



R Systems Announces Results for Q1 2012

Q1 2012: Revenue: Rs 109.66 Crores, EBITDA: Rs 9.43 Crores and Net Profits: Rs 5.42 Crores

Noida, India – April 27, 2012

Highlights

Consolidated results for the quarter ended March 31, 2012

- Consolidated revenue from operations for Q1-12 was Rs 109.66 crores (US\$ 21.81 mn); QoQ decrease was 2.68% and YoY increase was 25.86%;
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) were Rs 9.43 crores (US\$ 1.88 mn) compared to Rs 2.17 crores (US\$ 0.48 mn) in Q1, 2011 and Rs 10.67 crores (US\$ 2.14 mn) in Q4, 2011;
- Net profit after taxes was Rs 5.42 crores (US\$ 1.08 mn) compared to Rs 1.41 crores (US\$ 0.31 mn) in Q1, 2011 and Rs 5.44 crores (US\$ 1.09 mn) in Q4, 2011.

Others

- During the quarter, R Systems added 8 key customers.

Mr. Rekhi Singh, Chairman and Managing Director stated “We closed the quarter with revenues of Rs 109.7 crores and profit after tax of Rs 5.4 crores. Although business environment is challenging, our pipe line across all verticals is looking good and we are partnering with customers to deliver innovative services and solutions.”

He further added, “Our Balance sheet continues to be very strong with Rs. 99.5 crores of cash and the net worth crossing record Rs. 200 crores mark and now stands at Rs. 204.6 crores”

Mr. Raj Swaminathan Executive Director and COO said “We are continuing to work on our strategy of focusing on key business verticals i.e. telecom and digital media, BFSI, healthcare and manufacturing & logistics. During Q1-2012, Gross margin was impacted by salary changes primarily covering the offshore units. We continue to focus on improving utilization rates to improve gross margin.”

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 i.e. Telecom & Digital Media, BFSI, Health Care and Manufacturing & Logistics. The IT services cover outsourced product development, quality assurance, independent testing, systems integration, application development, data warehousing, business intelligence, enterprise portals, supply chain optimisation, support and maintenance services. ITes covers customer care and technical support for IT and Hi-Tech electronics manufacturers, managed



services, NOC support, high-end quality process management, revenue and claims management, using our global delivery model with multi-language support capabilities.

R Systems' products group consists of two units - Indus® which addresses the retail lending, telecommunication and insurance industry, and ECnet® which addresses supply chain, warehousing and inventory management.

The brief descriptions of some significant wins during the quarter are listed below.

In USA, one of the leaders in providing cost containment, program integrity, and coordination of benefits solutions for government-funded and commercial healthcare entities has selected R Systems to re-engineer their Account Receivable System. R Systems is helping the client in developing a new Account Receivable System and data migrating from Legacy system.

A Cyprus telecom operator offering fixed line, broadband and cable TV services, has chosen R Systems UK based subsidiary for the implementation of SAP convergent charging as their convergent rating engine which will provide pricing design capabilities, high performance rating and convergent balance management to cover their current and future needs.

A European market leader for consumer solar panels selected R Systems' European BPO centre to provide inbound and outbound technical and customer support services.

R Systems has been chosen by Europe based financial services provider of Receivables Management to carry out detailed specifications for collection processes to address recovery of distressed receivables including non-performing loans, receivables, mortgage-backed loans and unsecured consumer loans from banks, telecommunications, insurance and other companies.

A Malaysian leading industrial enterprise with diverse and global interests in the automotive, equipment, manufacturing & engineering and oil & gas industries has selected ECnet, a subsidiary of R Systems to provide corporate performance management solution to improve business process and decision making by delivering better information.

Liquidity and Shareholder Funds

Consolidated Cash and cash equivalents, including bank deposits, as at March 31, 2012 was Rs 99.55 crores compared to Rs 94.95 crores as on December 31, 2011. Total shareholder funds as on March 31, 2012 were Rs 204.58 crores compared to Rs 198.58 crores as on December 31, 2011.

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**Financial Performance****Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended March 31, 2012****(As per Indian GAAP)****(Rs. in mn, except per share data)**

Sr. No.	Particulars	Quarter Ended March 31,		Quarter Ended December 31, 2011
		2012	2011	
1	Income			
1.1	Income From Operations	1,096.60	871.29	1,126.79
1.2	Other Operating Income	2.55	1.04	11.08
	Total	1,099.15	872.33	1,137.87
2	Expenditure			
2.1	Employee Benefits Expense	758.87	602.46	714.90
2.2	Depreciation and Amortisation Expense	30.12	33.07	33.06
2.3	Traveling and Conveyance	56.22	61.37	71.09
2.4	Communication Costs	16.58	14.36	18.30
2.5	Legal and Professional Expenses	72.65	70.97	97.08
2.6	Provision For Doubtful Debts and Advances	18.91	20.99	21.98
2.7	Other Expenses	76.07	66.86	128.47
	Total Expenditure	1,029.42	870.08	1,084.88
3	Profit From Operations Before Other Income & Finance Costs	69.73	2.25	52.99
4	Other Income	11.74	6.98	12.56
5	Profit From Operations Before Finance Costs	81.47	9.23	65.55
6	Finance Costs	5.45	2.30	1.51
7	Profit Before Tax	76.02	6.93	64.04
8	Provision For Tax			
8.1	Current Tax	31.03	7.87	33.68
8.2	MAT Credit	-	(2.05)	(5.01)
8.3	Deferred Tax Credit	(9.17)	(12.98)	(19.02)
	Total	21.86	(7.16)	9.65
9	Net Profit After Tax	54.16	14.09	54.39
10	Earning Per Share			
10.1	Basic	4.39	1.14	4.42
10.2	Diluted	4.39	1.13	4.37

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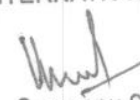

 Company Secretary

**Financial Performance****Consolidated Profit & Loss Statement (Un- audited) for the Quarter Ended March 31, 2012**
(Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Q1 2012		Q1 2011		Q4 2011	
	INR	US\$	INR	US\$	INR	US\$
Revenues	1,096.60	21.81	871.29	19.27	1,126.79	22.19
Cost of Revenues	701.06	13.94	589.06	13.03	695.71	13.61
Gross Margin	395.54	7.87	282.23	6.24	431.08	8.58
SG & A Expenses	36.07%		32.39%		38.26%	
	301.25	5.99	260.53	5.76	324.35	6.44
	27.47%		29.90%		28.79%	
EBITDA	94.29	1.88	21.70	0.48	106.73	2.14
Depreciation / Amortization	8.60%		2.49%		9.47%	
	30.12	0.60	33.07	0.73	33.06	0.64
Operating Income Before Non-Recurring Cost	64.17	1.28	(11.37)	(0.25)	73.67	1.50
Non-Recurring Cost	22.07	0.44	-	-	-	-
Income From Operations	42.10	0.84	(11.37)	(0.25)	73.67	1.50
Interest Expense	(0.17)	(0.00)	(0.18)	(0.00)	(0.15)	(0.00)
Other Income (Net)	34.09	0.67	18.48	0.40	(9.48)	(0.22)
Income Before Income Tax	76.02	1.51	6.93	0.15	64.04	1.28
Income Tax Provision / (Credit)	21.86	0.43	(7.16)	(0.16)	9.65	0.19
Net Earnings	54.16	1.08	14.09	0.31	54.39	1.09
Earnings Per Share						
- Basic	4.39	0.09	1.14	0.03	4.42	0.09
- Diluted	4.39	0.09	1.13	0.03	4.37	0.09

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Company Secretary

Consolidated Balance Sheet as at March 31, 2012 (As per Indian GAAP)

(Rs. in mn)

Particulars	As at March 31,		As at December 31,
	2012 (UnAudited)	2011 (UnAudited)	2011 (Audited)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	123.40	122.43	122.43
Reserves and Surplus	1,922.39	1,698.78	1,863.40
Net Worth	2,045.79	1,821.21	1,985.83
Loan Funds			
Secured Loans	6.47	7.52	6.88
Deferred Payment Liability	-	84.58	71.00
Total	2,052.26	1,913.31	2,063.71
APPLICATION OF FUNDS			
Fixed Assets (including intangible assets)			
Gross Block	1,526.67	1,485.30	1,533.14
Less: Depreciation	875.23	722.75	862.94
Net Block	651.44	762.55	670.20
Capital Work-in-Progress	1.08	0.33	-
	652.52	762.88	670.20
Investments	0.03	0.03	0.03
Deferred Tax Assets (Net)	73.07	35.00	63.43
Current Assets, Loans & Advances			
Sundry Debtors	836.36	697.28	1,053.15
Cash & Bank Balances	995.51	699.67	949.55
Other Current Assets	193.28	186.65	171.54
Loans & Advances	173.17	172.24	170.00
Total Current Assets (A)	2,198.32	1,755.84	2,344.24
Less : Current Liabilities and Provisions			
Liabilities	647.72	454.57	758.72
Provisions	223.96	185.87	255.47
Total Current Liabilities (B)	871.68	640.44	1,014.19
Net Current Assets (A-B)	1,326.64	1,115.40	1,330.05
Total	2,052.26	1,913.31	2,063.71

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 12	Mar 31, 11	Dec 31, 11
Revenues	100.00	100.00	100.00
Gross margin	36.07	32.39	38.26
SG & A	27.47	29.90	28.79
EBITDA	8.60	2.49	9.47
EBT	6.93	0.80	5.68
PAT	4.94	1.62	4.83
Basic EPS (Rs.)	4.39	1.14	4.42

Revenue from Top 5 Clients	Quarter ended		
	Mar 31, 12	Mar 31, 11	Dec 31, 11
Top 5 Clients	30.24%	34.07%	33.44%
Top 3 Clients	23.64%	25.81%	26.20%
Largest Client	10.88%	16.98%	11.88%

Revenues by Geographies	Quarter ended		
	Mar 31, 12	Mar 31, 11	Dec 31, 11
USA	48.58%	49.99%	49.85%
Europe	31.48%	33.92%	34.26%
SEAC (South East Asia)	8.57%	7.99%	6.28%
India	6.63%	5.32%	6.01%
Others	4.74%	2.78%	3.60%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 12	Mar 31, 11	Dec 31, 11
Onsite	66.29%	67.16%	68.57%
Offshore	71.29%	69.83%	69.81%
Blended	70.19%	69.18%	69.53%

Utilization (including trainees)	Quarter ended		
	Mar 31, 12	Mar 31, 11	Dec 31, 11
Onsite	65.08%	66.12%	68.57%
Offshore	65.59%	64.48%	64.39%
Blended	65.48%	64.86%	65.28%



Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 12	Mar 31, 11	Dec 31, 11
Technical	2,080	1,940	2,075
Software services			
Onsite	261	292	268
Offshore	1214	1,147	1,196
BPO			
Offshore	288	236	314
Onsite	164	154	165
Trainees	153	111	132
Support	373	385	369
Total count	2,453	2,325	2,444

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At		
	Mar 31, 12	Mar 31, 11	Dec 31, 11
Receivable	836.36	697.28	1,053.15
Receivable in days ("DSO")	70	61	60
Cash & bank balance	995.51	699.67	949.55
Net current assets	1,326.64	1,115.40	1,330.05
Fixed assets #	652.52	762.88	670.20
Secured loans	6.47	7.52	6.88
Shareholders' funds	2,045.79	1,821.21	1,985.83

including goodwill on acquisition of Computaris International Limited.

Development/Service centers Location	As on March 31, 2012	
	Covered areas in sq ft.	No. of seats
India		
Noida	76,980	1,464
Pune	25,190	442
Chennai	12,666	170
	114,836	2,076
USA	23,300	177
Singapore	7,125	42
Europe		
Netherlands	21,194	251
France	8,601	112
Romania	16,910	156
Poland	4,865	39
Moldova	4,635	55
	56,205	613
Total	201,466	2,908



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.

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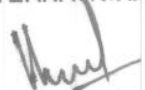
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