



R Systems Announces Results for Calendar Year 2009

FY 2009: Revenue: Rs 327.5 Crores, EBITDA: Rs 40.3 Crores and Net Profit Rs. 7.7 Crores
Q4 2009 Revenue: Rs 76.3 Crores, EBITDA: Rs 9.4 Crores and Net Profits: Rs 6.7 Crores

Noida, India – February 21, 2010

Highlights

Consolidated results for the quarter ended December 31, 2009

- Consolidated revenues from operations for Q4-09 was Rs 76.28 crores (US\$ 16.42 mn.); sequential QoQ decline was 3.05% and YoY decline was 21.24%.
- Earnings before depreciation, taxes and allowances before nonrecurring item (“EBITDA”) was Rs 9.44 crores (US\$ 1.98 mn); sequential QoQ growth was 3.03% and YoY decline was 35.20%.
- Net profit after taxes was Rs 6.71 crores (US\$ 1.39 mn.) compared to Rs 7.64 crores (US\$1.56 mn.) in Q3, 2009 and Rs 8.79 crores (US\$1.79 mn.) in the same period last year.

Others

- 11 new customers were added during the quarter.

Consolidated results for FY ended December 31, 2009

- Consolidated revenue for FY 2009 was Rs 327.53 crores (US\$ 67.85 mn.) as against Rs 359.39 crores (US\$ 82.03 mn.); YoY decline of 8.87%.
- EBITDA for FY 2009 was Rs 40.32 crores (US\$ 8.28 mn.) as against Rs 46.48 crores (US\$ 10.61 mn.); a YoY decline of 13.25%.
- Excluding goodwill impairment of Rs 20.87 crores (US\$ 4.25 mn.), the non-GAAP measure of net profit after taxes for FY 2009 was Rs 28.59 crores (US\$ 5.85 mn).
- After goodwill impairment, net profit after taxes was Rs.7.72 crores (US\$ 1.60 mn.) as against Rs 27.97 crores (US\$ 6.38 mn) in 2008; YoY decline of 72.39%.
- Cash and cash equivalent per share as at December 31, 2009 was Rs 71.22 as against Rs 47.60 as at December 31, 2008.

“R Systems results in FY 2009 reflect a reasonable operational performance in spite of the general economic slowdown that affected our overall business in general and BPO business in particular. We have reacted with alacrity and controlled costs.” said Rekhi Singh, Chairman and Managing Director. He added “the economic situation continues to be recessive; however there are small signs of recovery, as is



reflected in new wins in the Quarter across all our business verticals and geographies. However, there will be continued period of consolidation and rationalization of vendors and we will maintain a tight shop even as we invest in growth.”

Raj Swaminthan, COO, added “Our strong focus during this period of consolidation has been to focus and build on our key customer relationships, leverage our strong alliances with key technology and product partners, and providing customers with the benefits of innovation that our domain strengths bring to them across our different COEs and Business verticals.”

Dividend Declaration

On the back of operating results, the Board of Directors at its meeting held on February 21, 2010 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

iPLM Services Group:

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 iPLM services positively impacted over 1500 products since inception in various segments including mobility, IPTV, search engine, Internet security and enterprise software.

As a part of our iPLM suite, 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 commenced on several new engagements this quarter for both new and existing customers, including:

An application development for a client that is popular on mobile phones that will enable applications to use standard digital pen technology.

We have been selected to provide maintenance & enhancement support to a client whose portal solution supports pre-paid cards for Retail, Hospitality, Government & Manufacturing, Theme Parks etc.

We are developing for an internet news and media company an application that facilitates RSS/MRSS feed acquisition and a system to deliver video content in a given format to any destination client.

R Systems Europe was selected by a leading provider of technology-based language learning solutions to support its international business which is seen as critical to the company's long-term success. The BPO solution includes Technical Support and Customer Service to B-2-B as well as B-2-C markets.



Furthermore R Systems Europe was selected by an experienced international supplier of solutions in the field of lifestyle & connectivity products, which recently launched the next generation Internet media player.

Products Group:

In R Systems products group Indus[®] Loan Origination and Collections Product and ECnet[®] Supply Chain Solutions registered both key new wins.

R Systems has been selected by a large telecom operator in South East Asia as systems integrator to deliver a Collections Management and Credit Monitoring solution on its IC4 collections platform.

We have been selected to implement an integrated supply chain platform to help streamline the Transit Warehouse inbound and outbound activities.

A Singapore based Regional Direct Sales company, selected ECnet supply chain solution to manage and track product inventory.

A Singapore based, regional operations company involved in surface treatment for equipment for the semi-conductor industry selected ECnet to implement Infor LN ERP solution.

Liquidity and Shareholder Funds

Cash and cash equivalents, including bank deposits, as on December 31, 2009 was Rs 87.20 crores compared to Rs. 63.61 crores as on December 31, 2008. Earnings before interest, depreciation, non recurring item and taxes (“EBITDA”) was Rs.40.32 crores (US\$ 8.28 mn.) in FY 2009 from Rs.46.48 crores (US\$ 10.61 mn.) in FY 2008. Total shareholder funds as on December 31, 2009 was Rs. 167.39 crores compared to Rs. 171.65 crores as on December 31, 2008.

The net decline in total shareholders’ funds was a result of R Systems Board’s decision to record goodwill impairment charge to write-off all the goodwill associated with acquisition of WebConverse and Sento Europe.

R Systems had issued Public Announcement dated October 15, 2008, for Buy-back of its equity shares not exceeding 1,306,941 shares from the open market at a price not exceeding Rs. 150 per share for an aggregate amount not exceeding Rs. 8 crores. Under the Buy-back, the Company had bought back 1,265,820 equity shares up to August 27, 2009 at an average price of Rs. 63.20 per share for an aggregate amount of Rs. 8 crores. The Offer for Buy Back had been successfully completed on August 27, 2009.

“R Systems has undertaken certain cost optimization measures in time to adjust our cost structure to a challenging business environment during the year 2009 to preserve our margins Our balance sheet posts strong cash position of Rs. 87.20 crores even after completing the buy-back during 2009 “said Shankar Seetharaman, CFO.



Human Resources

R Systems was ranked Sixth in an IT Best Employer in DQ-IDC's Best Employer Survey for 2009.

R Systems ended December 31, 2009 with total count of 2,048 associates, a net decrease of 131 associates during the quarter and net decrease of 417 during the calendar year 2009.

"We are pleased to be ranked as Sixth IT Best Employer in DQ-IDC's Best Employer Survey findings 2009. With this feat, we have scored a 'hat-trick' in the field of human resource development in last 9 months. The latest accomplishment comes on the heels of recently concluded assessment as PCMM Level 5 Company in July 09 and a NASSCOM sponsored nationwide survey titled 'Exciting Emerging Companies to Work For' - FY 08-09, wherein R Systems had figured at the 5th position. It is a singular tribute to our associates who constitute this happy family and acknowledges R Systems continuous endeavors towards best HR practices and commitment towards its employees," said Rekhi Singh, Chairman and Managing Director of R Systems.

Process, Quality and Innovation

R Systems has been certified for its people process under People CMM level 5 in July 2009 for its IPLM and BPO business in India. R Systems has a continuing commitment to achieve the highest standard of people practices, quality standards, training, information security, frameworks, tools and methodologies.

R Systems launched its first solutions for the insurance industry iPersyst. The solutions is implemented for one of India's most reputed private sector life insurance companies. The year 2009 also saw the launch of its lending solutions with Islamic bank functionality. The solution is now implemented at a leading Middle East Bank.

Also, during the year R Systems has undertaken upgrade of its third module of lending solution its Loan Management System (LMS). The module is expected to be launched in Q1, 2010.

Capacity of Development and Service Centres

At the end of December 31, 2009 the total square footage of R Systems development centres was 197,452 square feet with a seating capacity of 2,848.



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 and Independent Software Vendors, 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
Chief Compliance Officer
Tel # 0120 - 4082633
Fax # 0120 - 2587123
Email: suresh.bhutani@rsystems.com

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

Vinay Behl
Director Finance, US Operations
Tel # 1-916 939 5113
Fax # 1-916 939 6307
Email: vinay.behl@rsystems.com

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended December 31, 2009 (As per Indian GAAP)

(Rs in mn except per share data)

Sr. No.	Particulars	Quarter Ended December 31,		YoY Growth %	Quarter Ended Sep 30, 2009	QoQ Growth %
		2009	2008			
1	Income					
1.1	Net Sales	762.76	968.42	(21.24)	786.77	(3.05)
1.2	Other Operating Income	(0.22)	5.58	(103.78)	9.41	(102.24)
	Total	762.54	974.00	(21.71)	796.18	(4.22)
2	Expenditure					
2.1	Employees Cost	459.70	574.24	(19.95)	491.53	(6.48)
2.2	Traveling Cost	49.42	49.09	0.66	48.28	2.35
2.3	Communication Costs	16.45	18.12	(9.23)	17.64	(6.77)
2.4	Legal & Professional Expenses	60.67	83.79	(27.60)	76.40	(20.59)
2.5	Provision For Doubtful Debts / Advances	7.64	21.74	(64.85)	2.77	175.36
2.6	Depreciation/Amortisation	34.32	30.27	13.38	35.75	(4.01)
2.7	Other Expenditure	69.79	112.69	(38.07)	59.23	17.83
	Total Expenditure	697.99	889.94	(21.57)	731.60	(4.59)
3	Profit From Operations Before Other Income, Interest & Exceptional Items	64.55	84.06	(23.20)	64.58	(0.04)
4	Other Income	12.42	11.29	10.00	13.65	(9.06)
5	Profit From Operations Interest & Exceptional Items	76.97	95.35	(19.27)	78.23	(1.61)
6	Interest	0.40	1.03	(61.17)	1.22	(67.04)
7	Profit After Interest But Before Exceptional Items	76.57	94.32	(18.81)	77.01	(0.57)
8	Exceptional Income/(Expense)	-	-	-	-	-
9	Profit/(Loss) Before Tax	76.57	94.32	(18.81)	77.01	(0.57)
10	Provision For Tax					
10.1	Current Tax	22.90	12.87	77.92	23.64	(3.13)
10.2	MAT Credit Entitlement	(15.36)	(3.52)	335.66	(20.51)	(25.11)
10.3	Deferred Tax	1.97	(5.11)	(138.51)	(0.24)	(920.83)
10.4	Fringe Benefit Tax	-	2.15	(100.00)	(2.28)	(100.00)
	Total	9.51	6.39	48.85	0.61	1,459.20
11	Net Profit/(Loss) After Tax	67.06	87.93	(23.73)	76.40	(12.22)
12	Earning Per Share					
12.1	Basic	5.44	6.49	(16.15)	6.16	(11.67)
12.2	Diluted	5.38	6.42	(16.19)	6.08	(11.62)

Financial Performance

Consolidated Profit & Loss Statement (Audited) for the Year Ended December 31, 2009 (As per Indian GAAP)

(Rs in mn except per share data)

Sr. No.	Particulars	Year Ended December 31,		Growth %
		2009	2008	
1	Income			
1.1	Net Sales	3,275.25	3,593.92	(8.87)
1.2	Other Operating Income	28.70	18.31	56.80
	Total	3,303.95	3,612.23	(8.53)
2	Expenditure			
2.1	Employees Cost	2,029.65	2,164.50	(6.23)
2.2	Traveling Cost	195.10	233.43	(16.42)
2.3	Communication Costs	71.29	70.61	0.96
2.4	Legal & Professional Expenses	273.86	344.74	(20.56)
2.5	Provision For Doubtful Debts/ Advances	47.88	39.48	21.29
2.6	Depreciation/Amortisation	134.82	115.69	16.53
2.7	Other Expenditure	286.29	374.91	(23.64)
	Total Expenditure	3,038.89	3,343.36	(9.11)
3	Profit From Operations Before Other Income, Interest & Exceptional Items	265.06	268.87	(1.41)
4	Other Income	51.72	36.64	41.16
5	Profit From Operations Interest & Exceptional Items	316.78	305.51	3.69
6	Interest	2.80	5.33	(47.48)
7	Profit After Interest But Before Exceptional Items	313.98	300.18	4.60
8	Exceptional Income/(Expense)	(208.71)	-	-
9	Profit Before Tax	105.27	300.18	(64.93)
10	Provision For Tax			
10.1	Current Tax	65.59	31.79	106.35
10.2	MAT Credit Entitlement	(42.68)	(11.70)	264.85
10.3	Deferred Tax	4.19	(7.55)	(155.41)
10.4	Fringe Benefit Tax	0.97	7.98	(87.87)
	Total	28.07	20.52	36.82
11	Net Profit After Tax	77.20	279.66	(72.39)
12	Earning Per Share			
12.1	Basic	6.09	20.61	(70.43)
12.2	Diluted	6.02	20.36	(70.43)



Financial Performance

Consolidated Profit & Loss Statement (Un- audited) for the Quarter Ended December 31, 2009 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn except per share data)

Particulars	Q4 2009		Q4 2008		Q3 2009	
	INR	US\$	INR	US\$	INR	US\$
Revenues	762.76	16.42	968.42	19.14	786.77	16.32
Cost of Revenues	450.39	9.70	566.10	11.10	475.65	9.86
Gross Margin	312.37	6.72	402.32	8.04	311.12	6.46
SG & A	40.95%		41.54%		39.54%	
Expenses	217.95	4.74	256.61	5.07	219.48	4.58
	28.57%		26.50%		27.90%	
EBITDA	94.42	1.98	145.71	2.97	91.64	1.88
	12.38%		15.05%		11.65%	
Depreciation/Amortization	34.32	0.74	30.27	0.59	35.75	0.74
Operating Income Before Non Recurring Cost	60.10	1.24	115.44	2.38	55.89	1.14
Non Recurring Costs	-	-	13.34	0.31	-	-
Income/(Loss) From Operations	60.10	1.24	102.10	2.07	55.89	1.14
Interest Expense	(0.40)	(0.01)	(1.03)	(0.02)	(1.22)	(0.03)
Other Income (Net)	16.87	0.36	(6.75)	(0.13)	22.34	0.46
Income/(Loss) Before Income Tax	76.57	1.59	94.32	1.92	77.01	1.57
Income Tax Provision	9.51	0.20	6.39	0.13	0.61	0.01
Net Earnings/(Loss)	67.06	1.39	87.93	1.79	76.40	1.56
Earning Per Share						
- Basic	5.44	0.12	6.49	0.13	6.16	0.13
- Diluted	5.38	0.12	6.42	0.13	6.08	0.13



Financial Performance

Consolidated Profit & Loss Statement (Un- audited) for the Year Ended December 31, 2009 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn except per share data)

Particulars	Jan to Dec 09		Jan to Dec 08	
	INR	US\$	INR	US\$
Revenues	3,275.25	67.85	3,593.92	82.03
Cost of Revenues	1,950.73	40.41	2,176.86	49.69
Gross Margin	1,324.52	27.44	1,417.06	32.34
SG & A	40.44%		39.43%	
Expenses	921.32	19.16	952.26	21.73
	28.13%		26.50%	
EBITDA	403.20	8.28	464.80	10.61
	12.31%		12.93%	
Depreciation/Amortisation	134.82	2.79	115.69	2.64
Operating Income Before Non Recurring Cost	268.38	5.49	349.11	7.97
Non Recurring Costs	208.71	4.25	13.34	0.30
Income From Operations	59.67	1.24	335.77	7.67
Interest Expense	(2.80)	(0.06)	(5.33)	(0.12)
Other Income (Net)	48.40	1.00	(30.26)	(0.70)
Income Before Income Tax	105.27	2.18	300.18	6.85
Income Tax Provision	28.07	0.58	20.52	0.47
Net Earnings	77.20	1.60	279.66	6.38
Earning Per Share				
- Basic	6.09	0.13	20.61	0.47
- Diluted	6.02	0.12	20.36	0.46

Consolidated Balance Sheet as at December 31, 2009 (As per Indian GAAP)

Particulars	(Rs in mn)		
	As at December 31,		As at Sep 30,
	2009	2008	2009
	(Audited)	(Audited)	(Un-Audited)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	122.43	133.62	122.43
Reserves and Surplus	1,551.50	1,582.91	1,528.74
Net Worth	1,673.93	1,716.53	1,651.17
Loan Funds			
Secured Loans	14.52	32.56	71.80
Deferred Tax Liability (Net)	21.06	16.88	19.10
Total	1,709.51	1,765.97	1,742.07
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	1,095.00	1,217.55	1,102.44
Less: Depreciation	582.34	474.17	563.44
Net Block	512.66	743.38	539.00
Capital Work-in-Progress	17.60	3.21	21.60
	530.26	746.59	560.60
Investments	0.03	0.03	0.03
Current Assets, Loans & Advances			
Sundry Debtors	496.52	790.22	575.58
Cash & Bank Balances	871.98	636.10	818.44
Other Current Assets	191.03	145.89	214.76
Loans & Advances	178.47	98.14	147.98
Total Current Assets (A)	1,738.00	1,670.35	1,756.76
Less : Current Liabilities and Provisions			
Liabilities	368.03	454.07	426.91
Provisions	190.75	196.93	148.41
Total Current Liabilities (B)	558.78	651.00	575.32
Net Current Assets (A-B)	1,179.22	1,019.35	1,181.44
Total	1,709.51	1,765.97	1,742.07

Notes:

1. US\$ equivalent figures are derived by converting the Rupee figures using average currency rates from Fxstreet.com and closing currency rates from SBI.
2. Previous period's figures have been regrouped / recasted wherever applicable, to the extent possible.