

R SYSTEMS INTERNATIONAL LIMITED

Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2011

S. No.	Particulars	(Rs. in lakhs, except per share data)				
		Quarter ended June 30,		Half year ended June 30,		Year ended December 31,
		2011	2010	2011	2010	2010
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 (a)	Income from operations	9,729.52	6,848.18	18,442.40	14,090.69	29,054.66
1 (b)	Other operating income	61.65	63.55	88.60	127.10	196.13
2	Expenditure					
(a)	Employees cost	6,534.38	4,654.51	12,558.98	9,467.09	19,098.59
(b)	Traveling and conveyance	699.13	502.38	1,312.87	941.35	1,945.64
(c)	Communication cost (refer note 11 below)	163.59	176.96	307.22	313.96	603.59
(d)	Legal and professional expenses	722.96	506.49	1,432.65	1,077.23	2,201.63
(e)	Provision for doubtful debts / advances	31.04	39.05	257.47	118.26	314.91
(f)	Depreciation / amortisation	327.39	333.65	658.10	664.46	1,330.86
(g)	Other expenditure	714.53	704.90	1,404.28	1,319.99	2,788.28
	Total expenditure	9,193.02	6,917.94	17,931.57	13,902.34	28,283.50
3	Profit / (loss) from operations before other income, interest and exceptional items (1-2)	598.15	(6.21)	599.43	315.45	967.29
4	Other Income	95.00	120.20	164.83	235.41	495.15
5	Profit before interest and exceptional items (3+4)	693.15	113.99	764.26	550.86	1,462.44
6	Interest	1.74	1.61	3.52	3.75	6.64
7	Profit after interest but before exceptional items (5-6)	691.41	112.38	760.74	547.11	1,455.80
8	Exceptional items	-	-	-	-	-
9	Profit for the period / year from ordinary activities before tax (7+8)	691.41	112.38	760.74	547.11	1,455.80
10	Tax expense					
	Current tax	220.76	50.05	299.45	146.19	311.69
	MAT credit	-	(9.50)	(20.50)	(141.50)	(102.58)
	Deferred tax credit (refer note 10 below)	(34.41)	(42.45)	(164.22)	(229.76)	(430.95)
	Total tax expense / (credit)	186.35	(1.90)	114.73	(225.07)	(221.84)
11	Net profit for the period / year from ordinary activities after tax (9-10)	505.06	114.28	646.01	772.18	1,677.64
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net profit for the period / year (11-12)	505.06	114.28	646.01	772.18	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, 2010					16,801.04
16	Earnings per share (EPS)					
(a)	EPS for the period / year before extraordinary items					
	- Basic	4.10	0.93	5.24	6.27	13.62
	- Diluted	4.05	0.92	5.19	6.19	13.46
(b)	EPS for the period / year after extraordinary items					
	- Basic	4.10	0.93	5.24	6.27	13.62
	- Diluted	4.05	0.92	5.19	6.19	13.46
17	Public shareholding					
	- Number of shares	6,562,900	6,574,593	6,562,900	6,574,593	6,574,593
	- Percentage of shareholding	53.28	53.38	53.28	53.38	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	5,753,986	5,742,293	5,753,986	5,742,293	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)	46.72	46.62	46.72	46.62	46.62

Notes:

- The results for the quarter and half year ended June 30, 2011 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on July 29, 2011.
- The Limited Review as required under Clause 41 of Listing Agreement has been completed by the Statutory Auditors for the quarter and half year ended June 30, 2011 and June 30, 2010 and audit for the year ended December 31, 2010.
- 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 June 30, 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 has assessed investment value at Rs. 5,092.20 lakhs which represents the consideration assessed as probable to be paid over the period and accordingly recorded the goodwill on acquisition amounting to Rs. 3,095.82 lakhs. The above stated consolidated results includes the consolidated results of Computaris and its subsidiaries from the date of its acquisition.
During the quarter ended June 30, 2011, on fulfillment of certain conditions stipulated in the Share Purchase Agreement, the management has re-assessed and increased the investment value by Rs. 255.57 lakhs which represents the additional consideration assessed as probable to be paid over the period and accordingly increased the goodwill on acquisition by Rs. 104.27 lakhs.
- During the quarter ended March 31, 2011, the Company had received a notice of termination of a contract from one of its customers, where the customer had claimed refund of amounts paid to the Company. While, the Company, basis legal opinion was confident of refuting the claim, it had, on prudent basis, not recognised revenue amounting to Rs. 87.81 lakhs from the said contract and considered provision for the amounts due from the customer amounting to Rs. 50.98 lakhs.
During the quarter ended June 30, 2011, the Company has concluded a settlement agreement with the customer and has accordingly recognised revenue of Rs. 151.03 lakhs and reversed the provision made amounting to Rs. 50.98 lakhs.
- In July 2011, the Company received a termination notice and claims from a customer on account of damages and losses due to alleged delays in the project. The management based on customer acceptances at various stages of the contract believes that all the necessary obligations have been fulfilled and acknowledged and the claim is frivolous. No provision is considered necessary and the amounts recoverable of Rs. 25.58 lakhs and amount unbilled of Rs. 240.87 lakhs as at June 30, 2011 is considered good and recoverable.
- 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. The Company is in the process of obtaining relevant regulatory approvals for the restructuring.

- 9 Final Dividend of Rs 2.40 per share (24% on equity share of par value of Rs 10/-) for the year ended December 31, 2010 was approved by the shareholders in the annual general meeting held on May 25, 2011 and same was paid during the quarter ended June 30, 2011. Of this Rs. 3.02 lakhs remains unclaimed as on June 30, 2011.
- 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. 154.28 lakhs for the half year ended June 30, 2010 and Rs. 318.07 lakhs for the year ended December 31, 2010.
- 11 Communication cost includes Rs. 17.29 lakhs of prior period expenses recorded during the quarter and half year ended June 30, 2010 and year ended December 31, 2010.
- 12 There were 4 Investor complaints received and disposed off during the quarter ended June 30, 2011. There were no pending complaints at the beginning and end of the quarter.
- 13 The statement of consolidated assets and liabilities :

Particulars	(Rs. in lakhs)		
	As at June 30,		As at
	2011	2010	December 31,
	(Unaudited)	(Unaudited)	2010
			(Audited)
SOURCES OF FUNDS			
Shareholders' funds			
(a) Capital	1,224.30	1,224.30	1,224.30
(b) Reserves and surplus	17,530.40	16,232.57	16,801.04
Loan funds	73.69	99.02	83.49
Deferred payments liability	1,089.44	-	-
TOTAL	19,917.83	17,555.89	18,108.83
APPLICATION OF FUNDS			
Fixed assets (net)	7,552.90	4,866.24	4,443.39
Investments	0.25	0.25	0.25
Deferred tax assets (net)	384.53	19.13	220.33
Current assets, loans and advances			
(a) Sundry debtors	7,103.51	4,819.53	5,556.90
(b) Cash and bank balances	7,439.46	8,519.07	9,568.91
(c) Other current assets	2,048.63	1,985.50	1,826.61
(d) Loans and advances	1,758.97	1,915.19	1,648.32
Less : Current liabilities and provisions			
(a) Liabilities	4,628.77	3,212.35	3,567.42
(b) Provisions	1,741.65	1,356.67	1,588.46
TOTAL	19,917.83	17,555.89	18,108.83

- 14 Refer Annexure A for segment wise consolidated revenue, results and capital employed.
- 15 Previous period's / year's figures have been regrouped / recasted wherever applicable, to the extent possible.

For and on behalf of the Board

Sd/-

Place : NOIDA
Date : July 29, 2011

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

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

(Rs. in lakhs)

S.No.	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended December 31,
		2011	2010	2011	2010	2010
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	8,265.29	5,512.19	15,406.80	11,260.04	23,262.89
	- Business process outsourcing services	1,495.59	1,361.35	3,092.52	2,880.10	5,890.30
	Less: Elimination of intersegment sales	31.36	25.36	56.92	49.45	98.53
	Income from operations	9,729.52	6,848.18	18,442.40	14,090.69	29,054.66
2	Segment results before tax and interest					
	- Software development and customisation services	780.22	162.71	890.00	650.04	1,503.62
	- Business process outsourcing services	(46.47)	(95.70)	(51.80)	(181.33)	(180.67)
	Total	733.75	67.01	838.20	468.71	1,322.95
	(i) Interest expense	(1.74)	(1.61)	(3.52)	(3.75)	(6.64)
	(ii) Interest income	95.00	120.20	164.83	235.41	495.15
	(iii) Other income	5.65	31.14	16.03	51.88	63.32
	(iv) Other unallocable expenses	(141.25)	(104.36)	(254.80)	(205.14)	(418.98)
	Profit before tax	691.41	112.38	760.74	547.11	1,455.80
3	Capital employed					
	- Software development and customisation services	14,470.68	10,405.61	14,470.68	10,405.61	10,910.55
	- Business process outsourcing services	(2,430.30)	(1,553.15)	(2,430.30)	(1,553.15)	(2,018.54)
	- Unallocated corporate	6,714.32	8,604.41	6,714.32	8,604.41	9,133.33
	Total capital employed	18,754.70	17,456.87	18,754.70	17,456.87	18,025.34