

R Systems International Limited

Review of Q2, 2008 Results

Customer Success

Our Philosophy for Creating
Stakeholder Value



Disclaimer

“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.”

Today's Discussions

Review of Operating Performance in Q2, 08 and Trends

Key Highlights

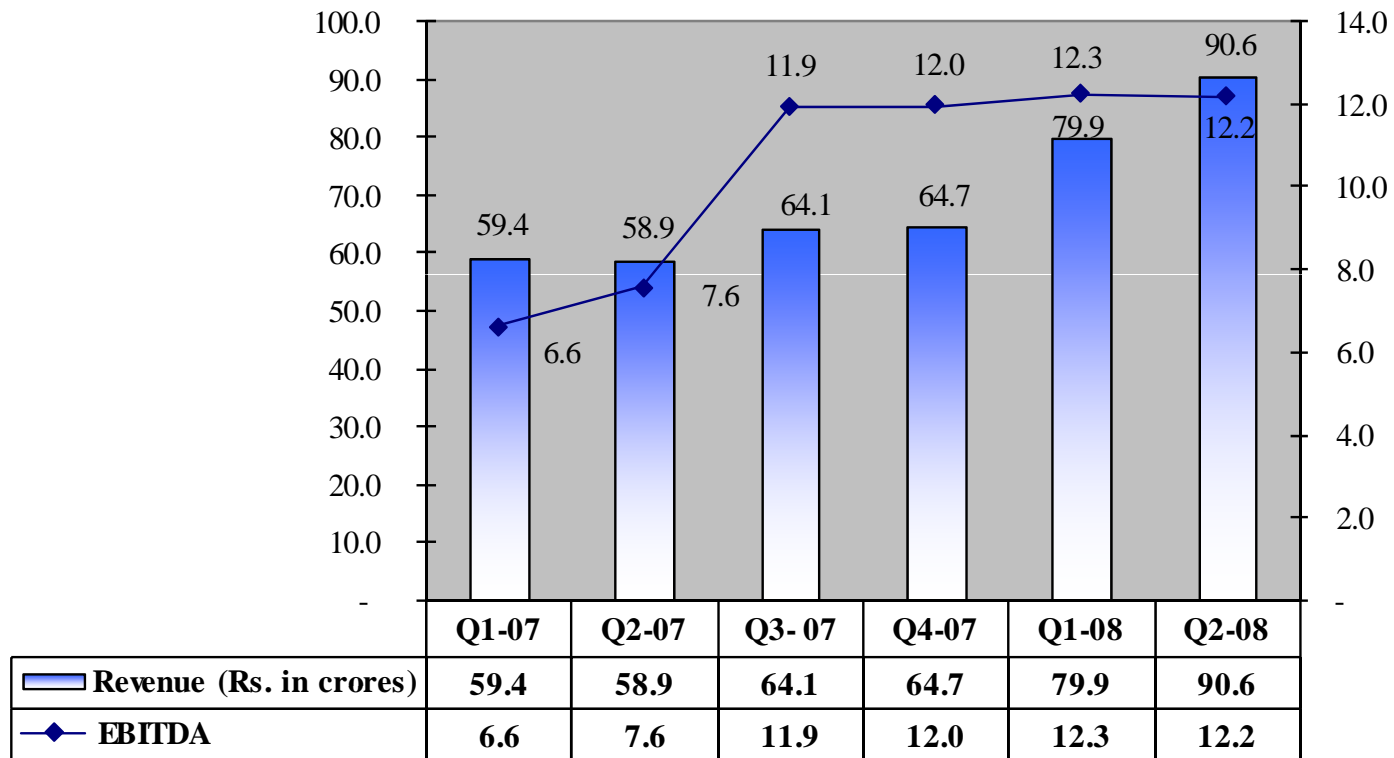
∅ Performance:

- › Q2 Revenues grew 54% YoY
- › EBITDA Up 147% YoY to Rs. 11.1 crores (\$2.7 mn.); Up 13% QoQ
- › Net Profits grew 44% YoY to Rs. 4.6 crores (\$1.1 mn.)
- › Exchange losses Rs. 5.5 crores (\$ 1.3 mn.) on forward contracts of \$19 Million; Nothing carried to Hedging Reserves

∅ Customer Relationships:

- › Fortune 500 to mid-sized companies
- › 16 \$1 million+ per annum accounts accounting for 52% of Revenues
- › Strategic enduring relationships supported by domain knowledge and IPR's

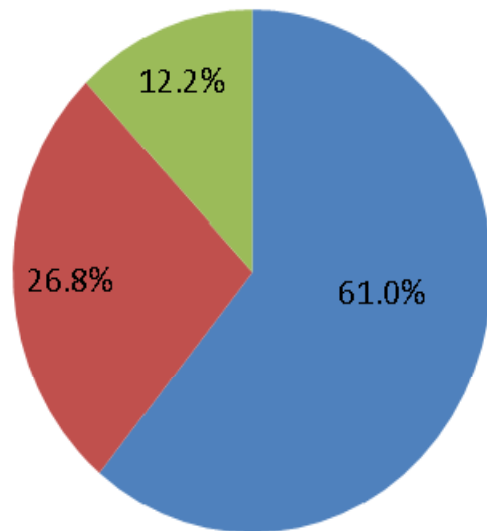
Revenue Growth With Margin Expansion



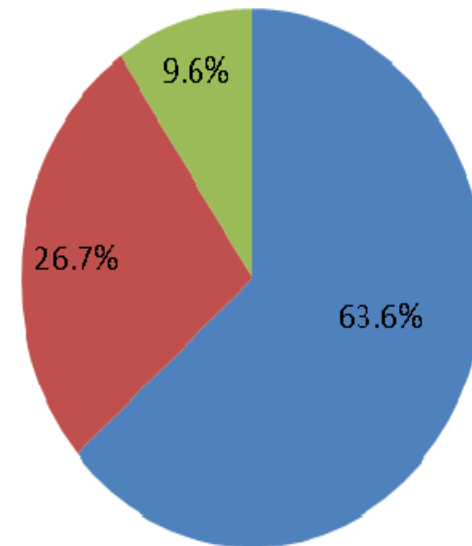
– Growth Rate in Revenues During Last 6 Quarters was > 50%.

Revenue to Margins

Q2-2008



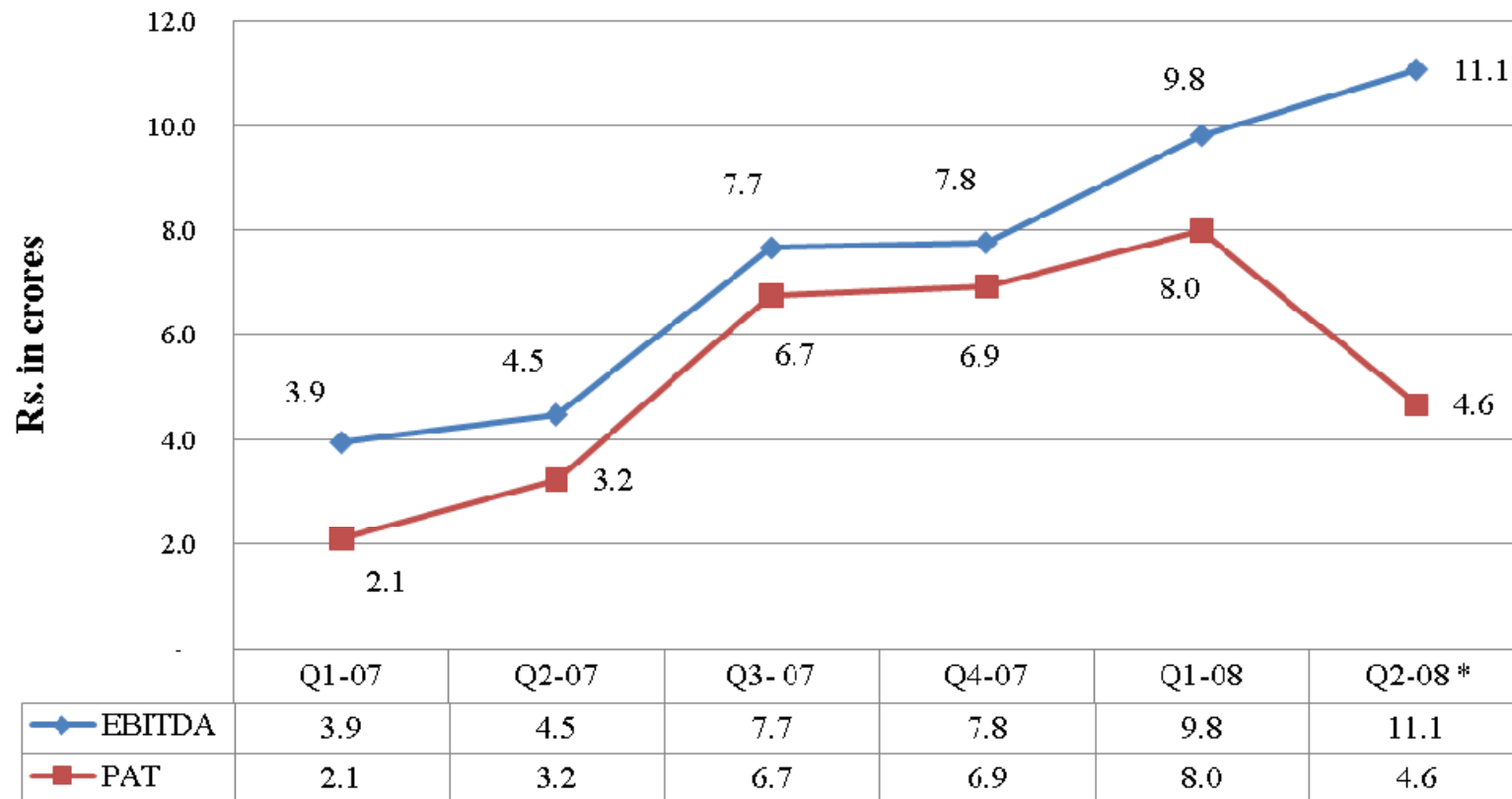
Year - 2007



■ COGS % ■ SG&A% ■ EBITDA %

– Gross Margin Increased to 39.0% in Q2-08 from 36.4% in 2007.

EBITDA & PAT



* Q2-08 PAT is after accounting for M2M provision of Rs. 5.50 crores over outstanding forwards of US\$ 18.9 millions as at June 30, 2008

Consolidated Statement of Operations (Un-audited) In Contribution Analysis Format

(Figures in mn. except per share data)

Particulars	Q2 2008		Q2 2007		Q1 2008	
	INR	US\$	INR	US\$	INR	US\$
Revenues	905.59	21.80	589.27	14.24	798.77	20.07
Cost of revenues	552.42	13.30	380.80	9.21	495.29	12.44
Gross Margin	353.17	8.50	208.47	5.03	303.48	7.63
	39.00%		35.38%		37.99%	
SG & A						
Expenses	242.66	5.85	163.78	3.97	205.49	5.16
Depreciation	28.09	0.67	16.57	0.39	27.06	0.68
	29.90%		30.61%		29.11%	
Income/(Loss) from operations	82.42	1.98	28.12	0.67	70.93	1.79
Interest expense	(1.37)	(0.03)	(1.06)	(0.02)	(1.57)	(0.04)
Other income, net	(31.66)	(0.78)	13.95	0.33	13.60	0.34
Income/(Loss) before income tax	49.39	1.17	41.01	0.98	82.96	2.09
Income tax provision	2.96	0.07	8.79	0.21	3.15	0.08
Net Earnings/(Loss)	46.43	1.10	32.22	0.77	79.81	2.01
EPS						
- Basic	3.42	0.08	2.37	0.06	5.88	0.15
- Diluted	3.38	0.08	2.37	0.06	5.80	0.15

Forward Contracts

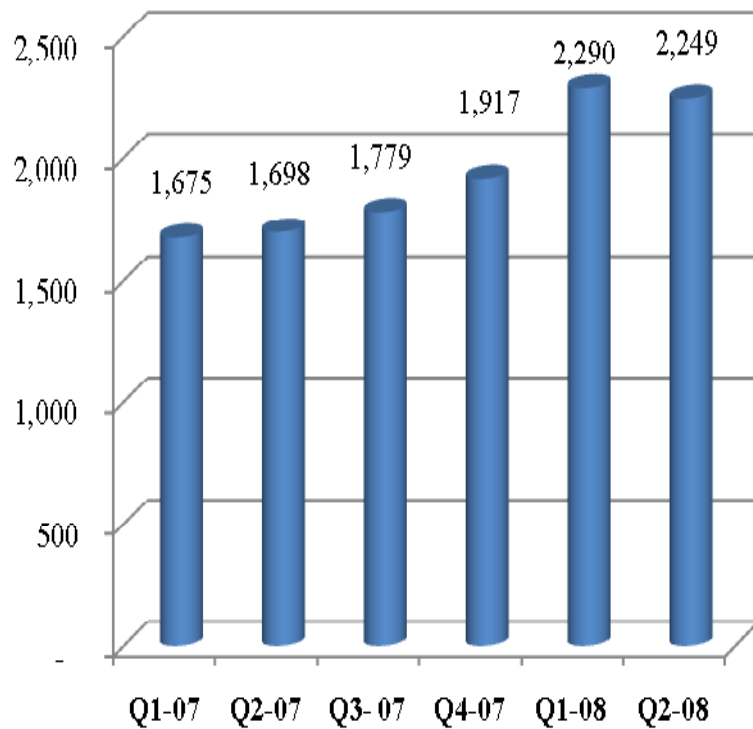
- › \$19 million at the end of Q2, 08 with average rate of Rs. 40.75.
- › Accounting of Forward Covers under AS-30.
- › Loss on Mark to Market of forward contracts due to sudden and steep fall of Rupee to Rs. 42.85 resulted in exchange losses of Rs. 5.50 crores.
- › Nothing transferred to Hedging Reserves.

Balance Sheet Strength

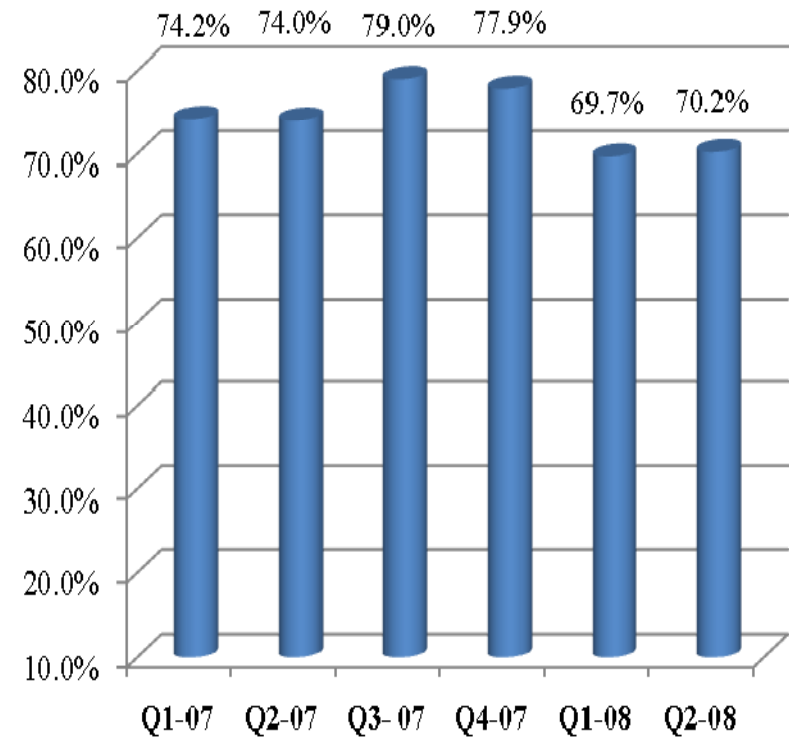
Rupees in Crores except "DSO"

	Q2- 2008	Q1- 2008
Share Holders' Funds	157.7	151.0
Receivables	74.4	63.5
Receivables in days "DSO"	64.0	74.0
Cash & Bank	45.1	42.5
Net Current Assets	90.8	82.6
Fixed Assets	77.2	76.5
Secured Loans	9.5	5.7

Technical Counts And Operating Excellence

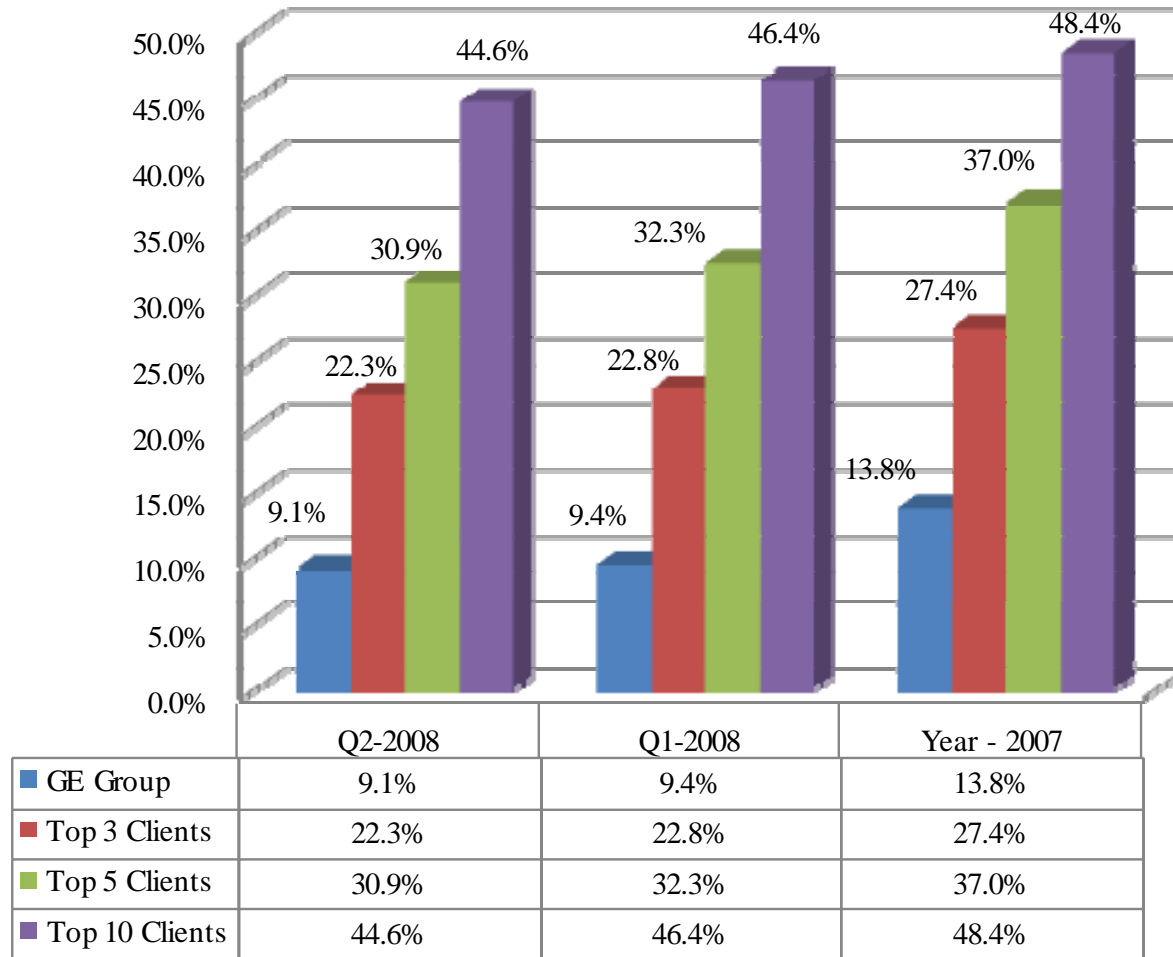


Reduction in Technical Counts in Q2-08 was Resultant of Seasonal Weak Quarter for On Site Tech. Support Business.



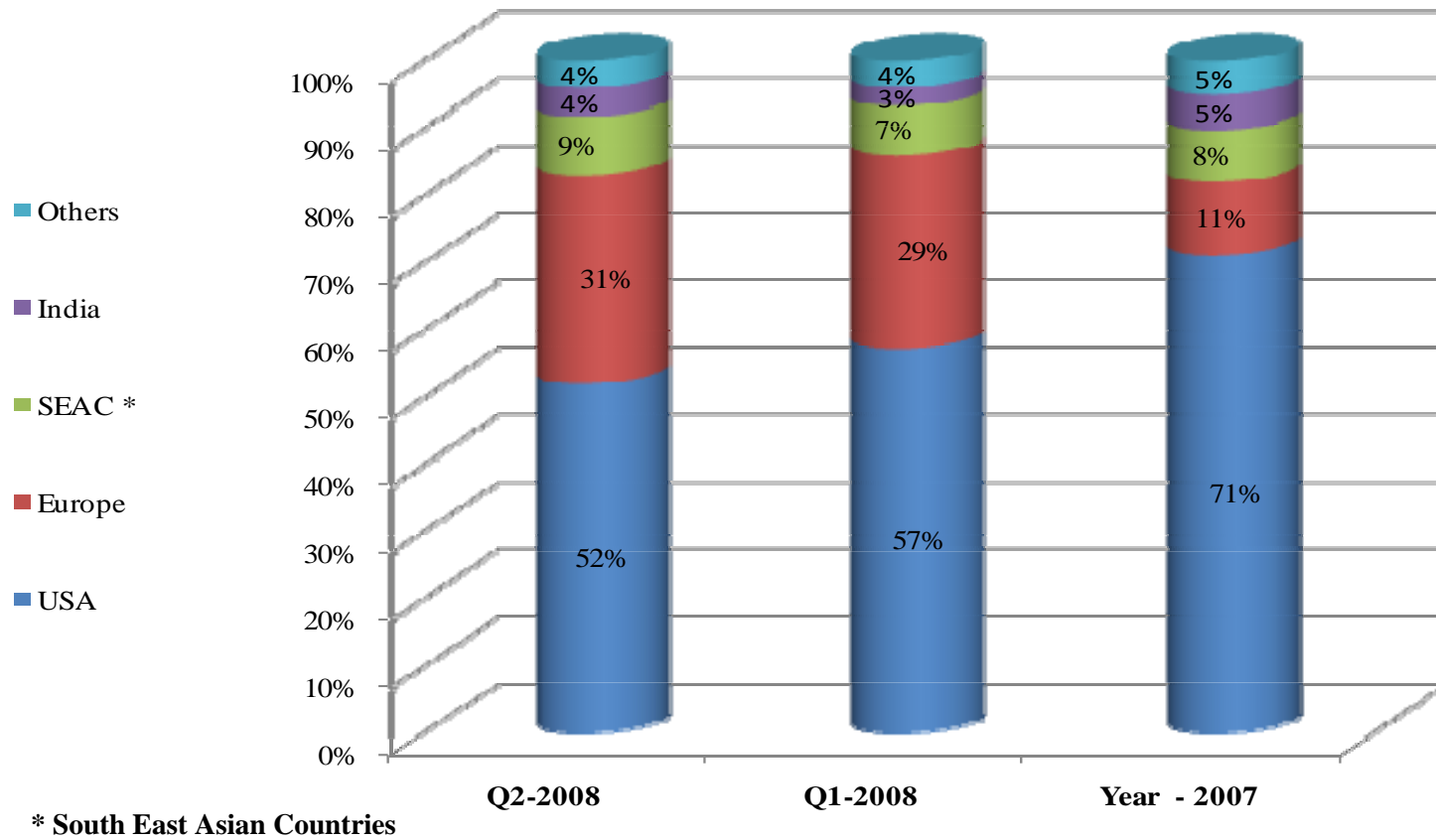
Offshore & Onsite Mix During Q2-08 was 62.1% & 37.9 % respectively

Revenue Concentration



Improvement in Client Diversity Ratios – Addition of Key Global Clients

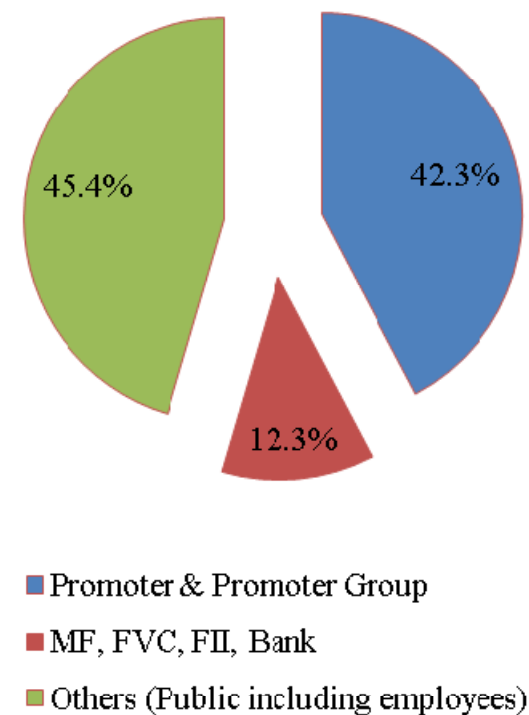
Revenue by Geography



Growth in European revenues improving our geographic diversity

Share Holding Pattern as at June 30, 2008

	Nos. in mn.	%
Promoter & Promoter Group	5.7	42.3
MF, FVC, FII and Banks	1.7	12.3
Others (Public including employees)	6.2	45.4
Total	13.6	100.0



Looking Ahead

- › Satisfying performance in Q2 with 54% growth in top line and 147% growth in EBITDA YoY
- › Demand is strong, however corporate clients are exercising caution in new initiatives
- › Technology companies are experiencing difficulties in getting funding
- › No price pressure, but no power either
- › Asia and Middle East markets are stronger than US and European markets
- › Rupee devaluation to help margins if it stays at current level compared to 2007

Contact Information



O'Neil Nalavadi

Director Finance
El Dorado Hills- CA, USA
Tel # 1-916 939 5170
Fax # 1- 916 939 6321
Email: Oneil.nalavadi@rsystems.com

Nand Sardana

Chief Compliance Officer & VP Finance
Noida, India
Tel # 0120 - 4303506
Fax # 0120 - 2587123
Email: nand.sardana@rsystems.com

Shankar Seetharaman

Sr. VP
Pune, India
Tel # 020 - 22952520
Email: Shankar.Seetharaman@indussoft.com

**Thank You
For Your Support**

