INTEGRATE. INNOVATE. ACCELERATE

R SYSTEMS INTERNATIONAL LIMITED
A N N U A L   R E P O R T   2 0 0 9

Contents

Corporate Information

The Board of Directors

As on April 10, 2010

1. Mr. Satinder Singh Rekhi
   (Chairman and Managing Director)

2. Lt. Gen. Baldev Singh (Retd.)
   (President and Senior Executive Director)

3. Mr. Raj Swaminathan
   (Director and Chief Operating Officer)

4. Mr. Raj Kumar Gogia
   (Non Executive Independent Director)

5. Mr. Gurbax Singh Bhasin
   (Non Executive Independent Director)

6. Mr. Suresh Paruthi
   (Non Executive Independent Director)

Company Secretary and Compliance Officer

Mr. Suresh Kumar Bhutani

Committees of the Board of Directors

Audit Committee

1. Mr. Raj Kumar Gogia
   (Chairman)

2. Mr. Gurbax Singh Bhasin
   (Member)

3. Mr. Suresh Paruthi
   (Member)

Shareholders / Investors Grievance Committee

1. Mr. Raj Kumar Gogia
   (Chairman)

2. Mr. Suresh Paruthi
   (Member)

3. Mr. Satinder Singh Rekhi
   (Member)

4. Lt. Gen. Baldev Singh (Retd.)
   (Member)

Remuneration Committee

1. Mr. Raj Kumar Gogia
   (Chairman)

2. Mr. Gurbax Singh Bhasin
   (Member)

3. Mr. Suresh Paruthi
   (Member)

Compensation Committee

1. Mr. Raj Kumar Gogia
   (Chairman)

2. Mr. Suresh Paruthi
   (Member)

3. Lt. Gen. Baldev Singh (Retd.)
   (Member)

Registered Office

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

Corporate Office

C - 40, Sector - 59, Noida (U.P.) - 201 307

Statutory Auditors

S. R. Batliboi & Associates
Chartered Accountants
Golf View Corporate Tower B, Sector - 42, Sector Road,
Gurgaon - 122 002

Registrar & Share Transfer Agent

M/s Link Intime India Private Limited
A - 40, 2nd Floor, Naraina Industrial Area, Phase – II,
Near Batra Banquet Hall, New Delhi - 110 028

Bankers to the Company

1. State Bank of India
2. ICICI Bank Limited
3. HDFC Bank Limited
4. Axis Bank Limited
5. ABN Amro Bank
6. Oriental Bank of Commerce
7. Vijaya Bank
8. State Bank of Bikaner & Jaipur
9. Syndicate Bank
10. Punjab National Bank
11. Canara Bank

12. Citibank N.A.
13. California Bank & Trust, U.S.A.
14. State Bank of India, U. K.
15. Fortis Bank N.V., The Netherlands
16. Sumitomo Mitsui Banking Corporation (SMBC), Japan

Listed At

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Subsidiaries of R Systems International Limited

1. R Systems (Singapore) Pte Limited, Singapore
2. R Systems, Inc., U.S.A.
3. Indus Software, Inc., U.S.A.
4. ECnet Limited, Singapore
5. R Systems Solutions, Inc., U.S.A.
6. R Systems NV, Belgium
7. R Systems Europe B.V., The Netherlands
8. R Systems S.A.S., France

   Subsidiaries of ECnet Limited

9. ECnet (M) Sdn. Bhd., Malaysia
10. ECnet, Inc., U.S.A.
11. ECnet (Hong Kong) Limited, Hong Kong
12. ECnet Systems (Thailand) Company Limited, Thailand
13. ECnet Kabushiki Kaisha, Japan
14. ECnet (Shanghai) Co. Ltd., People's Republic of China

R Systems' success so far has been attributable to its ability to respond to changes in the environment, so that all stakeholders continue to find good value in the business we do. Over the years, we have added geographies, domains, skills sets and business models to our operations. The Company's strong value system empowers its employees to provide customers with consistent good quality IT and ITES services.

R Systems has embraced the Quality agenda in earnest, and has developed a holistic Quality program which addresses Corporate Governance, Quality Management of services, Vendor management process, and most importantly, the People management process.

We see innovation as the mantra at this critical juncture when the world is emerging out of the recession. We see "innovation" permeating through all the functions of the Company, beyond technology and delivery processes.

The Company's customer orientation is very strong, with a very large number of our people having touch points with our customers. Our service delivery and people processes incorporate a strong backbone of communication to ensure that customer feedback loops back into business practices. With the launch of pSuite v2.4, we have taken on board, methodology that is agile and speeds up delivery, improving the "time-to-market" timelines for our customers. This innovative e-Portal solution provides a unique single window view to our customers for gauging the health of their projects on a real time basis. This ability to extract disparate data from multiple sources is further enhanced by our capabilities around utilizing statistical modeling for trend analysis, etc., which provides a reliable forecasting mechanism to the customers.

R Systems also provides a wide variety of services to organizations in the Healthcare industry. This includes companies that develop, manufacture and market health-related products or healthcare services, such as hospitals, mid sized provider organizations, HMO's, plan providers, payers, Medical Billing companies, Medical equipment and Medical device manufacturers. More particularly, the Company delivers services that improve the Revenue Cycle for healthcare providers, bundling technology with support.

In 2009, we launched Lending Solutions under Islamic Banking norms, two solutions for the Insurance sector, credit monitoring system for the Telecom sector. The Company has launched many modules and upgrades in the year that cater to the constantly changing needs of the BFSI sector.

Having consolidated our business into a few strategic verticals, and having taken the necessary steps to tighten up our processes, we are now all set for an aggressive approach to the markets that are slowly emerging from the recession. We have a bouquet of products and services of the kind that are capable of providing stability in growth.

Innovative products & services **+** Strong and stable systems & processes **+** Innovative business practices & execution

Customer satisfaction and delight **+** Progress with Growth **+** Future success

Evolving growth paradigm

2006:

It was a year of innovative products & services that re-defined the software & BPO industry paradigm. That was the time when we, at R Systems, aligned all our plans and strategies to the belief that great products & services make great companies. It was a year when we lived this belief, constantly innovating new products & services across the full spectrum of our business.

By the time we started moving into the next year, we had lined up an impressive portfolio of products & services, with which we were confident of addressing the complete gamut of the demands of the entire industry.

2007:

As we surged on to the next level in our growth trajectory on the back of our strong and extensive portfolio of products & services, we decided to raise the bar of innovation even further. While continuing with our thrust on product and service innovation, we decided to move into a customer-centric service orientation in a big way. We believed that our own success was linked with that of our customers.

And so the focus shifted from finding customers for our products & services to developing customized products and solutions for our customers.

2008:

While customized & innovative products and solutions are a key growth driver for enabling customer success, a major and significant contributor to their growth and overall progress is a Company's Human Resources. Keeping this in mind, we decided to expand our growth strategy from mere production innovation & customer service to focused HR development during 2008, thereby building our platform for innovation that would propel the Company towards accelerated growth.

The emphasis was on ensuring best practices and an evolutionary culture to nurture talent and passion across our HR spectrum in order to empower our people to deliver exceptional value to our business.

The result has been there for all to see. Even in a gloomy global environment, we succeeded in growing our business, adding new customers to our client portfolio.

2009:

The year has been one of consolidation at R Systems, as with most other companies, which were forced by the recession to cut costs, resize and focus on key business. We have done likewise. Our business volumes have been impacted across all segments and geographies, as customers tightened IT spends, delayed product development and carried out optimizing strategies by consolidating vendor arrangements.

We have looked inwards and improved our processes; we continued our Quality journey and added PCMM level 5 certification for our iPLM business. We have also launched our new products for the Insurance sector - "iPerSyst", which addresses the issue of policy lapses with an implementation at one of most reputed private sector Insurance providers in India. We also launched our integrated "Collection Management and Credit Monitoring" for the Telecom sector; the solution has been chosen by three of our largest SI partners for their customer implementation.

The year 2009 also saw the first implementation of lending solution based on Islamic banking with a large bank in the Middle East.

We have initiated many alliances with Systems Integrators and product companies to deliver integrated solutions to our customers.

Looking Ahead

The Company will focus on its key chosen areas on iPLM that encompass Outsourced Product Development and Tech-Support, Healthcare, Indus solutions for the BFSI and Telecom industries, ECnet's solutions of SCM, WM,VMI and ERP customization and implementation for the Manufacturing and Logistics industry.

We will leverage our technical and business alliances to improve our technology and market presence.

Who we are

Founded in 1993, R Systems is one of the leading providers of outsourced product development and customer support services, providing customized, end-to-end solutions that are crafted to respond to specific needs of customers around the world.

Our key focus area is to help companies accelerate the speed to market with a high degree of time and cost predictability by using our proprietary pSuite execution framework.

Endorsing our domain competencies and development capabilities is our steadily growing clientele base, which encompasses Fortune 1000, government and mid-sized organizations across industry verticals, including Banking and Finance, High Technology and Independent Software Vendors, Government, Healthcare, Manufacturing and Logistics industries.

With our 8 global centres in India, USA, Europe and Singapore, we serve over 125 customers in over 40 countries across 6 continents.
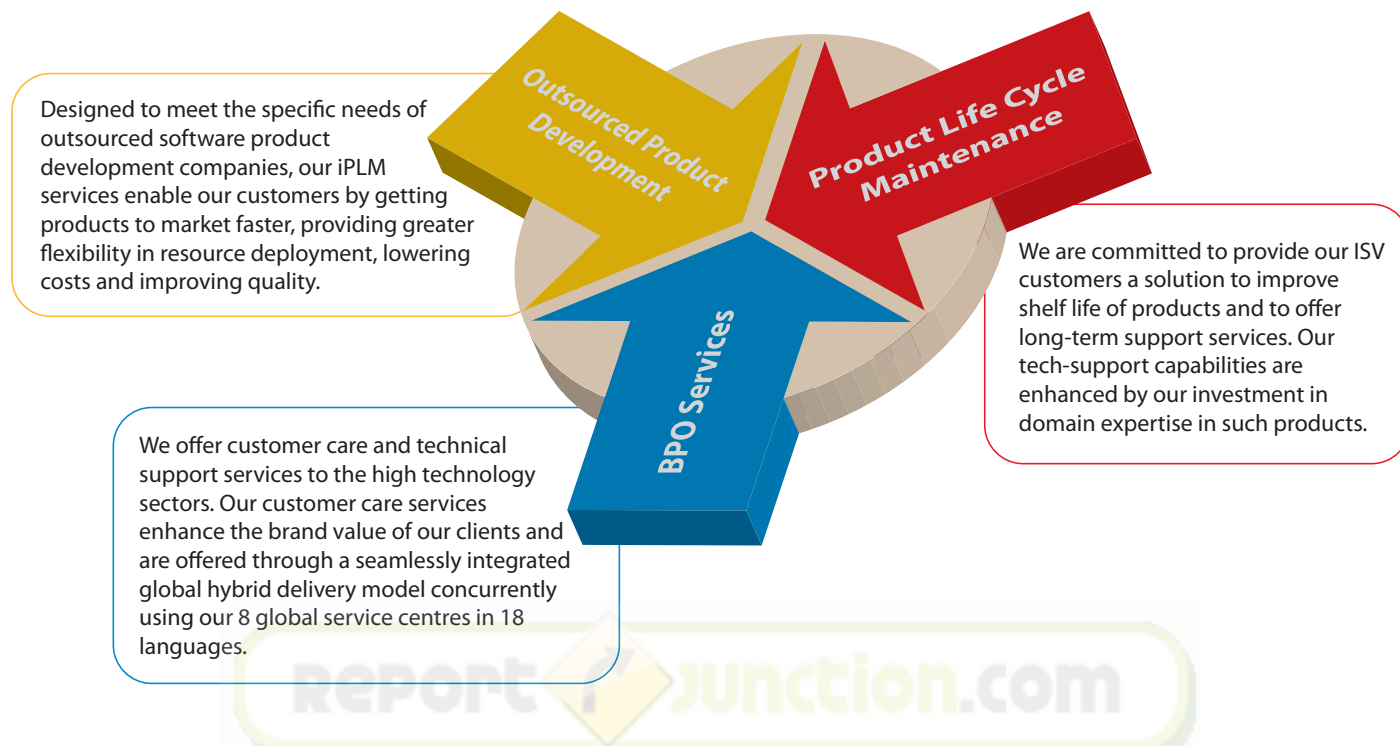
What we offer

iPLM Services

Our suite of iPLM Services and Products is designed to respond to diverse needs of diverse clientele across verticals. This helps develop, sustain and support the products of companies through multiple-year contracts. A combination of on-site, onshore and offshore modules is applied to render best of breed services, supported by our proprietary project tracking and reporting tools. This creates a transparent collaborative environment with clients.

R Systems has proven expertise in High Technology, Healthcare and Financial Services sectors. Our service delivery strategy ensures that subject matter experts manage the operations and quickly understand the changing business needs of our customers. We provide wing-to-wing services that cover Customer Interaction and Back Office Processing.

R Systems has designed and implemented a variety of Digital Media solutions catering to delivery of Video, Music and other digital content over IP and mobile networks. R Systems partners with leading media and technology organizations to provide strategies and solutions for Digital Media Monetization. We have developed technology and domain expertise to support sunrise industries like Digital Media and IPTV.

Our Solutions for the Healthcare industry now combine our strengths in Technology with our service expertise. The services range from helping Physician Groups and IDNs to enabling Insurance carriers, TPAs and ASOs.

iPLM overview:

Designed to meet the specific needs of outsourced software product development companies, our iPLM services enable our customers by getting products to market faster, providing greater flexibility in resource deployment, lowering costs and improving quality.

We are committed to provide our ISV customers a solution to improve shelf life of products and to offer long-term support services. Our tech-support capabilities are enhanced by our investment in domain expertise in such products.

We offer customer care and technical support services to the high technology sectors. Our customer care services enhance the brand value of our clients and are offered through a seamlessly integrated global hybrid delivery model concurrently using our 8 global service centres in 18 languages.

Outsourced Product Development

Product Life Cycle Maintenance

BPO Services

Healthcare BPO dashboard from pSuite

Customer: ABC Co.

Charges

Payments

Charges   Expected Pay   Payments

Current month: 31 Days

Days in AR

5%

AR Over 90 Days