



R SYSTEMS INTERNATIONAL LIMITED



Investor Update – Fact Sheet For Year & Quarter Ended December 31, 2006

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended December 31, 2006 (As per Indian GAAP)

(Rs in mn. except per share data)

Sr. No.	Particulars	Quarter Ended Dec 31,		YoY Growth %	Quarter Ended Sept. 30, 2006	QoQ Growth %
		2006	2005			
1	Income					
1.1	Net Sales	560.21	422.78	32.51	542.49	3.27
1.2	Other Income	17.07	1.98	763.35	14.26	19.71
	Total	577.28	424.76	35.91	556.75	3.69
2	Expenditure					
2.1	Staff Cost	376.11	264.88	41.99	324.40	15.94
2.2	Traveling Cost	51.74	27.74	86.51	41.23	25.49
2.3	Communication Costs	17.61	11.34	55.24	11.83	48.87
2.4	Legal & Professional Exp.	52.58	36.57	43.78	52.24	0.66
2.5	Other Expenditure	67.30	29.29	129.76	41.39	62.62
	Total Expenditure	565.34	369.82	52.87	471.09	20.01
3	EBITDA	11.93	54.93	(78.27)	85.66	(86.07)
4	Interest	0.50	1.23	(59.52)	0.39	25.87
5	Depreciation/amortisation	21.24	12.99	63.52	14.18	49.76
6	Profit/(Loss) before Tax and Prior Period Items	(9.80)	40.72	(124.06)	71.08	(113.78)
7	Prior Period Items	19.71	-	-	-	-
8	Profit/(Loss) before Tax	(29.50)	40.72	(172.45)	71.08	(141.51)
9	Provision for Tax					
9.1	Current Tax	6.21	2.48	150.26	3.67	69.26
9.2	Deferred Tax	28.63	5.24	446.24	7.59	277.30
9.3	Fringe Benefit Tax	1.28	1.19	7.28	1.71	(25.33)
	Total	36.12	8.92	305.14	12.97	178.48
10	Net Profit/(Loss) After Tax	(65.62)	31.81	(306.32)	58.11	(212.92)
11	Earning /(Loss) Per Share	(4.85)	3.01	(260.86)	4.29	(212.90)

Financial Performance

Consolidated Profit & Loss Statement (Audited) for the Year Ended Dec 31, 2006 (As per Indian GAAP)

(Rs. in mn. except per share data)

Sr. No.	Particulars	Year Ended December 31,		Growth
		2006	2005	%
1	Income			
1.1	Net Sales	2,039.46	1,577.93	29.25
1.2	Other Income	40.21	4.30	835.06
	Total	2,079.67	1,582.23	31.44
2	Expenditure			
2.1	Staff Cost	1,270.30	950.95	33.58
2.2	Traveling Cost	158.67	103.72	52.98
2.3	Communication Cost	49.70	40.18	23.70
2.4	Legal and Professional Exp.	196.88	153.10	28.60
2.5	Other Expenditure	186.17	134.05	38.89
	Total Expenditure	1,861.72	1,381.99	34.71
3	EBITDA	217.95	200.25	8.84
4	Interest	3.85	6.60	(41.60)
5	Depreciation/ Amortisation	59.12	48.92	20.85
	Profit/(Loss) before Tax and Prior Period			
6	Items	154.97	144.73	7.08
7	Prior period items	15.89	0.54	2852.53
8	Profit/(Loss) before Tax	139.08	144.19	(3.54)
9	Provision for Tax			
9.1	Current Tax	15.52	7.40	109.84
9.2	Deferred Tax	39.89	9.38	325.30
9.3	Fringe Benefit Tax	5.43	2.64	105.42
	Total	60.84	19.42	213.31
10	Net Profit/(Loss) After Tax	78.24	124.77	(37.29)
11	Earning/ (Loss) Per Share	6.17	11.65	(47.06)

Financial Performance

Consolidated Profit & Loss Statement (Un- audited) for the Quarter Ended Dec 31st , 2006 (Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn. except per share data)

Particulars	Q4 2006		Q4 2005		Q3 2006	
	INR	US\$	INR	US\$	INR	US\$
Revenues	560.21	12.44	422.78	9.33	542.49	11.71
Cost of Revenues	373.49	8.29	251.09	5.54	336.86	7.28
Gross Margin	186.72	4.15	171.69	3.79	205.62	4.44
	33.33%		40.61%		37.90%	
SG & A						
Expenses	152.47	3.27	103.76	2.26	129.24	2.78
Depreciation/Amortisation	16.21	0.47	12.99	0.30	14.18	0.31
	168.68	3.74	116.75	2.56	143.42	3.09
	30.11%		27.61%		26.44%	
Operating Income/(loss) before non recurring cost	18.03	0.41	54.95	1.22	62.20	1.35
Non recurring Costs	59.51	1.31	7.17	0.16	-	-
Income/(Loss) from Operations	(41.48)	(0.91)	47.78	1.06	62.20	1.35
Interest Expense	(0.50)	(0.01)	(1.23)	(0.03)	(0.39)	(0.01)
Other Income, Net	12.47	0.28	(5.83)	(0.13)	9.01	0.20
Income/(Loss) before Income tax	(29.50)	(0.64)	40.72	0.90	70.82	1.54
Income Tax Provision @	36.12	0.80	8.91	0.20	12.70	0.28
Net Earnings/(Loss)	(65.62)	(1.44)	31.81	0.70	58.11	1.26
Earning/(Loss) Per Share	(4.85)	(0.11)	3.01	0.07	4.29	0.09

Note: US\$ equivalent figures are derived by converting the Rupee figures using average currency rates from Oanda.com.

@ includes Rs. 22.70 mn. (US\$ 0.50mn.) write off of net deferred tax assets.

Financial Performance

Consolidated Statement of Operations (Un-audited) for the Year Ended Dec 31, 2006
(Contribution Analysis Format; Basis Indian GAAP)

(Figures in mn. except per share data)

Particulars	Year Ended December 31, 2006		Year Ended December 31, 2005	
	INR	US\$	INR	US\$
Revenues	2039.46	45.00	1577.93	35.77
Cost of Revenues	1277.45	28.19	929.15	21.06
Gross Margins	762.01	16.81	648.78	14.71
SG and A	37.36%		41.12%	
Expenses	537.20	11.74	435.62	10.41
Depreciation	54.10	1.30	48.92	0.57
	28.99%		30.71%	
Operating Income /(Loss) before non recurring cost	170.71	3.77	164.24	3.72
Non-recurring costs	59.51	1.31	7.17	0.16
Income/(Loss) from Operations	111.19	2.45	157.06	3.56
Interest Expense	(3.85)	(0.09)	(6.60)	(0.15)
Other Income, Net	31.74	0.70	(6.28)	(0.14)
Income/(Loss) before Income tax	139.08	3.07	144.19	3.27
Income Tax Provision @	60.84	1.34	19.42	0.44
Net Earnings/(Loss)	78.24	1.73	124.77	2.83
Earning/(Loss) Per Share	6.17	0.14	11.65	0.26

Note: US\$ equivalent figures are derived by converting the Rupee figures using average currency rates from Oanda.com

@ includes Rs.22.70 mn. (US\$ 0.50mn.) write off of net deferred tax assets.



Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year Ended	
	Dec 31, 06	Sep 30, 06	Dec 31, 05	Dec 31, 06	Dec 31, 05
Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
Gross margin	33.33	37.90	40.61	37.36	41.12
SG & A*	30.11	26.44	27.61	28.99	30.71
EBITDA	(4.51)	14.08	14.37	8.10	13.05
EBT	(5.27)	13.10	9.63	6.82	9.14
PAT@	(11.71)	10.71	7.52	3.84	7.91
EPS (Rs)	(4.85)	4.29	3.01	6.17	11.65

* excluding non recurring expenses of 10.62% of Revenue.

@ after the writing off of net deferred tax assets 4.05% of Revenue.

Revenue from Top 5 Clients	Quarter Ended		Year Ended	
	Dec 31, 06	Sep 30, 06	Dec 31, 06	Dec 31, 05
Top 5 Clients	37.64%	37.35%	33.63%	33.95%
Top 3 Clients	30.30%	30.30%	27.39%	26.43%
Largest Client	15.36%	18.14%	15.44%	15.44%

Revenues by Geographies	Quarter Ended		Year Ended	
	Dec 31, 06	Sep 30, 06	Dec 31, 06	Dec 31, 05
USA	73.60%	72.50%	73.22%	75.15%
SEAC (South East Asia)	9.37%	8.83%	9.08%	9.74%
India	6.76%	2.17%	4.42%	3.16%
Others	10.27%	16.50%	13.28%	11.95%
Total	100.00%	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 06	Sep 30, 06	Dec 31, 05
Onsite	96.67%	98.00%	98.25%
Offshore	67.50%	68.10%	66.97%
Blended	71.36%	72.40%	71.25%

Utilization (including trainees)	Quarter ended		
	Dec 31, 06	Sep 30, 06	Dec 31, 05
Onsite	96.67%	98.00%	98.25%
Offshore	63.36%	64.25%	63.12%
Blended	67.53%	68.84%	67.66%

Consolidated Operational Data (Un-audited)

Human resources at the end of	As at		
	Dec 31, 06	Sep 30, 06	Dec 31, 05
Technical	1,601	1,544	1,131
Software services			
Onsite	120	118	139
Offshore	1,062	1,004	791
Trainees at offshore	86	76	57
BPO			
Offshore	252	266	144
Onsite	81	80	-
Support	242	230	170
Total count	1,843	1,774	1,301

(Figures in Rs. mn. except DSO)

Key Balance Sheet Data	As At		
	Dec 31, 06	Sept 30, 06	Dec 31, 05
Receivable	483.37	477.67	419.90
Receivable in days ("DSO")	80	78	75
Cash & bank balance	531.74	545.85	115.28
Net current assets	791.88	803.36	408.73
Fixed assets	554.85	537.83	282.08
Secured loans	24.26	8.16	101.33
Shareholders' funds	1,301.41	1,358.68	613.17

Development Centers	As on Dec 31, 2006			
	Completed		Work-in-progress	
	Covered areas in sq ft.	No. of seats	Covered areas in sq ft.	No. of seats
India				
Noida	73,150	1,188		
Pune	32,940	534		
Chennai	16,276	253		
	122,366	1,975	-	-
USA	29,003	235		
Singapore	11,500	52		
Total	162,869	2,262	-	-



About R Systems International Ltd.

R Systems International Ltd. 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 execution 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 for products and services using our global delivery model. R Systems rapidly growing customer list includes a variety 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 five centers for Software Excellence, and using our global delivery model we serve customers in the US, Europe, South America, the Far East, the Middle East and Africa.

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