Diluted	8.89	0.20	10.04	0.22

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Consolidated Balance Sheet as at September 30, 2011 (As per Indian GAAP)

(Rs. in mn)

Particulars	As at September 30,		As at June 30,
	2011 (Un-Audited)	2010 (Un-Audited)	2011 (Un-Audited)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	122.43	122.43	122.43
Reserves and Surplus	1,822.34	1,671.71	1,753.04
Net Worth	1,944.77	1,794.14	1,875.47
Loan Funds			
Secured Loans	6.79	8.30	7.37
Deferred Payment Liability	116.01	-	108.94
Total	2,067.57	1,802.44	1,991.78
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	1,541.76	1,127.98	1,507.88
Less: Depreciation	807.67	663.64	760.40
Net Block	734.09	464.34	747.48
Capital Work-in-Progress	8.90	1.28	7.81
	742.99	465.62	755.29
Investments	0.03	0.03	0.03
Deferred Tax Assets (Net)	44.61	1.89	38.45
Current Assets, Loans & Advances			
Sundry Debtors	758.72	567.01	710.35
Cash & Bank Balances	816.98	873.40	743.95
Other Current Assets	324.17	198.49	204.86
Loans & Advances	172.96	182.71	175.90
Total Current Assets (A)	2,072.83	1,821.61	1,835.06
Less : Current Liabilities and Provisions			
Liabilities	609.94	357.79	462.88
Provisions	182.95	128.92	174.17
Total Current Liabilities (B)	792.89	486.71	637.05
Net Current Assets (A-B)	1,279.94	1,334.90	1,198.01
Total	2,067.57	1,802.44	1,991.78

**Consolidated Operational Data (Un-audited)**

Profitability in Percentage	Quarter ended		
	Sep 30, 11	Sep 30, 10	June 30, 11
Revenues	100.00	100.00	100.00
Gross margin	34.50	37.51	34.30
SG & A	24.56	27.55	25.81
EBITDA	9.95	9.97	8.49
EBT	6.15	8.00	7.11
PAT	4.10	6.31	5.19
Basic EPS (Rs.)	3.75	3.89	4.10

Revenue from Top 5 Clients	Quarter ended		
	Sep 30, 11	Sep 30, 10	June 30, 11
Top 5 Clients	40.25%	29.23%	33.59%
Top 3 Clients	32.12%	19.27%	26.91%
Largest Client	15.24%	7.64%	17.33%

Revenues by Geographies	Quarter ended		
	Sep 30, 11	Sep 30, 10	June 30, 11
USA	44.77%	58.89%	45.85%
Europe	41.35%	18.49%	34.88%
SEAC (South East Asia)	6.44%	11.73%	8.98%
India	4.86%	7.50%	5.37%
Others	2.58%	3.39%	4.92%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Sep 30, 11	Sep 30, 10	June 30, 11
Onsite	65.68%	68.14%	66.80%
Offshore	75.89%	71.75%	70.86%
Blended	73.54%	71.17%	69.89%

Utilization (including trainees)	Quarter ended		
	Sep 30, 11	Sep 30, 10	June 30, 11
Onsite	65.68%	68.14%	66.49%
Offshore	70.49%	66.12%	66.74%
Blended	69.44%	66.42%	66.68%

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Consolidated Operational Data (Un-audited)

Human resources	As at		
	Sep 30, 11	Sep 30, 10	June 30, 11
Technical	2,047	1,741	1,908
Software services			
Onsite	283	107	273
Offshore	1,187	1,128	1,157
BPO			
Offshore	305	226	240
Onsite	156	157	138
Trainees	116	123	100
Support	366	317	377
Total count	2,413	2,058	2,285

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Sep 30, 11	Sep 30, 10	June 30, 11
Receivable	758.72	567.01	710.35
Receivable in days ("DSO")	63	59	62
Cash & bank balance	816.98	873.40	743.95
Net current assets	1,279.94	1,334.90	1,198.01
Fixed assets*	742.99	465.62	755.29
Secured loans	6.79	8.30	7.37
Shareholders' funds	1,944.77	1,794.14	1,875.47

* Including goodwill on acquisition amounting Rs. 320.01 mn. as at Sep 30, 2011 and June 30, 2011.

Development/Service centers Location	As on September 30, 2011	
	Covered areas in sq ft.	No. of seats
India		
Noida	76,980	1,444
Pune	30,940	529
Chennai	12,666	170
	120,586	2,143
USA	23,300	177
Singapore	7,125	40
Europe	59,411	644
Total	210,422	3,004

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Notes:

1. US\$ equivalent figures are derived by converting the Rupee figures using average rates for profit & loss items and closing rate for balance sheet items.
2. Previous period's figures have been regrouped / recasted wherever applicable, to the extent possible.

About R Systems International Limited

R Systems International Limited founded in 1993, is one of the leading provider of outsourced product development and customer support services. We help companies accelerate the speed to market for their products and services with a high degree of time and cost predictability by using our proprietary pSuite framework. Clients can choose services specific to their needs from R Systems iPLM suite of services. We help companies build scalable, configurable and secure products and applications; and help our clients support their customers worldwide for products and services using our global delivery model in 18 languages. R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Banking and Finance, High Technology, Independent Software Vendors, Telecom and Digital Media, Government, HealthCare, Manufacturing and Logistic Industries. R Systems maintains thirteen development and service centres and using our global delivery model we serve customers in the US, Europe, South America, the Far East, the Middle East and Africa.

Safe Harbor:

Investors are cautioned that this presentation contains forward looking statements that involve risks and uncertainties. The Company undertakes no obligation publicly to update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Actual results, performance, or achievements could differ from those expressed or implied in such forward-looking statements.

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For R SYSTEMS INTERNATIONAL LTD.


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