



R Systems Announces Results for Q2 2013

Q2 2013: Record Revenue: Rs 145.22 Crores, EBITDA: Rs 15.65 Crores and Net Profits: Rs 7.68 Crores

Noida, India – July 27, 2013

Highlights

Consolidated results for the quarter ended June 30, 2013

- Consolidated revenue from operations for Q2-13 was record Rs 145.22 crores (US\$ 26.05 mn) compared to Rs 119.23 crores (US\$ 22.05 mn) in Q2, 2012 and Rs 124.86 crores (US\$ 23.04 mn) in Q1, 2013. YoY increase was 21.79 % and QoQ increase was 16.30 %.
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) were Rs 15.65 crores (US\$ 2.84 mn) compared to Rs 11.89 crores (US\$ 2.21 mn) in Q2, 2012 and Rs 4.99 crores (US\$ 0.92 mn) in Q1, 2013. YoY increase was 31.63 % and QoQ increase was 213.39 %.
- Net profit after taxes was Rs 7.68 crores (US\$ 1.40 mn) compared to Rs 5.41 crores (US\$ 1.00 mn) in Q2, 2012 and Rs 5.20 crores (US\$ 0.96 mn) in Q1, 2013. YoY increase was 41.84 % and QoQ increase was 47.79 %.

Others

- During the quarter, R Systems added 6 key customers.
- Total associates as on June 30, 2013 were 2,558 compared to 2,449 at the end of June 30, 2012 and 2,555 at the end of March 31, 2013.

Mr. Rekhi Singh, Chairman and Managing Director stated “We had a strong quarter with record revenues of Rs 145.2 crores and EBITDA of Rs. 15.7 crores. Strong volume growth coupled with improved utilization levels across all business verticals led to improved margins in Q2-2013.” He added, “Rupee depreciation is also helping EBITDA margin. However high volatility of Rupee against major currencies will continue to be a challenge and we continue to follow our policy of hedging currency risk.”

He further added, “We are having a strong balance sheet with the net worth of Rs 209.11 crores including cash and bank balance of Rs 82.37 crores. Considering the overall performance, the Board has declared an interim dividend of 25% i.e. Rs. 2.50 per share”

Mr. Raj Swaminathan Director and COO said “Our key vertical focus and customer-centric approach has resulted into strong volume growth. We are able to push our utilization rates further and maintain our overall billable utilisation above 70% range.” He added “While we do not see pricing pressure, we see delays in decision making and hence start of new projects. We are continuing to invest in building capabilities, products and infrastructure in the Telecom, BFSI, Health-care and Manufacturing & Logistic verticals for future growth.”

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Key Operational Highlights for the Quarter

R Systems' core service offerings include Outsourced Product Engineering, sold under our brand of iPLM (Integrated Product Life Cycle Management) IT and ITES services. Our iPLM IT Services are designed to help software product development companies accelerate their time-to-market, help make our customer more competitive and increase product life spans. Our key ITES services include customer care and technical support, managed services, NOC support, high-end quality process management and revenue and claims management. These are delivered in multiple languages using our global delivery model.

R Systems products group consists of two units i.e., Indus® and ECnet®. Indus® addresses the retail lending, telecom and insurance industry.

ECnet® addresses supply chain, warehousing and inventory management. Further, ECnet also operates as a channel partner for reselling and implementing several ERP products of one of the largest ERP vendors.

R Systems is focused on key verticals i.e. Telecom and Digital Media, BFSI, Manufacturing and Logistics, Health Care. We concluded Q2-2013 with 6 key customers wins and have a strong pipeline across the business verticals and geographies. A brief description of some of the significant wins are as below:

A USA based IT solution provider has selected R Systems to develop and implement a secure web based application to operate and manage an E-commerce business.

One of the largest providers of video, high-speed data and phone services in USA has selected R Systems to provide business analysis support for their multi - site contact centre operations. This includes monitoring compliances with existing SLAs and providing compliance trends to identify areas for process improvement.

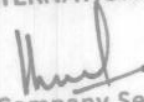
One of the oldest private commercial banks operating in Bangladesh has selected Indus Retail Originations and Collections system to manage its growing retail lending business. With this win, R Systems has now entered Bangladesh market.

A major NBFC focusing small businesses segment in India has selected R Systems' Lending Solution from Indus (LSI) comprising of Loan Originations System, Loan Management System, Collateral Management System and Common Reporting Services module.

A Singapore based leader in engineering technology, transport engineering and material handling solutions has engaged our Singapore subsidiary ECnet Limited to implement globally renowned and comprehensive ERP system.

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For R SYSTEMS INTERNATIONAL LTD.


Company Secretary



Interim Dividend

The Board of Directors at its meeting held on July 27, 2013 has declared an interim dividend of Rs. 2.50 per equity shares (i.e. 25% on equity share of par value of Rs 10/-).

Liquidity and Shareholder Funds

Total Consolidated Cash and bank balance, including investments in liquid debt funds and fixed deposits with banks, as at June 30, 2013 was Rs 82.37 crores compared to Rs 87.49 crores as on March 31, 2013. Total shareholder funds as on June 30, 2013 were Rs 209.11 crores compared to Rs 195.84 crores as on March 31, 2013.

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**Financial Performance****Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2013**
(As per Indian GAAP)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended June 30,		Quarter Ended March 31, 2013
		2013	2012	
1	Income			
1.1	Income from operations	1,452.17	1,192.31	1,248.63
1.2	Other operating income	2.35	1.87	2.80
	Total	1,454.52	1,194.18	1,251.43
2	Expenditure			
2.1	Employee benefits expense	883.18	782.09	842.53
2.2	Depreciation and amortisation expense	25.75	23.88	21.31
2.3	Traveling and conveyance	78.24	84.42	91.73
2.4	Communication costs	19.50	19.19	18.77
2.5	Legal and professional expenses (including subcontract expenses)	144.22	75.69	120.69
2.6	Provision for doubtful debts and advances (net)	15.47	(0.71)	19.47
2.7	Other expenditure	180.20	136.57	88.52
	Total expenditure	1,346.56	1,121.13	1,203.02
3	Profit from operations before other income and finance cost	107.96	73.05	48.41
4	Other income	9.55	9.56	11.25
5	Profit from operations before finance cost	117.51	82.61	59.66
6	Finance cost	1.97	1.22	1.73
7	Profit before tax	115.54	81.39	57.93
8	Provision for tax			
8.1	Current tax	37.83	3.54	20.55
8.2	Mat credit	-	-	(12.32)
8.3	Deferred tax charge / (credit)	0.93	23.71	(2.26)
	Total tax expense	38.76	27.25	5.97
9	Net profit after tax	76.78	54.14	51.96
10	Earning per share			
10.1	Basic	6.09	4.35	4.14
10.2	Diluted	6.09	4.35	4.14

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Financial Performance

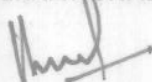
Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2013 (As per Indian GAAP)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Six Month Ended June 30	
		2013	2012
1	Income		
1.1	Income from operations	2,700.80	2,288.91
1.2	Other operating income	5.15	4.42
	Total	2,705.95	2,293.33
2	Expenditure		
2.1	Employee benefits expense	1,725.71	1,540.95
2.2	Depreciation and amortisation expense	47.06	54.00
2.3	Traveling and conveyance	169.97	140.64
2.4	Communication costs	38.26	35.78
2.5	Legal and professional expenses (including subcontract expenses)	264.91	148.34
2.6	Provision for doubtful debts and advances (net)	34.94	18.20
2.7	Other expenditure	268.72	215.93
	Total expenditure	2,549.57	2,153.84
3	Profit from operations before other income and finance cost	156.38	139.49
4	Other income	20.80	21.30
5	Profit from operations before finance cost	177.18	160.79
6	Finance cost	3.70	3.38
7	Profit before tax	173.48	157.41
8	Provision for tax		
8.1	Current tax	58.38	34.57
8.2	Mat credit	(12.32)	-
8.3	Deferred tax charge / (credit)	(1.32)	14.54
	Total tax expense	44.74	49.11
9	Net profit after tax	128.74	108.30
10	Earning per share		
10.1	Basic	10.24	8.74
10.2	Diluted	10.24	8.74

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Financial Performance

Consolidated Profit & Loss Statement (Un- audited) for the Quarter Ended June 30, 2013 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Q2 2013		Q2 2012		Q1 2013	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,452.17	26.05	1,192.31	22.05	1,248.63	23.04
Cost of revenues	937.58	16.80	758.64	14.04	847.99	15.65
Gross margin	514.59	9.25	433.67	8.01	400.64	7.39
SG & A	35.44%		36.37%		32.09%	
Expenses	358.05	6.41	314.75	5.80	350.69	6.47
	24.66%		26.40%		28.09%	
EBITDA	156.54	2.84	118.92	2.21	49.95	0.92
	10.78%		9.97%		4.00%	
Depreciation and amortization	25.75	0.46	23.88	0.44	21.31	0.39
Operating income before non-recurring cost	130.79	2.38	95.04	1.77	28.64	0.53
Non-recurring cost	-	-	7.38	0.12	-	-
Income from operations	130.79	2.38	87.66	1.65	28.64	0.53
Interest expense	(0.27)	(0.00)	(0.21)	(0.00)	(0.30)	(0.01)
Other income (net)	(14.98)	(0.28)	(6.06)	(0.14)	29.59	0.55
Income before income tax	115.54	2.10	81.39	1.51	57.93	1.07
Income tax provision	38.76	0.70	27.25	0.51	5.97	0.11
Net earnings	76.78	1.40	54.14	1.00	51.96	0.96
Earnings per share						
- Basic	6.09	0.11	4.35	0.08	4.14	0.08
- Diluted	6.09	0.11	4.35	0.08	4.14	0.08

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Consolidated Profit & Loss Statement (Un- audited) for the Six Months Ended June 30, 2013
(Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn except per share data)

Particulars	Jan to Jun 13		Jan to Jun 12	
	INR	US\$	INR	US\$
Revenue	2,700.80	49.09	2,288.91	43.86
Cost of revenue	1,785.57	32.45	1,459.70	27.98
Gross margin	915.23	16.64	829.21	15.88
SG & A Expenses	33.89%		36.23%	
	708.74	12.88	616.00	11.79
	26.24%		26.91%	
EBITDA	206.49	3.76	213.21	4.09
Depreciation and amortization	7.65%		9.31%	
	47.06	0.86	54.00	1.04
Operating income before non-recurring cost	159.43	2.90	159.21	3.05
Non-recurring cost	-	-	29.45	0.56
Income from operations	159.43	2.90	129.76	2.49
Interest expense	(0.57)	(0.01)	(0.38)	(0.01)
Other income (net)	14.62	0.26	28.03	0.54
Income before income tax	173.48	3.15	157.41	3.02
Income tax provision	44.74	0.81	49.11	0.94
Net earnings	128.74	2.34	108.30	2.08
Earnings per share				
- Basic	10.24	0.19	8.74	0.17
- Diluted	10.24	0.19	8.74	0.17

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**Consolidated Balance Sheet as at June 30, 2013 (As per Indian GAAP)****(Rs. in mn)**

Particulars	As at June 30		As at Mar 31,
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)
EQUITY & LIABILITIES			
Shareholders' Funds			
Share capital	125.59	123.76	124.97
Reserves and Surplus	1,965.53	1,782.12	1,833.41
Sub-Total Shareholder's Funds	2,091.12	1,905.88	1,958.38
Minority interest	-	-	-
Non-current liabilities			
Long-term borrowings	9.41	3.35	9.30
Other long term liabilities	4.41	7.28	7.57
Long-term provisions	83.24	63.89	78.12
Subtotal - Non-current liabilities	97.06	74.52	94.99
Current liabilities			
Trade payables	435.81	366.72	407.45
Other current liabilities	236.09	270.13	231.78
Short-term provisions	297.83	146.22	286.08
Sub-Total current Liabilities	969.73	783.07	925.31
TOTAL - EQUITY AND LIABILITIES	3,157.91	2,763.47	2,978.68
ASSETS			
Non-current assets			
Fixed assets (net)	421.11	379.93	423.34
Goodwill on consolidation	279.21	270.10	254.33
Non-current investments	0.03	0.03	10.03
Deferred tax assets (net)	56.50	48.57	56.97
Long-term loans and advances	88.36	78.14	64.30
Other non-current assets	93.90	91.27	81.04
Subtotal - Non- current assets	939.11	868.04	890.01
Current assets			
Current Investment	10.00	-	-
Trade receivables	1,105.52	928.60	915.02
Cash and bank balance	726.21	650.49	790.35
Short-term loans and advances	138.70	110.59	145.39
Other current assets	238.37	205.75	237.91
Subtotal - Current assets	2,218.80	1,895.43	2,088.67
TOTAL - ASSETS	3,157.91	2,763.47	2,978.68

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Consolidated Operational Data (Un-audited)

Profitability in %	Quarter ended		
	June 30, 13	June 30, 12	Mar 31, 13
Revenues	100.00	100.00	100.00
Gross margin	35.44	36.37	32.09
SG & A	24.66	26.40	28.09
EBITDA	10.78	9.97	4.00
EBT	7.96	6.83	4.64
PAT	5.29	4.54	4.16
Basic EPS (Rs.)	6.09	4.35	4.14

Revenue from Top 10 Clients	Quarter ended		
	June 30, 13	June 30, 12	Mar 31, 13
Top 10 Clients	35.03%	41.32 %	36.18%
Top 5 Clients	22.44%	27.30 %	23.12%
Top 3 Clients	15.23%	20.26 %	15.94%
Largest Client	5.36%	8.81 %	5.73%

Revenues by Geographies	Quarter ended		
	June 30, 13	June 30, 12	Mar 31, 13
USA	54.72%	50.40%	55.49%
Europe	25.94%	28.21%	23.92%
SEAC (South East Asia)	11.28%	9.81%	10.77%
India	4.32%	5.68%	4.78%
Others	3.74%	5.90%	5.04%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	June 30, 13	June 30, 12	Mar 31, 13
Onsite	75.97%	64.70%	71.00%
Offshore	70.57%	71.51%	67.81%
Blended	71.79%	70.01%	68.52%

Utilization (including trainees)	Quarter ended		
	June 30, 13	June 30, 12	Mar 31, 13
Onsite	75.97%	63.52%	71.00%
Offshore	67.29%	65.09%	63.41%
Blended	69.19%	64.77%	65.01%

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Consolidated Operational Data (Un-audited)

Human resources	As at		
	June 30, 13	June 30, 12	Mar 31, 13
Technical	2,187	2,062	2,178
Software services			
Onsite	291	263	289
Offshore	1,318	1,203	1,339
BPO			
Offshore	309	281	299
Onsite	189	157	164
Trainees	80	158	87
Sales and support	371	387	377
Total count	2,558	2,449	2,555

(Rs. in mn, except DSO)

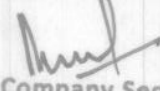
Key Balance Sheet Data	As At		
	June 30, 13	June 30, 12	Mar 31, 13
Receivable	1,105.52	928.60	915.02
Receivable in days ("DSO")	55	58	64
Total cash and bank balance*	823.67	738.99	874.87
Fixed assets (net)	421.11	379.93	423.34
Shareholders' funds	2,091.12	1,905.88	1,958.38

*Including investments in liquid debt funds and fixed deposits with banks

Development/Service Centres Location	As on June 30, 2013	
	Covered areas in sq fts.	No. of seats
India		
Noida	76,980	1,452
Pune	25,190	436
Chennai	12,666	170
	114,836	2,058
USA	23,300	177
Singapore	7,125	42
Europe		
Netherlands	21,194	251
France	8,601	112
Romania	14,090	137
Poland	4,865	39
Moldova	3,398	44
	52,148	583
Total	197,409	2,860

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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 / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period presentation.

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 20 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.

For further information please contact:

Nand Sardana
Chief Financial Officer
Tel # 0120 – 4303506
Fax # 0120 - 2587123
Email: nand.sardana@rsystems.com

Kumar Gaurav
GM Finance & Accounts
Tel # 0120 – 4082650
Fax # 0120 - 2587123
Email: kumar.gaurav@rsystems.com

Vikash Kumar Tiwari
Company Secretary & Compliance Officer
Tel # 0120 - 4082633
Fax # 0120 - 2587123
Email: vikash.tiwari@rsystems.com

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