

# R Systems International Limited

## Review of Q1 2009 Results



**Collaborating Minds  
A Force Multiplier**

# 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.”

# Key Highlights – Q1 2009

- Revenues: Rs 90.1 crores or \$18.1 million; QoQ decline of 7% and YoY growth of 12.8%;
- EBITDA: Rs 13.3 crores or \$2.7 million; QoQ decline of 8.4% and YoY increase of 36.2%;
- Net Profits Rs 9.6 crores or \$1.9 million; QoQ growth of 9.2% and YoY growth of 20.3%;
- 125+ Active customers with 16 \$1million plus accounts;
- Professional Head-count 2,089 compared to 2,080 at the end of Dec 31, 2008.

# Key Highlights – Environment

- **Near Term Challenges:**

- Near term is going to be uncertain as customers tighten belts because of global economic downturn;
- Customers are restructuring and focusing on cost reduction;
- Sudden ramp-downs and delayed ramp-ups will impact utilization.

- **Positive factors:**

- Off shoring is helping customers to lower their cost structure;
- R Systems IPR's, solution racks, frameworks and cumulative experience in ISV, Consumer Finance and Supply Chain helping clients meet their goals of value, performance and cost optimization;
- Margins are supported by easing in cost inflation and Rupee weakness.

# Consolidated Results (Un-audited)

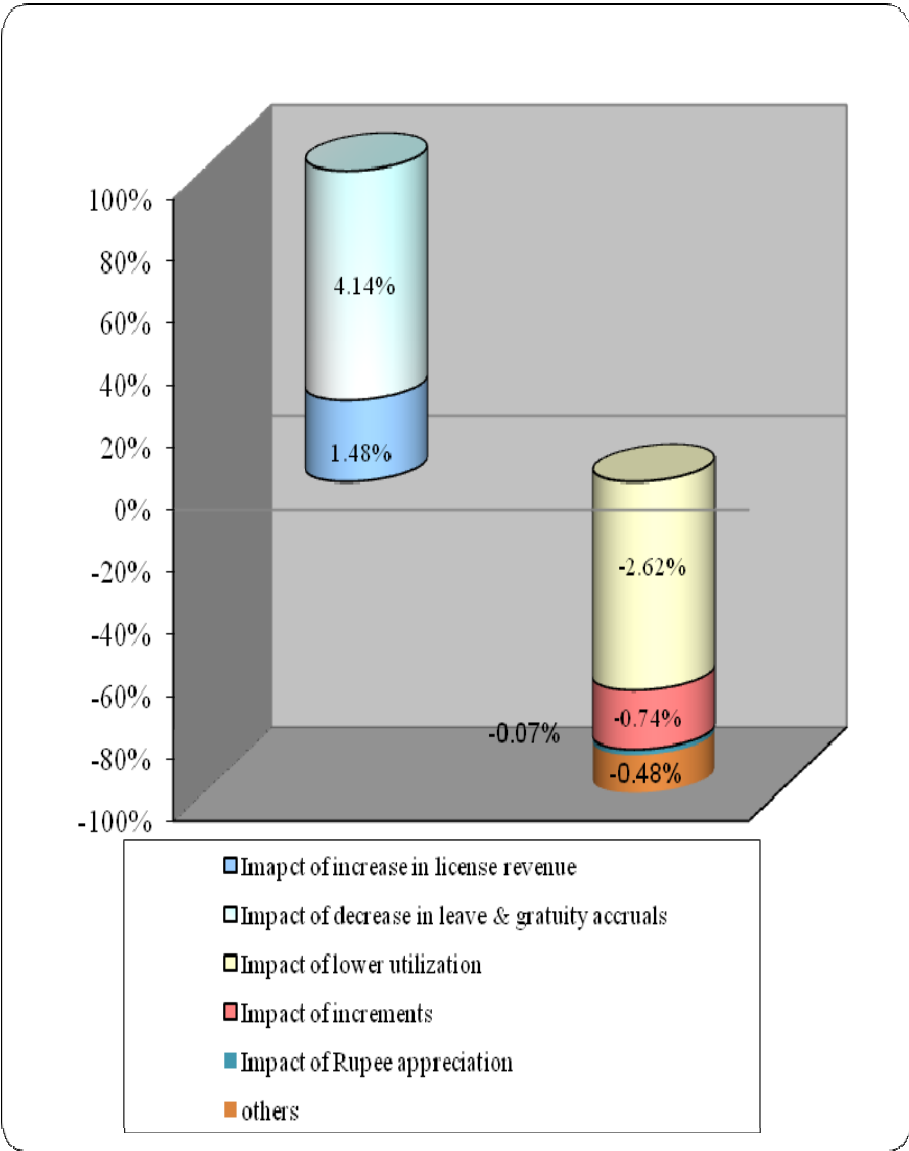
( Figures in mn except per share data)

Particulars	Q1 2009		Q1 2008		Q4 2008	
	INR	US\$	INR	US\$	INR	US\$
<b>Revenues</b>	<b>900.83</b>	<b>18.15</b>	<b>798.77</b>	<b>20.07</b>	<b>968.42</b>	<b>19.14</b>
Cost of revenues	511.18	10.30	495.29	12.44	566.10	11.10
<b>Gross Margin</b>	<b>389.65</b>	<b>7.85</b>	<b>303.48</b>	<b>7.63</b>	<b>402.32</b>	<b>8.04</b>
	43.25%		37.99%		41.54%	
<b>SG &amp; A</b>						
Expenses	256.16	5.16	205.49	5.16	256.61	5.07
	28.44%		25.73%		26.50%	
<b>EBITDA</b>	<b>133.49</b>	<b>2.69</b>	<b>97.99</b>	<b>2.47</b>	<b>145.71</b>	<b>2.97</b>
	14.82%		12.27%		15.05%	
Depreciation	29.48	0.59	27.06	0.68	30.27	0.59
<b>Operating income/(loss) before non recurring costs</b>	<b>104.01</b>	<b>2.10</b>	<b>70.93</b>	<b>1.79</b>	<b>115.44</b>	<b>2.38</b>
Non recurring costs		-	-	-	13.34	0.31
<b>Income/(Loss) from operations</b>	<b>104.01</b>	<b>2.10</b>	<b>70.93</b>	<b>1.79</b>	<b>102.10</b>	<b>2.07</b>
Interest expense	(0.66)	(0.01)	(1.56)	(0.04)	(1.03)	(0.02)
Other income, net	8.71	0.16	13.59	0.34	(6.75)	(0.13)
<b>Income/(Loss) before income tax</b>	<b>112.06</b>	<b>2.25</b>	<b>82.96</b>	<b>2.09</b>	<b>94.32</b>	<b>1.92</b>
Income tax provision	16.06	0.32	3.15	0.08	6.39	0.13
<b>Net Earnings/(Loss)</b>	<b>96.00</b>	<b>1.93</b>	<b>79.81</b>	<b>2.01</b>	<b>87.93</b>	<b>1.79</b>
<b>EPS</b>						
- Basic	7.28	0.15	5.88	0.15	6.49	0.13
- Diluted	7.19	0.14	5.80	0.15	6.42	0.13

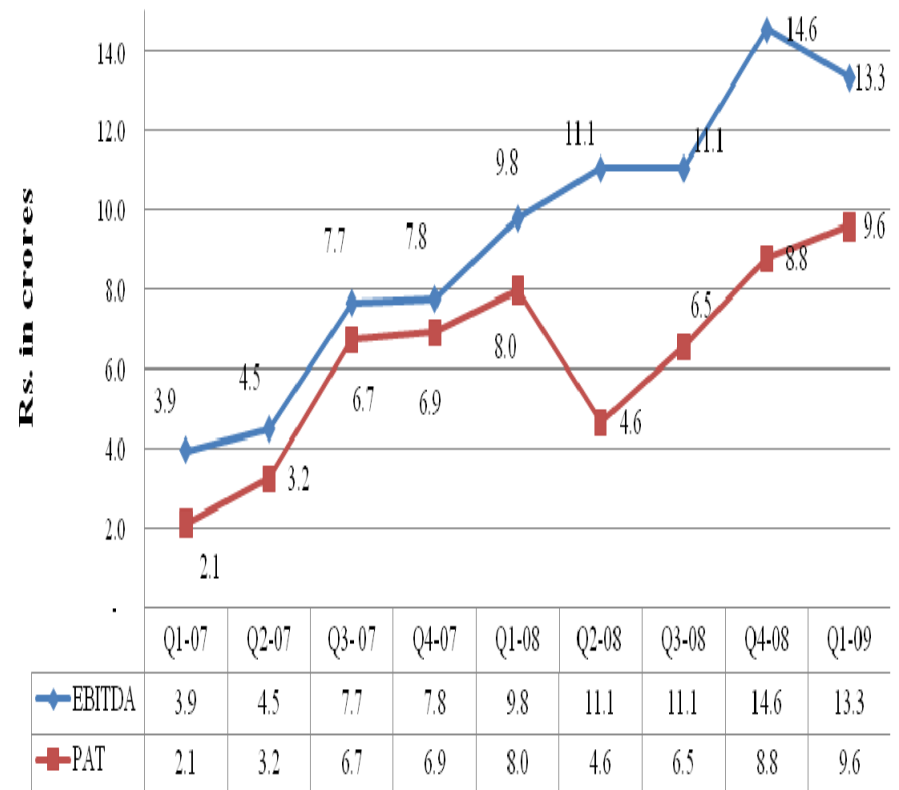
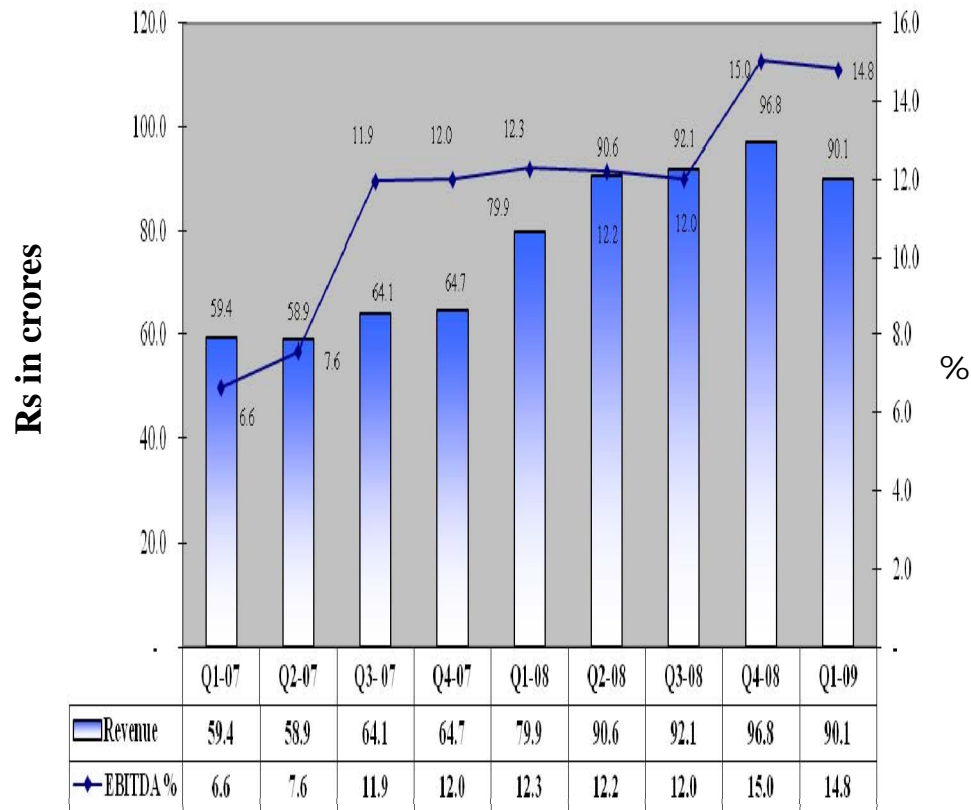
# Gross Margins Analysis Q1-09

## Movement in Gross Margin % Q1-09 Vs Q4-08

Gross Margin % in Q4-08	41.54
Increase in license revenue	1.48
Decrease in leave & gratuity accruals	4.14
Impact of lower utilization	(2.62)
Impact of increments	(0.74)
Rupee appreciation impact	(0.07)
Mics. others	(0.48)
Gross Margin % in Q1-09	43.25



# Revenues and Margins Historical Trend



Revenue & EBITDA growth in Q1-09 was impacted by volume decline resulted from global slow down

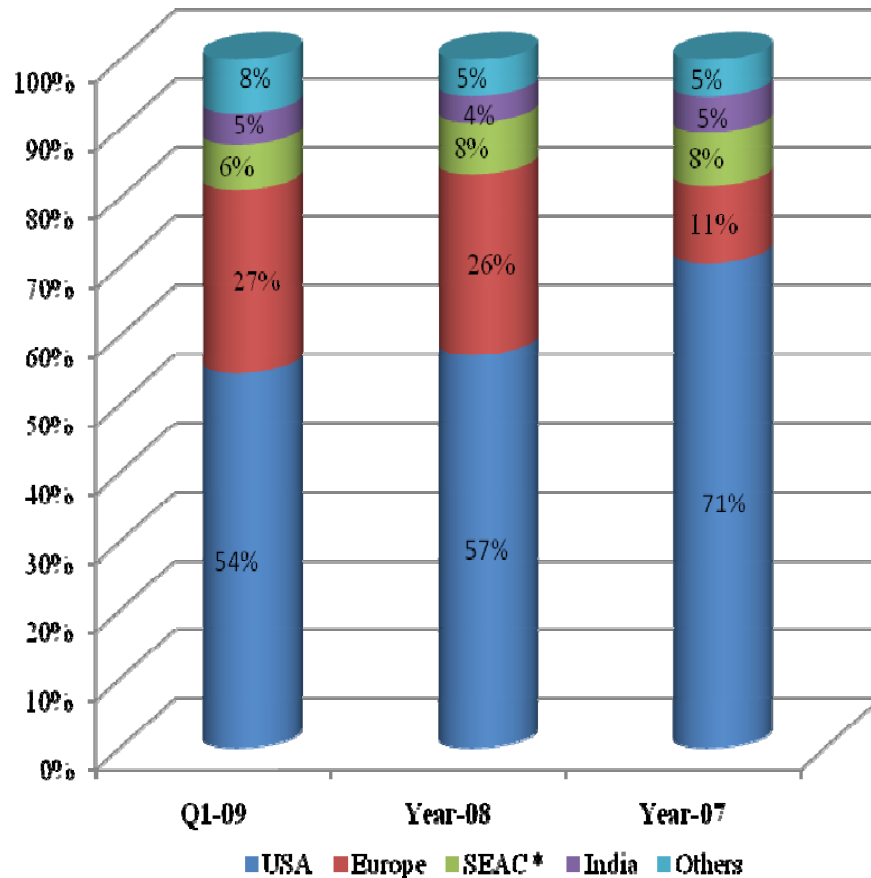
# Consolidated Balance Sheet

Rupees in Crores except "DSO"

	As at March 31, 2009	As at Dec. 31, 2009
Share Holders' Funds	178.6	171.6
Receivables	62.5	79.0
Receivables in days "DSO"	70	65
Cash & Bank	71.9	63.6
Net Current Assets	109.6	101.9
Fixed Assets (net)	73.3	74.6
Secured Loans	1.7	3.2

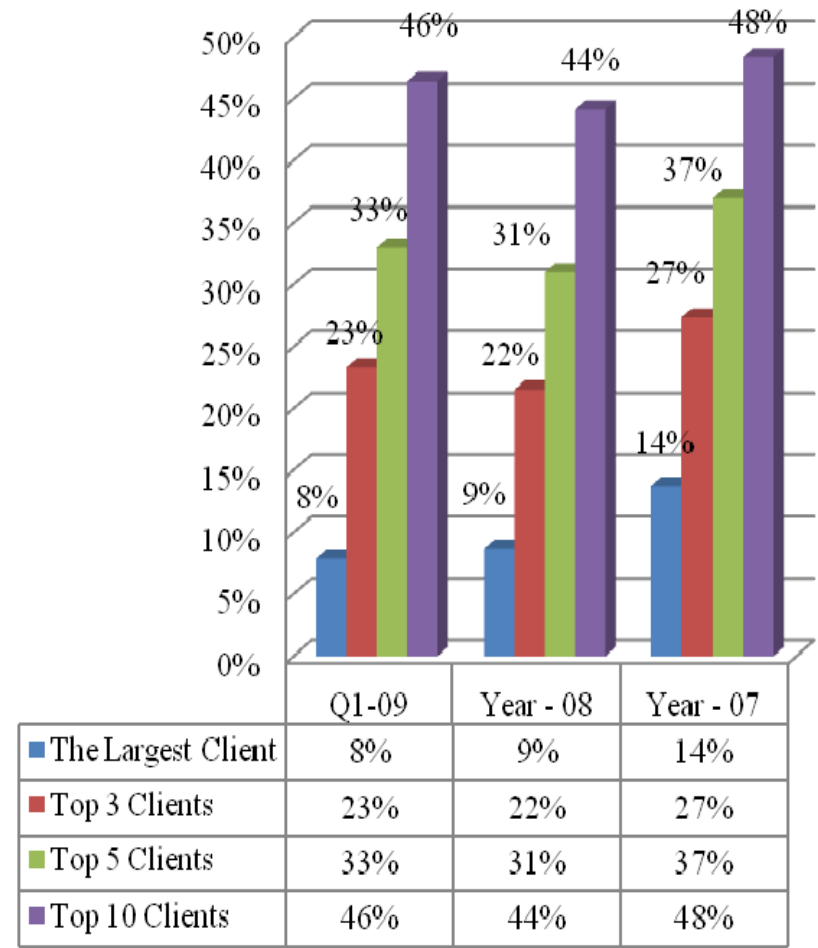
# Revenue Break-Down

## By Geography

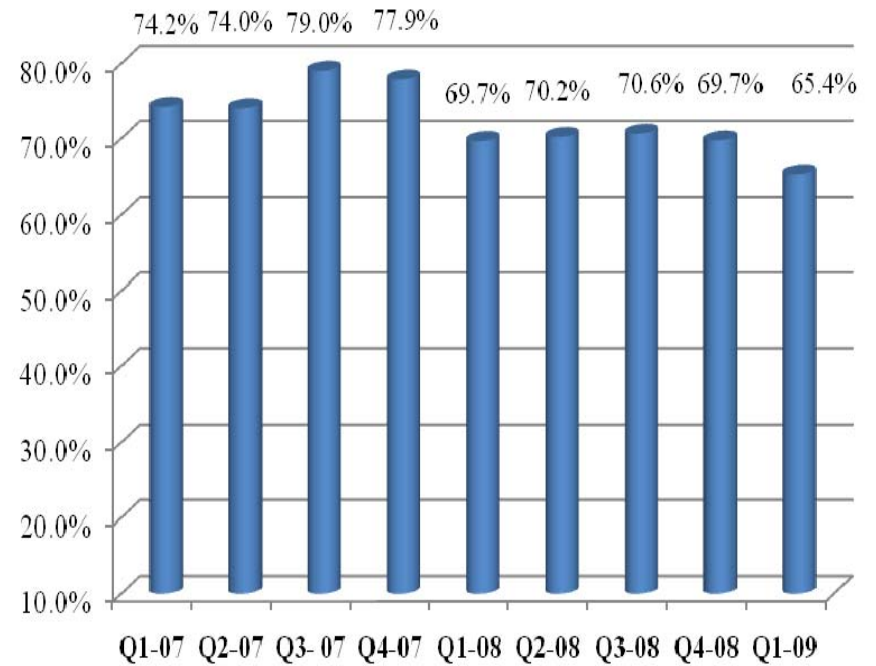
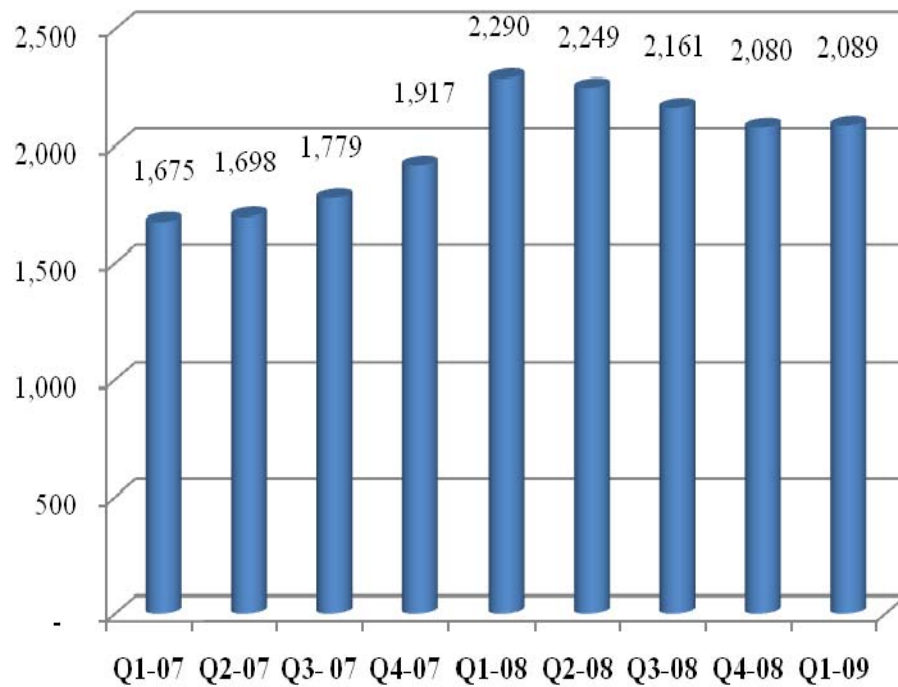


\* South East Asian Countries

## Client Concentration



# Head Count and Utilization



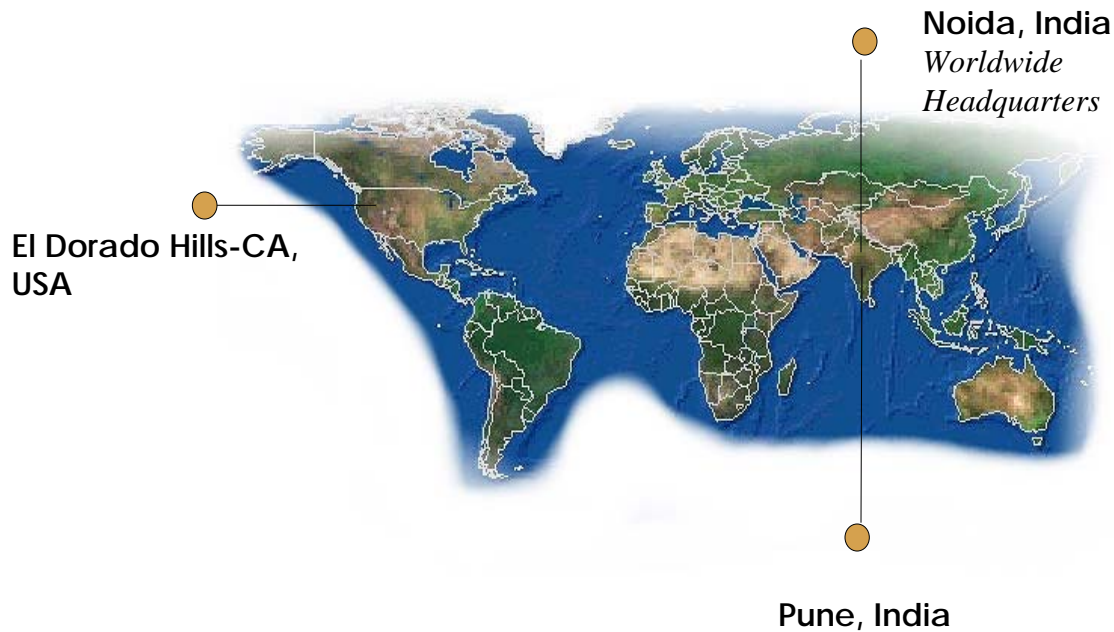
Total associates as on March 31, 2009 increased to 2,089 from 2,080 at the end of December 31, 2008.

Offshore & Onsite Mix During Q1-09 was 64.9% & 35.1% as against Q4-08 was 61.7% & 38.3%

# Summing Up and Looking Ahead

- Q1-09 results were satisfactory in a very difficult economy.
- Near term uncertainties to continue until economy rebounds.
- R Systems plan is to
  - Align with customers needs;
  - Look beyond near term to invest in capabilities for medium term growth;
  - Monitor metrics and execute rigorously for near term performance;
  - Maintain strong B/S and remain financially prudent.

# 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](mailto:Oneil.nalavadi@rsystems.com)

**Nand Sardana**  
Chief Compliance Officer & VP Finance  
Noida, India  
Tel # 0120 - 4303506  
Fax # 0120 - 2587123  
Email: [nand.sardana@rsystems.com](mailto:nand.sardana@rsystems.com)

**Shankar Seetharaman**  
Sr. VP  
Pune, India  
Tel # 020 - 22952520  
Email: [Shankar.Seetharaman@indussoft.com](mailto:Shankar.Seetharaman@indussoft.com)

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