

Defining growth. Redefining focus.

Telecom

BFSI

Healthcare

Security

Manufacturing & Logistics



Contents

1	Corporate Information
4	Know R Systems
5	R Systems' Global Footprint
6	R Systems - A personality portrait
8	Financial Highlights
10	Chairman's Letter
20	Focus on Telecom
22	Focus on BFSI
24	Focus on Healthcare
26	Focus on Security
28	Focus on Manufacturing and Logistics
30	Defining capabilities, redefining responsibilities
32	Directors' Report
44	Corporate Governance
59	Management's Discussion & Analysis
72	Risk Management Report
77	Financial Statements (Standalone)
115	Financial Statements (Consolidated)
153	Notice of Seventeenth Annual General Meeting

Safe Harbor:

Certain Statement in this report concerning our future growth prospects are forward-looking statements, which involves a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT and consulting services including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international marketing and sales operations, reduced demand for technology and consulting services in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts and product warranty, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time to time, make additional written and oral forward-looking statements and does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.

Corporate Information

The Board of Directors

as on April 15, 2011

1. Mr. Satinder Singh Rekhi
(Chairman & Managing Director)
2. Lt. Gen. Baldev Singh (Retd.)
(President & Senior Executive Director)
3. Mr. Raj Swaminathan
(Director & 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. Royal Bank of Scotland
6. Oriental Bank of Commerce
7. Vijaya Bank
8. State Bank of Bikaner & Jaipur
9. Canara Bank
10. Citibank N.A.
11. California Bank & Trust, U.S.A.
12. State Bank of India, U. K.
13. Fortis Bank N.V., The Netherlands
14. Sumitomo Mitsui Banking Corporation (SMBC), Japan

Listed At

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Subsidiaries of R Systems International Limited

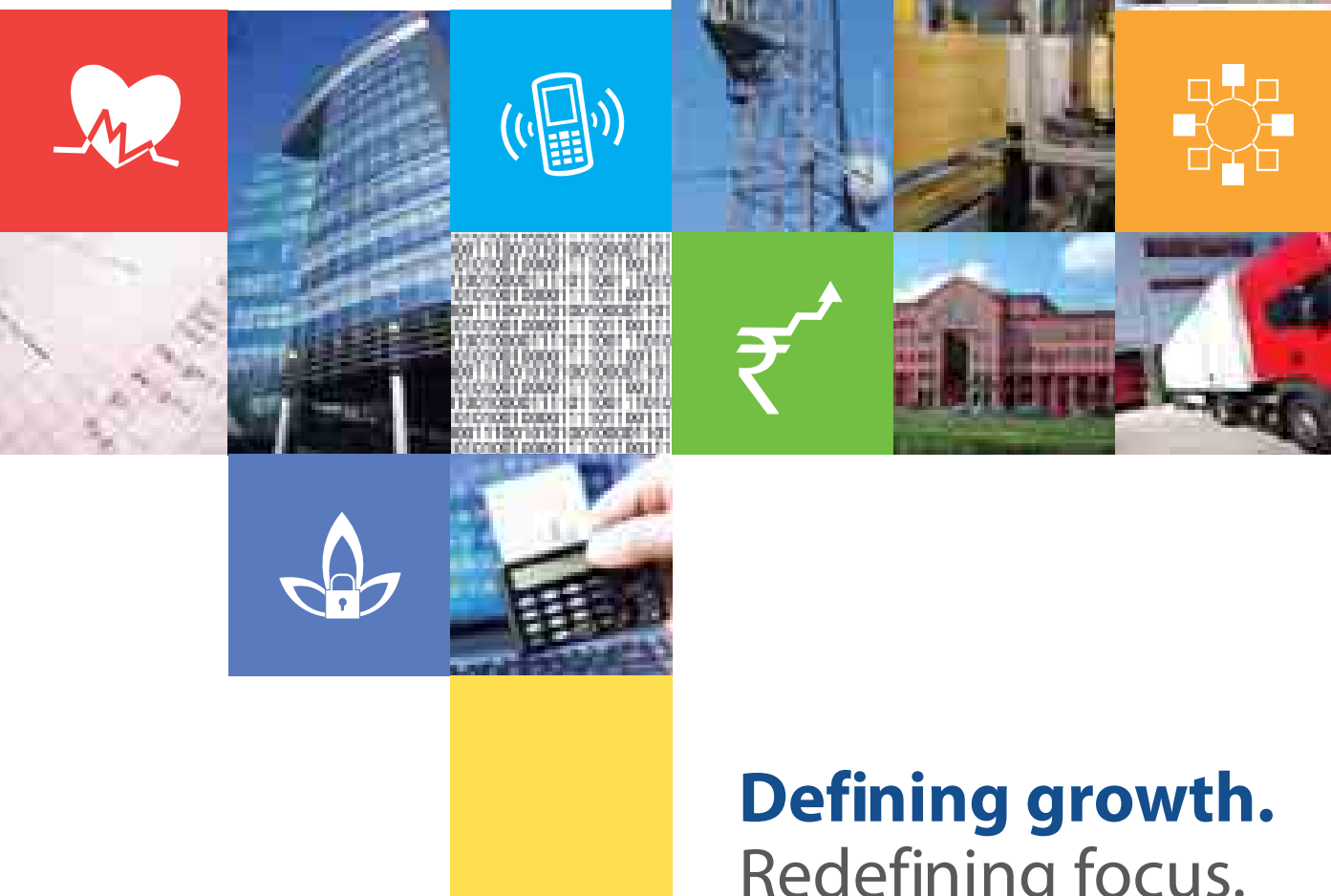
1. R Systems (Singapore) Pte Limited, Singapore
2. R Systems, Inc., U.S.A.
3. Indus Software, Inc., U.S.A.
4. ECnet Limited, Singapore
5. R Systems Solutions, Inc., U.S.A.
6. R Systems NV, Belgium
7. R Systems Europe B.V., The Netherlands
8. R Systems S.A.S., France

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

Following become the subsidiaries w.e.f. January 26, 2011

15. Computaris International Limited, U.K.
16. Computaris International Srl, Moldova
17. Computaris Malaysia Sdn. Bhd., Malaysia
18. Computaris Polska sp z o.o., Poland
19. Computaris Romania SRL, Romania
20. Computaris USA, LLC, U.S.A.
21. Computaris Limited, U.K.



Defining growth. Redefining focus.

The saga of R Systems over the past decade has been one of growth. We are, by no means, what we were when we began. Our focus has constantly evolved and acted as a fillip to our growth ambitions. While growth has been the underlying story, the redefining of our focus has been our consistent way forward. Hence, the story of R Systems is best understood as a leitmotif – Defining Growth, Redefining Focus.

We began our journey of growth as an outsourced product development company, with a significant presence in customer support services. Our key focus then was to help companies accelerate their speed to market with a high degree of time and cost predictability by using our proprietary pSuite execution framework.

While Outsourced Product Development still forms the bedrock of our business, we are today also significant players in the customized solutions domain, catering to specific needs of customers.

Our products cover niche areas in BFSI and Manufacturing & Logistics verticals. For the BFSI sector, we have been supporting the large retail lending sector with our LSI (Lending Solutions under our Indus brand), while we have a strong presence in the Manufacturing and Supply Chain Management business through our group company ECNET.



The industry verticals we serve include Telecom, BFSI, Manufacturing & Logistics including Hi-Tech Electronics, Healthcare and Government and Security.

We have continually redefined our focus to design services and solutions that meet the emerging needs of our customers. These services and solutions now include iPLM services for Independent Software Development Vendors, Application services – both bespoke and off the shelf, and BPO services. Our solutions include ISV solutions, Telecom including Digital Media, IPTV, Hospitality, Financial, Healthcare and Government Solutions.

Redefining our focus has consistently enabled us to make our presence felt in the fastest growing markets of the economy. Along with redefining focus, we continually upgrade our knowledge base, our expertise and our competency. Over the years, our focus has continuously become wider; our picture has grown larger. Yet, what remains the same is our dedication and single minded pursuit of growth, with an evolving focus geared to address the changing needs of our customers.

To that definitive vision, we remain steadfast!

“In redefining focus, we engender accelerated growth”

Know R Systems

Corporate Fact Sheet

A sharp focus on redefining our identity

We trace our genesis to 1993, when the company was established by our founder and present CEO Mr. Satinder Singh Rekhi.

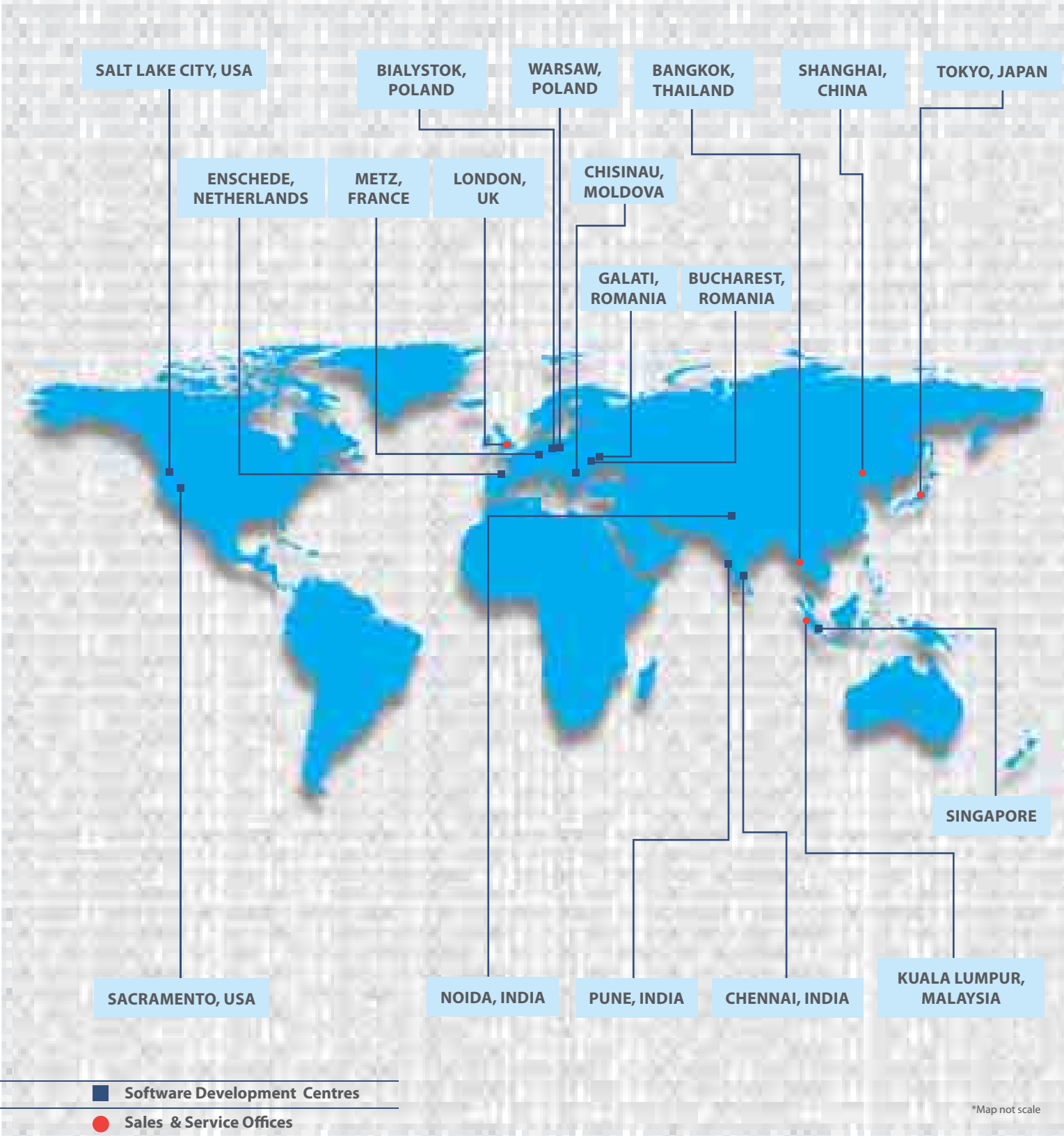
R Systems Limited is a publicly listed entity (having listed in 2006) and its stocks are traded on the NSE and the BSE under the name and symbol of RSYSTEMS.

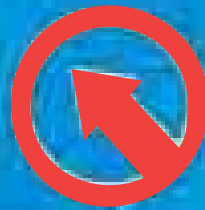
The Company is Head Quartered in Noida and has development centers across the world having a **total capacity of 210,000 sq. ft. i.e. a capacity of over 3000 people.** These centers are in three bustling cities in India – Noida, Chennai and Pune and in US – Sacramento CA, Salt Lake City UT, Singapore, Netherlands – Enschede, France – Metz, Romania – Bucharest, Galaty, Poland – Warsaw , Bialystok, Moldova – Chisinau.

R Systems lives the adage that **Great Products make Great Companies** and we are committed to building world class products and services that drive customer delight. We also believe that our employees make R Systems **“a fun place to work”** this fun getting reflected in innovation for the customer and high energy to build lasting value for all stakeholders. We have over **150 customers worldwide many** amongst these being in Fortune list.



R Systems' Global Footprint





R Systems

- A personality portrait



R Systems Belief

Quality is a way of life..... It's the essence of excellence in everything we do well.

R Systems Vision

Building a growth oriented, process driven and people centric organization to provide innovative IT solutions and end-to-end software product support to the delight of our clients globally.

R Systems Mission

To meet the global demand for information technology with world class IT solutions while creating value for our customers and wealth for our employees and shareholders.

**“Growing to Serve,
Serving to Grow”**

R Systems Core Values

- Customer and Business Focus
- Quality Orientation
- Respect for Individual
- Honesty and Integrity
- Fairness
- Team Effort
- Continuous Improvement and Innovation
- Security Consciousness

Financial Highlights

(On the basis of Consolidated Financial Statements under Indian GAAP)

FINANCIAL PERFORMANCE

(Rs. in lakhs)

Particulars	2010	2009	2008	2007	2006
Operating Income	29,054.66	32,752.52	35,939.23	24,705.75	20,394.58
Other Income	691.28	804.22	549.43	570.84	402.08
Exceptional Income	-	-	-	144.52	-
Total Income	29,745.94	33,556.74	36,488.66	25,421.11	20,796.66
Operating Profit	984.58	2,650.64	2,688.66	1,818.31	1,352.23
EBT [#]	1,455.80	1,052.73	3,001.76	2,310.15	1,390.83
EAT [#]	1,677.64	772.04	2,796.64	1,897.14	782.43
Share Capital	1,224.30	1,224.30	1,336.25	1,350.88	1,350.88
Reserve and Surplus	16,801.04	15,515.00	15,829.01	12,905.83	11,472.55
Secured Loans	83.49	145.20	325.65	63.14	242.58
Fixed Assets (net)	4,443.39	5,302.71	7,465.93	6,103.69	5,548.51
Investment	0.25	0.25	0.25	120.36	134.63
Current Assets (net)	13,444.86	11,792.16	10,193.50	8,446.40	7,783.16
Cash and Bank Balances	9,568.91	8,719.75	6,364.38	5,123.14	5,317.41

KEY RATIOS

Particulars	2010	2009	2008	2007	2006
Debt - Equity Ratio	0.01	0.01	0.02	0.01	0.04
Days Sales Outstanding	61	68	67	74	82
Current Ratio	3.61	3.11	2.57	2.93	2.72
Cash and Bank Balances / Total Assets (%)	41.13%	38.44%	26.33%	26.88%	29.54%
Cash and Bank Balances / Total Income (%)	32.17%	25.99%	17.44%	20.15%	25.57%
Operating Profit / Operating Income (%)	3.39%	8.09%	7.48%	7.36%	6.63%
EBT / Total Income (%) [#]	4.89%	3.14%	8.23%	9.09%	6.69%
EAT / Total Income (%) [#]	5.64%	2.30%	7.66%	7.46%	3.76%
Return on Avg. Equity (%) [#]	9.65%	4.55%	17.80%	14.01%	8.26%
Return on Avg. Capital Employed (%) [#]	8.36%	6.29%	19.14%	16.95%	14.03%
Earning Per Share (Rs.) [#]					
- Basic	13.62	6.09	20.61	13.97	6.17
- Diluted	13.46	6.02	20.36	13.78	6.17
Dividend Per Share (Rs.) [*]	2.40	2.40	2.40	1.80	1.20
Book Value Per Share (Rs.)	147.23	136.73	128.46	105.54	94.93
Cash Per Share (Rs.)	78.16	71.22	47.63	37.92	39.36

[#]After providing goodwill impairment amounting to Rs. 2,087.14 lakhs during the year ended December 31, 2009. | ^{*} Dividend per share for the year 2010 is subject to the approval by the shareholders at ensuing annual general meeting.

Notes : Operating Profit - Earning before interest income, interest expenses and tax excluding exceptional and prior period items; | EBT- Earnings before tax; | EAT - Earnings after tax; Debt - Equity ratio = Long Term Debt / Equity; | Days Sales Outstanding = Average Trade Receivables / Net Credit Sales*360; | Current Ratio = Current Assets / Current Liabilities; Return on Avg. Equity (%) = Net Profit after tax / Average Equity; | Return on Avg. Capital Employed (%) = EBIT / Average Capital Employed; | Book Value Per Share = Net Shareholder Fund / Outstanding No of Shares; | Cash Per Share = Cash and Bank Balance / Outstanding No of Shares.

Previous year's figures have been regrouped or recasted where necessary to conform to current year classification including the effect of consolidation of shares and bonus issue in the year 2006.