



R Systems Announces Results for Calendar Year 2010

FY 2010: Revenue: Rs 290.55 Crores, EBITDA: Rs 22.03 Crores and Net Profit Rs. 16.78 Crores
Q4 2010: Revenue: Rs 73.82 Crores, EBITDA: Rs 4.83 Crores and Net Profits: Rs 4.27 Crores

Noida, India – February 20, 2011

Highlights

Consolidated results for the quarter ended December 31, 2010

- Consolidated revenues from operations for Q4-10 was Rs 73.82 crores (US\$ 16.46 mn); sequential QoQ decline was 2.65 % and YoY decline was 3.22 %, while there is no decline in the US\$ term.
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) was Rs 4.83 crores (US\$ 1.08 mn); sequential QoQ decline was 36.09 % and YoY decline was 48.84 %.
- Net profit after taxes was Rs 4.27 crores (US\$ 0.95 mn) compared to Rs 4.79 crores (US\$ 1.03 mn) in Q3, 2010 and Rs 6.71 crores (US\$ 1.39 mn) in Q4, 2009.

Others

- During the quarter, R Systems added 5 key clients who have the potential to be significant customers.

Consolidated results for FY ended December 31, 2010

- Consolidated revenue for FY 2010 was Rs 290.55 crores (US\$ 63.60 mn.) as against Rs 327.53 crores (US\$ 67.85 mn.); YoY decline of 11.29 %.
- EBITDA for FY 2010 was Rs 22.03 crores (US\$ 4.82 mn.) as against Rs 40.32 crores (US\$ 8.28 mn.); a YoY decline of 45.36 %.
- Net profit after taxes was Rs.16.78 crores (US\$ 3.67 mn) as against Rs 7.72 crores (US\$ 1.60 mn) [after goodwill impairment of Rs 20.87 crores (US\$ 4.25 mn)] in 2009.
- Cash and cash equivalent per share as at December 31, 2010 was Rs 78.16 as against Rs 71.22 as at December 31, 2009.



Mr. Rekhi Singh, Chairman and MD explained “In the overall analysis the performance has been steady in the IT segment excepting of some decline in the BFSI segment where customers are just emerging from the global slowdown.” He added “in the European BPO segment we had significant customer losses in 2009. Within a year of these changes, we executed measures to manage costs to compensate for decline in business volumes and the business is profitable once more”.

He further added “Our recent acquisition of Computaris has enhanced the depth and breadth of our offering to the telecom sector.”

The Company has delivered an EBITDA of Rs. 22 crores and net profit about Rs. 17 crores resulting in an EPS of Rs 13.6. Accordingly the Board has recommended that the Company maintain the dividend of Rs 2.40 per share to the shareholders for the Financial Year 2010.

Mr. Raj Swaminathan COO and Director said “With vertical focus of our delivery capabilities, we offer both domain and technical expertise to our global customers.” He further informed “In the last quarter two customers have rated R Systems with the highest score for overall engagement performance – a clear endorsement of our approach to partner with customer and deliver values.”

Corporate 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. 65.36 crores) out of which GBP 4.25 million (Rs. 30.87 crores) 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 corporate and business restructuring of its two subsidiaries based in Singapore is underway. This involves conversion of loan by the Company to ECnet Limited into equity investment and thereafter amalgamation of both these subsidiaries.

Dividend Declaration

The Board of Directors at its meeting held on February 20, 2011 has recommended a dividend of Rs. 2.40 per share, subject to approval of the shareholders at its forthcoming Annual General Meeting.

Key Operational Highlights for the Quarter

R Systems is focused in the high tech sector to gain competitive advantage by providing end-to-end services in product design, development, testing, customer care and technical support. R Systems competencies in technology and customer’s business domain, rapid and agile development capabilities, proven global delivery and service platform, proprietary pSuite Framework and end-to-end capability give us the edge to serve customers with a high degree of time and cost predictability. R Systems services positively impacted over 1500 products since inception in various segments including mobility, IPTV, search engine, internet security and enterprise software.



We offer customer care and technical support mainly to high technology sector. These services are offered through a seamlessly integrated global hybrid delivery model from centres in India, Europe and USA.

R Systems products group consists of its two units. The Indus® unit delivers solutions in Lending and Customer Management to the BFSI and Telecom industry, and the ECnet® which provides solutions in the area of Supply Chain, Inventory and Warehouse Management.

During the quarter, key customers wins includes:

A US commercial vehicle leasing company that offers fleet leasing and fleet management has engaged R Systems to develop and maintain its client portal. Services include Portal development services, Portal maintenance services, performance enhancement services, Code Analysis and Evaluation, and Database Re-pointing.

For an existing customer, one of the world's largest Telecom network infrastructure providers, R Systems has been engaged to participate in enhancing their Triple Play solution.

In the telecom domain, a leader in R&D of information, communications and media (ICM) technologies based in Singapore has engaged R Systems for developing of Network Management Solution that will monitor and manage a Maritime Network System.

A leading worldwide provider of innovative teaching, learning and research solutions for the academic, professional and libraries has contracted with R Systems to provide them support in development and maintenance of their products.

R Systems has won a second contract for implementing its retail lending suite for one of Europe's most respected Automobile Company's financing arm in Korea.

Liquidity and Shareholder Funds

Consolidated Cash and cash equivalents, including bank deposits, as at December 31, 2010 was Rs 95.69 crores. Total shareholder funds as on December 31, 2010 were 180.25 crores compared to Rs 179.41 crores as on September 30, 2010.

Human Resources

R Systems ended December 31, 2010 with total count of 2,052 associates including 1,737 technical counts.

Capacity of Development and Service Centres

At the end of December 31, 2010, the total square footage of R Systems development centres was 180,806 square feet with a seating capacity of 2,731.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended December 31, 2010 (As per Indian GAAP)

(Rs in mn, except per share data)

Sr. No.	Particulars	Quarter Ended December 31,		YoY Growth %	Quarter Ended Sept. 30, 2010	QoQ Growth %
		2010	2009			
1	Income					
1.1	Income From Operations	738.17	762.76	(3.22)	758.23	(2.65)
1.2	Other Operating Income	2.90	(0.22)		4.00	(27.47)
	Total	741.07	762.54	(2.82)	762.23	(2.78)
2	Expenditure					
2.1	Employees Cost	486.25	459.70	5.77	476.90	1.96
2.2	Traveling Cost	46.76	49.91	(6.30)	53.67	(12.86)
2.3	Communication Costs	14.46	16.45	(12.09)	14.50	(0.27)
2.4	Legal & Professional Expenses	66.19	59.34	11.53	46.25	43.09
2.5	Provision For Doubtful Debts / Advances	14.05	7.64	83.82	5.62	149.97
2.6	Depreciation / Amortisation	33.47	34.32	(2.49)	33.17	0.89
2.7	Other Expenditure	63.41	70.63	(10.20)	83.42	(23.97)
	Total Expenditure	724.59	697.99	3.81	713.53	1.55
3	Profit From Operations Before Other Income, Interest	16.48	64.55	(74.47)	48.70	(66.16)
4	Other Income	13.91	12.42	12.00	12.07	15.25
5	Profit Before Interest	30.39	76.97	(60.52)	60.77	(50.00)
6	Interest	0.15	0.40	(63.52)	0.14	7.14
7	Profit Before Tax	30.24	76.57	(60.51)	60.63	(50.12)
8	Provision For Tax					
8.1	Current Tax	4.77	22.90	(79.18)	11.78	(59.53)
8.2	MAT Charge / (Credit)	2.94	(15.36)	(119.16)	0.95	209.68
8.3	Deferred Tax Charge / (Credit)	(20.14)	1.97		0.02	
	Total	(12.43)	9.51	(230.74)	12.75	(197.47)
9	Net Profit After Tax	42.67	67.06	(36.38)	47.88	(10.88)
10	Earning Per Share					
10.1	Basic	3.46	5.44	(36.38)	3.89	(11.05)
10.2	Diluted	3.42	5.38	(36.34)	3.84	(10.94)

Financial Performance

Consolidated Profit & Loss Statement (Audited) for the Year Ended December 31, 2010 **(As per Indian GAAP)**

(Rs in mn, except per share data)				
Sr. No.	Particulars	Year Ended December 31,		Growth %
		2010	2009	
1	Income			
1.1	Income From Operations	2,905.47	3,275.25	(11.29)
1.2	Other Operating Income	19.61	28.70	(31.66)
	Total	2,925.08	3,303.95	(11.47)
2	Expenditure			
2.1	Employees Cost	1,909.86	2,029.65	(5.90)
2.2	Traveling Cost	194.56	197.01	(1.24)
2.3	Communication Costs	58.63	71.29	(17.76)
2.4	Legal & Professional Expenses	220.16	267.72	(17.76)
2.5	Provision For Doubtful Debts / Advances	31.49	47.88	(34.23)
2.6	Depreciation / Amortisation	133.09	134.82	(1.29)
2.7	Other Expenditure	278.83	290.52	(4.02)
	Total Expenditure	2,826.62	3,038.89	(6.99)
3	Profit From Operations Before Other Income, Interest & Exceptional Items	98.46	265.06	(62.85)
4	Other Income	49.51	51.72	(4.26)
5	Profit Before Interest & Exceptional Items	147.97	316.78	(53.29)
6	Interest	0.66	2.80	(76.29)
7	Profit After Interest But Before Exceptional Items	147.31	313.98	(52.57)
8	Exceptional Income / (Expense)	-	(208.71)	(100.00)
9	Profit Before Tax and Prior Period Items	147.31	105.27	39.94
10	Prior Period Items	(1.73)	-	
11	Profit Before Tax	145.58	105.27	38.29
12	Provision For Tax			
12.1	Current Tax	31.17	65.59	(52.48)
12.2	MAT Charge / (Credit)	(10.25)	(42.68)	(75.97)
12.3	Deferred Tax Charge / (Credit)	(43.10)	4.19	
12.4	Fringe Benefit Tax	-	0.97	(100.00)
	Total	(22.18)	28.07	(179.03)
13	Net Profit After Tax	167.76	77.20	117.31
14	Earning Per Share			
14.1	Basic	13.62	6.09	123.53
14.2	Diluted	13.46	6.02	123.59

Financial Performance

Consolidated Profit & Loss Statement (Un- audited) for the Quarter Ended December 31, 2010 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Q4 2010		Q4 2009		Q3 2010	
	INR	US\$	INR	US\$	INR	US\$
Revenues	738.17	16.46	762.76	16.42	758.23	16.34
Cost of Revenues	463.89	10.35	450.39	9.70	473.79	10.21
Gross Margin	274.28	6.11	312.37	6.72	284.44	6.13
SG & A	37.16%		40.95%		37.51%	
Expenses	225.98	5.03	217.95	4.74	208.86	4.50
	30.61%		28.57%		27.55%	
EBITDA	48.30	1.08	94.42	1.98	75.58	1.63
	6.54%		12.38%		9.97%	
Depreciation / Amortization	33.47	0.75	34.32	0.74	33.17	0.71
Operating Income Before Non-Recurring Cost	14.83	0.33	60.10	1.24	42.41	0.92
Non Recurring Cost	2.46	0.05	-	-	-	-
Income From Operations	12.37	0.28	60.10	1.24	42.41	0.92
Interest Expense	(0.14)	(0.00)	(0.40)	(0.01)	(0.14)	(0.00)
Other Income (Net)	18.01	0.40	16.87	0.36	18.36	0.39
Income Before Income Tax	30.24	0.68	76.57	1.59	60.63	1.31
Income Tax Provision / (Credit)	(12.43)	(0.27)	9.51	0.20	12.75	0.28
Net Earnings	42.67	0.95	67.06	1.39	47.88	1.03
Earning Per Share						
- Basic	3.46	0.08	5.44	0.12	3.89	0.08
- Diluted	3.42	0.08	5.38	0.12	3.84	0.08

Financial Performance

Consolidated Profit & Loss Statement (Un- audited) for the Year Ended December 31, 2010 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn, except per share data)

Particulars	Jan to Dec 2010		Jan to Dec 2009	
	INR	US\$	INR	US\$
Revenues	2,905.47	63.60	3,275.25	67.85
Cost of Revenues	1,837.22	40.22	1,950.73	40.41
Gross Margin	1,068.25	23.38	1,324.52	27.44
SG & A	36.77%		40.44%	
Expenses	847.92	18.56	921.32	19.16
	29.18%		28.13%	
EBITDA	220.33	4.82	403.20	8.28
	7.58%		12.31%	
Depreciation/Amortisation	133.09	2.91	134.82	2.79
Operating Income Before Non-Recurring Cost	87.24	1.91	268.38	5.49
Non Recurring Cost	4.19	0.09	208.71	4.25
Income From Operations	83.05	1.82	59.67	1.24
Interest Expense	(0.66)	(0.01)	(2.80)	(0.06)
Other Income (Net)	63.19	1.38	48.40	1.00
Income Before Income Tax	145.58	3.19	105.27	2.18
Income Tax Provision / (Credit)	(22.18)	(0.48)	28.07	0.58
Net Earnings	167.76	3.67	77.20	1.60
Earnings Per Share				
- Basic	13.62	0.30	6.09	0.13
- Diluted	13.46	0.29	6.02	0.12

Consolidated Balance Sheet (As per Indian GAAP)

(Rs in mn)

Particulars	As at December 31,		As at Sept. 30,
	2010 (Audited)	2009 (Audited)	2010 (Un-Audited)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	122.43	122.43	122.43
Reserves and Surplus	1,680.10	1,551.50	1,671.71
Net Worth	1,802.53	1,673.93	1,794.14
Loan Funds			
Secured Loans	8.35	14.52	8.30
Deferred Tax Liability (Net)	-	21.06	-
Total	1,810.88	1,709.51	1,802.44
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	1,096.76	1,095.00	1,127.98
Less: Depreciation	652.62	582.34	663.64
Net Block	444.14	512.66	464.34
Capital Work-in-Progress	0.20	17.60	1.28
	444.34	530.26	465.62
Investments	0.03	0.03	0.03
Deferred Tax Assets (Net)	22.03	-	1.89
Current Assets, Loans & Advances			
Sundry Debtors	555.69	496.52	567.01
Cash & Bank Balances	956.89	871.98	873.40
Other Current Assets	182.66	191.03	198.49
Loans & Advances	164.83	178.47	182.71
Total Current Assets (A)	1,860.07	1,738.00	1,821.61
Less : Current Liabilities and Provisions			
Liabilities	356.74	368.03	357.79
Provisions	158.85	190.75	128.92
Total Current Liabilities (B)	515.59	558.78	486.71
Net Current Assets (A-B)	1,344.48	1,179.22	1,334.90
Total	1,810.88	1,709.51	1,802.44

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year Ended	
	Dec 31, 10	Dec 31, 09	Sep 30, 10	Dec 31, 10	Dec 31, 09
Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Gross margin	37.16	40.95	37.51	36.77	40.44
SG & A	30.61	28.57	27.55	29.18	28.13
EBITDA	6.54	12.38	9.97	7.58	12.31
EBT *	4.10	10.04	8.00	5.01	3.21
PAT *	5.78	8.79	6.31	5.77	2.36
Basic EPS (Rs)	3.46	5.44	3.89	13.62	6.09

* After non-recurring costs related to goodwill impairment of Rs 208.71 mn during the year 2009.

Revenue from Top 5 Clients	Quarter ended			Year Ended	
	Dec 31, 10	Dec 31, 09	Sep 30, 10	Dec 31, 10	Dec 31, 09
Top 5 Clients	28.21%	32.39%	29.23%	29.13%	32.85%
Top 3 Clients	18.90%	21.91%	19.27%	18.83%	22.43%
Largest Client	8.78%	7.75%	7.64%	7.35%	8.19%

Revenues by Geographies	Quarter ended			Year Ended	
	Dec 31, 10	Dec 31, 09	Sep 30, 10	Dec 31, 10	Dec 31, 09
USA	58.78%	50.39%	58.89%	59.04%	52.49%
Europe	20.35%	27.72%	18.49%	19.73%	27.75%
SEAC (South East Asia)	7.21%	9.20%	11.73%	9.71%	8.74%
India	8.89%	7.56%	7.50%	7.46%	5.14%
Others	4.77%	5.13%	3.39%	4.06%	5.88%
Total	100.00%	100.00%	100.00 %	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 10	Dec 31, 09	Sep 30, 10
Onsite	72.81%	69.35%	68.14%
Offshore	70.44%	66.74%	71.75%
Blended	70.83%	67.15%	71.17%

Utilization (including trainees)	Quarter ended		
	Dec 31, 10	Dec 31, 09	Sep 30, 10
Onsite	72.81%	69.35%	68.14%
Offshore	64.29%	63.89%	66.12%
Blended	65.57%	64.72%	66.42%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 10	Dec 31, 09	Sep 30, 10
Technical	1,737	1,705	1,741
Software services			
Onsite	93	99	107
Offshore	1,127	1,144	1,128
BPO			
Offshore	231	253	226
Onsite	162	148	157
Trainees at offshore	124	61	123
Support	315	343	317
Total count	2,052	2,048	2,058

(Rs in mn, except DSO)

Key Balance Sheet Data	As At		
	Dec 31, 10	Dec 31, 09	Sep 30, 10
Receivable	555.69	496.52	567.01
Receivable in days (“DSO”)	63	59	59
Cash & bank balance	956.89	871.98	873.40
Net current assets	1,344.48	1,179.22	1,334.90
Fixed assets	444.34	530.26	465.62
Secured loans	8.35	14.52	8.30
Shareholders’ funds	1,802.53	1,673.93	1,794.14

Development/Service centers	As on Dec 31, 2010			
Location	Completed		Work-in-progress	
	Covered areas in sq ft.	No. of seats	Covered areas in sq ft.	No. of seats
India				
Noida	76,980	1,452	-	-
Pune	30,940	529		
Chennai	12,666	170		
	120,586	2,151	-	-
USA	23,300	177		
Singapore	7,125	40		
Europe	29,795	363		
Total	180,806	2,731	-	-



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 eight 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:

Suresh Kumar Bhutani
Company Secretary & Compliance Officer
Tel # 0120 - 4082633
Fax # 0120 - 2587123
Email: suresh.bhutani@rsystems.com

Kumar Gaurav
Senior Manager Finance
Tel # 0120 – 4082650
Fax # 0120 - 2587123
Email: kumar.gaurav@rsystems.com

Shankar Seetharaman
Chief Financial Officer
Tel # 020 – 22952520
Email: shankar.seetharaman@rsystems.com