

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, 2010

(Rs. in lakhs, except per share data)

S. No.	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended
		2010	2009	2010	2009	December 31,
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 (a)	Income from operations	6,848.18	8,248.97	14,090.69	17,257.24	32,752.52
1 (b)	Other operating income	63.55	179.72	127.10	195.04	287.00
2	Expenditure					
(a)	Employees cost	4,654.51	5,345.17	9,467.09	10,784.14	20,296.51
(b)	Traveling and conveyance	502.38	472.52	941.35	983.22	1,970.07
(c)	Communication cost (refer note 7 below)	176.96	179.18	313.96	371.96	712.90
(d)	Legal and professional expenses	512.98	715.35	1,086.07	1,368.02	2,738.63
(e)	Provision for doubtful debts / advances	39.05	158.11	118.26	374.66	478.82
(f)	Depreciation / amortisation	333.65	352.65	664.46	647.45	1,348.19
(g)	Other expenditure	698.41	844.62	1,311.15	1,563.53	2,843.76
	Total expenditure	6,917.94	8,067.60	13,902.34	16,092.98	30,388.88
3	Profit / (loss) from operations before other income, interest and exceptional items (1-2)	(6.21)	361.09	315.45	1,359.30	2,650.64
4	Other Income	120.20	127.50	235.41	256.50	517.22
5	Profit before interest and exceptional items (3+4)	113.99	488.59	550.86	1,615.80	3,167.86
6	Interest	1.61	5.10	3.75	11.73	27.99
7	Profit after interest but before exceptional items (5-6)	112.38	483.49	547.11	1,604.07	3,139.87
8	Exceptional items (refer note 5 below)	-	(2,087.14)	-	(2,087.14)	(2,087.14)
9	Profit / (loss) for the period / year from ordinary activities before tax (7+8)	112.38	(1,603.65)	547.11	(483.07)	1,052.73
10	Tax expense					
	Current tax	50.05	77.41	146.19	190.61	655.94
	MAT credit entitlement	(9.50)	(9.90)	(141.50)	(68.15)	(426.78)
	Deferred tax charge / (credit)	(42.45)	(65.61)	(229.76)	24.55	41.85
	Fringe benefit tax	-	17.00	-	32.50	9.68
	Total tax expense	(1.90)	18.90	(225.07)	179.51	280.69
11	Net profit / (loss) for the period / year from ordinary activities after tax (9-10)	114.28	(1,622.55)	772.18	(662.58)	772.04
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net profit / (loss) for the period / year (11-12)	114.28	(1,622.55)	772.18	(662.58)	772.04
14	Paid up equity share capital (Face value Rs. 10/- each) (refer note 4 below)	1,224.30	1,250.90	1,224.30	1,250.90	1,224.30
15	Reserves and surplus excluding revaluation reserves as at December 31, 2009					15,515.00
16	Earnings per share (EPS)					
(a)	EPS for the period / year before extraordinary items					
	- Basic	0.93	(12.68)	6.27	(5.10)	6.09
	- Diluted	0.92	(12.68)	6.19	(5.10)	6.02
(b)	EPS for the period / year after extraordinary items					
	- Basic	0.93	(12.68)	6.27	(5.10)	6.09
	- Diluted	0.92	(12.68)	6.19	(5.10)	6.02
17	Public shareholding					
	- Number of shares	6,574,593	6,840,647	6,574,593	6,840,647	6,574,593
	- Percentage of shareholding	53.38	54.36	53.38	54.36	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	5,742,293	5,742,293	5,742,293	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)	46.62	45.64	46.62	45.64	46.62

Notes:

- The results for the quarter and half year ended June 30, 2010 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on July 31, 2010.
- 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, 2010 and June 30, 2009 and audit for the year ended December 31, 2009.
- Pursuant to the Initial Public Offer (IPO), the Company collected Rs. 7,062.50 lakhs (net of selling shareholders' proceeds), details of utilisation of IPO proceeds are as follows:

Objects	Total estimated project cost*	Amount incurred till March 31, 2010	(Rs. in lakhs)	
			During April - June 2010	Amount incurred till June 30, 2010
Upgrading and expansion of existing infrastructure*	2,299.93	2,299.93	-	2,299.93
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	1,795.10	-	1,795.10
General corporate purposes*	1,590.60	586.20	-	586.20
Meeting offer expenses*	1,011.37	1,011.37	-	1,011.37
Total	7,062.50	6,058.10	-	6,058.10

*The Company had obtained approval from its shareholders at the annual general meeting held on May 2, 2008 for reallocation in the estimated project cost among above mentioned heads.

Further, the Company had also obtained approval from its shareholders at the annual general meeting held on May 20, 2010 for extension of time up to June 30, 2012 for utilization of balance IPO proceeds. Pending utilization, balance funds as at June 30, 2010 have been invested in fixed deposit with nationalised banks.

- The Company had successfully completed the buy-back of 1,265,820 equity shares of Rs. 10 each at an average price of Rs. 63.20 per share for an aggregate amount of Rs. 800 lakhs on August 27, 2009.
- During earlier years, the Company had acquired subsidiaries [namely R Systems Solutions, Inc., (USA), R Systems Europe B.V., (The Netherlands) and R Systems S.A.S., (France)] in new geographies / business verticals. During the year ended December 31, 2009, these subsidiaries had received termination notices from certain significant customers. Consequently during the year ended December 31, 2009, the management had assessed that there was impairment of goodwill recognized in the books on acquisition of these subsidiaries and had impaired the goodwill amounting to Rs. 2,087.14 lakhs.
- 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.
- Communication cost includes Rs. 17.29 lakhs of prior period expenses during the quarter and half year ended June 30, 2010.
- Final Dividend of Rs 2.40 per share (24% on equity share of par value of Rs 10/-) for the year ended December 31, 2009 was approved by the shareholders in the annual general meeting held on May 20, 2010 and same was paid during the quarter ended June 30, 2010. Of this Rs. 3.54 lakhs remains unclaimed as on June 30, 2010.
- There were 12 investor complaints received and disposed off during the quarter ended June 30, 2010. There were no pending complaints at the beginning and end of the quarter.

Particulars	As at June 30,		(Rs. in lakhs)
	2010	2009	As at December 31,
	(Unaudited)	(Unaudited)	2009 (Audited)
SOURCES OF FUNDS			
Shareholders' funds			
(a) Capital	1,224.30	1,250.90	1,224.30
(b) Reserves and surplus	16,232.57	14,652.21	15,515.00
Loan funds	99.02	522.15	145.20
Deferred tax liability (net)	-	193.33	210.63
TOTAL	17,555.89	16,618.59	17,095.13
APPLICATION OF FUNDS			
Fixed assets (net)	4,866.24	5,757.29	5,302.71
Investments	0.25	0.25	0.25
Deferred tax assets (net)	19.13	-	-
Current assets, loans and advances			
(a) Sundry debtors	4,819.53	5,435.93	4,965.17
(b) Cash and bank balances	8,519.07	7,322.83	8,719.75
(c) Other current assets	1,985.50	2,122.09	1,910.30
(d) Loans and advances	1,915.19	1,268.08	1,784.72
Less : Current liabilities and provisions			
(a) Liabilities	3,212.35	3,761.07	3,680.32
(b) Provisions	1,356.67	1,526.81	1,907.45
TOTAL	17,555.89	16,618.59	17,095.13

11 Previous period's / year's figures have been regrouped / recasted wherever applicable, to the extent possible.

For and on behalf of the Board

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior Executive Director]

Place : NOIDA
Date : July 31, 2010

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,
		2010	2009	2010	2009	2009
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	5,512.19	6,228.31	11,260.04	12,872.22	24,486.17
	- Business process outsourcing services	1,361.35	2,044.45	2,880.10	4,444.55	8,370.86
	Less:- Elimination of intersegment sales	25.36	23.79	49.45	59.53	104.51
	Income from operations	6,848.18	8,248.97	14,090.69	17,257.24	32,752.52
2	Segment results before tax and interest					
	- Software development and customisation services	162.71	428.24	650.04	1,362.05	2,914.25
	- Business process outsourcing services *	(95.70)	(2,044.40)	(181.33)	(1,863.79)	(1,892.22)
	Total	67.01	(1,616.16)	468.71	(501.74)	1,022.03
	(i) Interest expense	(1.61)	(5.10)	(3.75)	(11.73)	(27.99)
	(ii) Interest income	120.20	127.50	235.41	256.50	517.22
	(iii) Other income	31.14	12.14	51.88	27.46	23.67
	(iv) Other unallocable expenses	(104.36)	(122.03)	(205.14)	(253.56)	(482.20)
	Profit / (loss) before tax	112.38	(1,603.65)	547.11	(483.07)	1,052.73
3	Capital employed					
	- Software development and customisation services	10,405.61	10,597.31	10,405.61	10,597.31	10,399.11
	- Business process outsourcing services	(1,553.15)	(1,121.96)	(1,553.15)	(1,121.96)	(1,220.35)
	- Unallocated corporate	8,604.41	6,427.76	8,604.41	6,427.76	7,560.54
	Total capital employed	17,456.87	15,903.11	17,456.87	15,903.11	16,739.30

* After considering exceptional items for the quarter and half year ended June 30, 2009 and year ended December 31, 2009 as explained in note 5 to the unaudited consolidated financial results.

R SYSTEMS INTERNATIONAL LIMITED

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

AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2010

(Rs. in lakhs, except per share data)

S. No.	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended
		2010	2009	2010	2009	December 31,
		(Audited)	(Audited)	(Audited)	(Audited)	2009
1 (a)	Income from operations	4,243.92	4,766.97	8,592.14	10,124.46	19,114.31
1 (b)	Other operating income	54.87	182.62	129.84	216.25	342.98
2	Expenditure					
(a)	Employees cost	2,921.73	3,075.96	5,899.77	6,049.92	11,497.08
(b)	Traveling and conveyance	396.95	369.38	753.95	757.72	1,524.60
(c)	Communication cost (refer note 7 below)	150.65	113.87	256.00	221.27	494.75
(d)	Legal and professional expenses	54.29	42.09	98.58	130.97	248.49
(e)	Provision for doubtful debts / advances	14.09	120.22	81.23	333.84	471.21
(f)	Depreciation / amortisation	218.22	216.85	429.42	374.85	804.62
(g)	Other expenditure	437.73	517.72	800.05	946.60	1,588.66
	Total expenditure	4,193.66	4,456.09	8,319.00	8,815.17	16,629.41
3	Profit from operations before other income, interest and exceptional items (1-2)	105.13	493.50	402.98	1,525.54	2,827.88
4	Other Income	137.63	140.98	268.72	283.03	573.88
5	Profit before interest and exceptional items (3+4)	242.76	634.48	671.70	1,808.57	3,401.76
6	Interest	1.04	2.92	2.11	4.95	16.99
7	Profit after interest but before exceptional items (5-6)	241.72	631.56	669.59	1,803.62	3,384.77
8	Exceptional items (refer note 5 below)	-	(2,473.21)	-	(2,473.21)	(2,473.21)
9	Profit / (loss) for the period / year from ordinary activities before tax (7+8)	241.72	(1,841.65)	669.59	(669.59)	911.56
10	Tax expense					
	Current tax	48.00	70.00	130.00	201.00	631.65
	MAT credit entitlement	(9.50)	(9.90)	(141.50)	(68.15)	(426.78)
	Deferred tax charge / (credit)	(42.45)	(65.61)	(229.76)	24.55	41.85
	Fringe benefit tax	-	17.00	-	32.50	9.68
	Total tax expense	(3.95)	11.49	(241.26)	189.90	256.40
11	Net profit / (loss) for the period / year from ordinary activities after tax (9-10)	245.67	(1,853.14)	910.85	(859.49)	655.16
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net profit / (loss) for the period / year (11-12)	245.67	(1,853.14)	910.85	(859.49)	655.16
14	Paid up equity share capital (Face value Rs. 10/- each) (refer note 4 below)	1,224.30	1,250.90	1,224.30	1,250.90	1,224.30
15	Reserves and surplus excluding revaluation reserves as at December 31, 2009					16,448.33
16	Earnings per share (EPS)					
(a)	EPS for the period / year before extraordinary items					
	- Basic	1.99	(14.49)	7.40	(6.62)	5.17
	- Diluted	1.97	(14.49)	7.31	(6.62)	5.11
(b)	EPS for the period / year after extraordinary items					
	- Basic	1.99	(14.49)	7.40	(6.62)	5.17
	- Diluted	1.97	(14.49)	7.31	(6.62)	5.11
17	Public shareholding					
	- Number of shares	6,574,593	6,840,647	6,574,593	6,840,647	6,574,593
	- Percentage of shareholding	53.38	54.36	53.38	54.36	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	5,742,293	5,742,293	5,742,293	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)	46.62	45.64	46.62	45.64	46.62

Notes:

- The results for the quarter and half year ended June 30, 2010 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on July 31, 2010.
- An audit has been completed by the Statutory Auditors for the quarter and half year ended June 30, 2010, quarter and half year ended June 30, 2009 and year ended December 31, 2009.
- Pursuant to the Initial Public Offer (IPO), the Company collected Rs. 7,062.50 lakhs (net of selling shareholders' proceeds), details of utilisation of IPO proceeds are as follows:

Objects	(Rs. in lakhs)			
	Total estimated project cost*	Amount incurred till March 31, 2010	During April-June 2010	Amount incurred till June 30, 2010
Upgrading and expansion of existing infrastructure*	2,299.93	2,299.93	-	2,299.93
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	1,795.10	-	1,795.10
General corporate purposes*	1,500.60	586.20	-	586.20
Meeting offer expenses*	1,011.37	1,011.37	-	1,011.37
Total	7,062.50	6,058.10	-	6,058.10

*The Company had obtained approval from its shareholders at the annual general meeting held on May 2, 2008 for reallocation in the estimated project cost among above mentioned heads.

Further, the Company had also obtained approval from its shareholders at the annual general meeting held on May 20, 2010 for extension of time up to June 30, 2012 for utilization of balance IPO proceeds. Pending utilization, balance funds as at June 30, 2010 have been invested in fixed deposit with nationalised banks.

- The Company had successfully completed the buy-back of 1,265,820 equity shares of Rs. 10 each at an average price of Rs. 63.20 per share for an aggregate amount of Rs. 800 lakhs on August 27, 2009.
- During earlier years, the Company had acquired subsidiaries [namely R Systems Solutions, Inc., (USA), R Systems Europe B.V., (The Netherlands) and R Systems S.A.S., (France)] in new geographies / business verticals. During the year ended December 31, 2009, these subsidiaries had received termination notices from certain significant customers. Consequently during the year ended December 31, 2009, the management had assessed that there was a decline, other than temporary, in the value of these subsidiaries and had reduced the carrying amount of investment in these subsidiaries by Rs. 2,473.21 lakhs to recognise the decline in value.
- 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.
- Communication cost includes Rs. 17.29 lakhs of prior period expenses during the quarter and half year ended June 30, 2010.
- Final Dividend of Rs 2.40 per share (24% on equity share of par value of Rs 10/-) for the year ended December 31, 2009 was approved by the shareholders in the annual general meeting held on May 20, 2010 and same was paid during the quarter ended June 30, 2010. Of this Rs. 3.54 lakhs remains unclaimed as on June 30, 2010.
- There were 12 Investor complaints received and disposed off during the quarter ended June 30, 2010. There were no pending complaints at the beginning and end of the quarter.

10 The statement of assets and liabilities:

Particulars	(Rs. in lakhs)		
	As at June 30,		As at
	2010	2009	December 31,
	(Audited)	(Audited)	2009
	(Audited)	(Audited)	(Audited)
SOURCES OF FUNDS			
Shareholders' funds			
(a) Capital	1,224.30	1,250.90	1,224.30
(b) Reserves and surplus	17,359.18	15,462.87	16,448.33
Loan funds	36.37	412.23	31.53
Deferred tax liability (net)	-	193.32	210.63
TOTAL	18,619.85	17,319.32	17,914.79
APPLICATION OF FUNDS			
Fixed assets (net)	4,175.13	4,770.07	4,469.09
Investments	3,310.34	3,310.34	3,310.34
Deferred tax assets (net)	19.13	-	-
Current assets, loans and advances			
(a) Sundry debtors	3,560.79	3,537.73	3,807.58
(b) Cash and bank balances	7,365.05	6,609.15	7,171.34
(c) Other current assets	1,416.04	1,237.78	1,165.99
(d) Loans and advances	1,804.50	1,032.45	1,595.46
Less : Current liabilities and provisions			
(a) Liabilities	1,868.14	1,958.33	1,905.74
(b) Provisions	1,162.99	1,219.87	1,699.27
TOTAL	18,619.85	17,319.32	17,914.79

11 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 31, 2010

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

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

(Rs. in lakhs)

S. No.	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended
		2010	2009	2010	2009	December 31,
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	3,769.69	4,236.03	7,639.97	9,017.59	16,992.04
	- Business process outsourcing services	474.23	530.94	952.17	1,106.87	2,122.27
	Income from operations	4,243.92	4,766.97	8,592.14	10,124.46	19,114.31
2	Segment results before tax and interest					
	- Software development and customisation services	215.81	531.71	624.39	1,548.45	3,031.37
	- Business process outsourcing services*	(36.18)	(2,411.21)	(78.93)	(2,301.26)	(2,287.56)
	Total	179.63	(1,879.50)	545.46	(752.81)	743.81
	(i) Interest expense	(1.04)	(2.92)	(2.11)	(4.95)	(16.99)
	(ii) Interest income	119.90	127.01	234.98	255.48	514.38
	(iii) Other income	27.59	15.17	62.26	48.68	79.65
	(iv) Other unallocable expenses	(84.36)	(101.41)	(171.00)	(215.99)	(409.29)
	Profit / (loss) before tax	241.72	(1,841.65)	669.59	(669.59)	911.56
3	Capital employed					
	- Software development and customisation services	11,909.10	12,090.09	11,909.10	12,090.09	11,934.91
	- Business process outsourcing services	(1,809.54)	(1,699.83)	(1,809.54)	(1,699.83)	(1,717.28)
	- Unallocated corporate	8,483.92	6,323.51	8,483.92	6,323.51	7,455.00
	Total capital employed	18,583.48	16,713.77	18,583.48	16,713.77	17,672.63

* After considering exceptional items for the quarter and half year ended June 30, 2009 and for the year ended December 31, 2009 as explained in note 5 to the audited financial results.