

R SYSTEMS INTERNATIONAL LIMITED
Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048
AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2011

(Rs. in lakhs, except per share data)

S. No.	Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
		2011	2010	2011	2010	2010
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1 (a)	Income from operations	4,990.30	4,721.83	13,882.01	13,313.98	17,859.67
1 (b)	Other operating income	50.09	56.60	154.58	186.45	217.44
2	Expenditure					
(a)	Employees cost	3,243.01	2,931.01	9,619.79	8,830.77	11,780.15
(b)	Traveling and conveyance	416.84	430.15	1,240.90	1,184.10	1,564.11
(c)	Communication cost (refer note 10 below)	110.18	114.04	323.98	370.04	480.71
(d)	Legal and professional expenses	141.23	52.71	405.36	142.44	259.33
(e)	Provision for doubtful debts / advances	98.61	214.96	294.87	296.19	427.83
(f)	Depreciation / amortisation	222.19	215.56	660.35	644.99	862.65
(g)	Other expenditure	595.56	565.95	1,237.62	1,374.85	1,829.26
	Total expenditure	4,827.62	4,524.38	13,782.87	12,843.38	17,204.04
3	Profit from operations before other income, interest and exceptional items (1-2)	212.77	254.05	253.72	657.05	873.07
4	Other income	137.95	140.31	339.26	409.02	561.49
5	Profit before interest and exceptional items (3+4)	350.72	394.36	592.98	1,066.07	1,434.56
6	Interest	1.53	1.01	4.77	3.12	4.25
7	Profit after interest but before exceptional items (5-6)	349.19	393.35	588.21	1,062.95	1,430.31
8	Exceptional items	-	-	-	-	-
9	Profit for the period / year from ordinary activities before tax (7+8)	349.19	393.35	588.21	1,062.95	1,430.31
10	Tax expense					
	Current tax	221.00	113.74	377.50	243.74	288.47
	MAT charge / (credit)	-	9.50	(20.50)	(132.00)	(102.58)
	Deferred tax charge / (credit) (refer note 8 and 9 below)	(81.19)	0.19	(246.71)	(229.57)	(430.95)
	Total tax expense / (credit)	139.81	123.43	110.29	(117.83)	(245.06)
11	Net profit for the period / year from ordinary activities after tax (9-10)	209.38	269.92	477.92	1,180.78	1,675.37
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net profit for the period / year (11-12)	209.38	269.92	477.92	1,180.78	1,675.37
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					17,779.00
16	Earnings per share (EPS)					
(a)	EPS for the period / year before extraordinary items					
- Basic		1.70	2.19	3.88	9.59	13.60
- Diluted		1.68	2.17	3.84	9.47	13.44
(b)	EPS for the period / year after extraordinary items					
- Basic		1.70	2.19	3.88	9.59	13.60
- Diluted		1.68	2.17	3.84	9.47	13.44
17	Public shareholding					
- Number of shares		6,557,494	6,574,593	6,557,494	6,574,593	6,574,593
- Percentage of shareholding		53.24	53.38	53.24	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		5,759,392	5,742,293	5,759,392	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)		46.76	46.62	46.76	46.62	46.62

- Notes:**
- The results for the quarter and nine months ended September 30, 2011 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on October 29, 2011.
 - An audit has been completed by the Statutory Auditors for the quarter and nine months ended September 30, 2011, quarter and nine months ended September 30, 2010 and 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 September 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.
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.
 - In July 2011, the Company had received a termination notice and claims from a customer on account of damages and losses due to alleged delays in the project. The management believes on the basis of customer acceptances at various stages of the contract that all the necessary obligations have been fulfilled and acknowledged and the claim is frivolous. However it has, on prudent basis, considered full provision against amounts recoverable from the customer amounting to Rs. 27.73 lakhs and Rs. 50.00 lakhs against unbilled of Rs. 261.11 lakhs as at September 30, 2011.
 - 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.
 - 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. 156 lakhs for the nine months ended September 30, 2010 and Rs. 318.07 lakhs for the year ended December 31, 2010.
 - Deferred tax credit during the quarter ended and nine months ended September 30, 2011 includes Rs. 21.26 lakhs and Rs 20.59 lakhs respectively pertaining to earlier periods.
 - Communication cost includes Rs. 17.29 lakhs of prior period expenses recorded during the nine months ended September 30, 2010 and year ended December 31, 2010.
 - There were 7 Investor complaints received and disposed off during the quarter ended September 30, 2011. There were no pending complaints at the beginning and end of the quarter.
 - Refer Annexure A for segment wise standalone revenue, results and capital employed.
 - Previous period's / year's figures have been regrouped / recasted wherever applicable, to the extent possible.

S.R. Batliboi & Co., Gurgaon

For Identification

For and on behalf of the Board

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

Place : NOIDA

Date : October 29, 2011

R SYSTEMS INTERNATIONAL LIMITED						Annexure A
SEGMENT WISE STANDALONE REVENUE, RESULTS AND CAPITAL EMPLOYED						(Rs. in lakhs)
S. No.	Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
		2011	2010	2011	2010	2010
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	4,347.23	4,259.63	12,184.17	11,899.60	15,973.86
	- Business process outsourcing services	643.07	462.20	1,697.84	1,414.38	1,885.81
	Income from operations	4,990.30	4,721.83	13,882.01	13,313.98	17,859.67
2	Segment results before tax and interest					
	- Software development and customisation services	277.27	334.37	546.08	958.76	1,284.81
	- Business process outsourcing services	18.00	3.54	(25.44)	(75.39)	(96.85)
	Total	295.27	337.91	520.64	883.37	1,187.96
	(i) Interest expense	(1.53)	(1.01)	(4.77)	(3.12)	(4.25)
	(ii) Interest income	116.19	120.35	276.52	355.32	487.83
	(iii) Other income	31.86	19.57	81.02	81.83	105.48
	(iv) Other unallocable expenses	(92.60)	(83.47)	(285.20)	(254.45)	(346.71)
	Profit before tax	349.19	393.35	588.21	1,062.95	1,430.31
3	Capital employed					
	- Software development and customisation services	15,345.21	12,359.04	15,345.21	12,359.04	12,264.86
	- Business process outsourcing services	(2,509.41)	(1,950.60)	(2,509.41)	(1,950.60)	(2,295.95)
	- Unallocated corporate	6,646.56	8,444.97	6,646.56	8,444.97	9,034.39
	Total capital employed	19,482.36	18,853.41	19,482.36	18,853.41	19,003.30

S.R. Batliboi & Co., Gurgaon

For Identification