

**R SYSTEMS INTERNATIONAL LIMITED**  
**Regd. Office : B -104 A, Greater Kailash - I, New Delhi - 110 048**  
**UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

(Rs. In Lacs, except per share data)

S. No.	Particulars	Quarter ended		Nine months ended		Previous accounting year ended
		September 30, 2007 (Unaudited)	September 30, 2006 (Unaudited)	September 30, 2007 (Unaudited)	September 30, 2006 (Unaudited)	December 31, 2006 (Audited)
1	Income from operations	6,409.96	5,424.86	18,238.80	14,792.51	20,394.58
2	Other income	269.21	142.60	439.33	211.49	402.08
<b>3</b>	<b>Total income (1+2)</b>	<b>6,679.17</b>	<b>5,567.46</b>	<b>18,678.13</b>	<b>15,004.00</b>	<b>20,796.66</b>
4	Total expenditure	5,885.05	4,852.67	17,189.66	13,284.56	19,208.41
a	Employees cost	3,815.61	3,279.81	11,371.80	9,075.04	12,702.99
b	Traveling and conveyance	540.63	412.34	1,594.00	1,061.77	1,586.68
c	Communication cost	188.33	118.28	523.75	320.90	496.98
d	Legal and professional expenses	621.23	522.35	1,728.22	1,413.38	1,968.78
e	Depreciation/amortisation	184.60	141.81	526.75	378.87	591.24
f	Other expenditure	534.65	378.08	1,445.14	1,034.60	1,861.74
5	Interest	12.28	3.94	27.19	33.57	38.53
6	Profit before tax and prior period expenses (3-4-5)	781.84	710.85	1,461.28	1,685.87	1,549.72
7	Add:- Prior period income/(expenses)	-	-	8.85	-	(158.89)
<b>8</b>	<b>Profit before tax (6+7)</b>	<b>781.84</b>	<b>710.85</b>	<b>1,470.13</b>	<b>1,685.87</b>	<b>1,390.83</b>
9	Tax expense	108.17	129.71	264.23	247.20	608.40
	Current tax	88.23	36.68	190.06	93.15	155.23
	MAT credit entitlement	(9.30)	-	(24.80)	-	-
	Deferred tax	12.24	75.89	49.85	112.59	398.91
	Fringe benefit tax	17.00	17.14	49.12	41.46	54.26
<b>10</b>	<b>Net profit for the period / year (8-9)</b>	<b>673.67</b>	<b>581.14</b>	<b>1,205.90</b>	<b>1,438.67</b>	<b>782.43</b>
11	Paid up equity share capital (equity shares of Rs. 10/- each)	1,350.88	1,346.17	1,350.88	1,346.17	1,350.88
12	Reserve and surplus	-	-	-	-	11,465.16
13	EPS for the period / year					
	- Basic	4.96	4.29	8.88	11.60	6.17
	- Diluted EPS	4.89	4.29	8.64	11.60	6.17
14	Public shareholding					
	Nos. of shares	7,963,994	8,079,502	7,963,994	8,079,502	8,111,179
	Percentage of shareholding	58.63	59.69	58.63	59.69	59.72

**Notes**

- The above results for the quarter and nine months ended September 30, 2007 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on October 28, 2007.
- The Limited Review as required under clause 41 of Listing Agreement has been completed by the Statutory Auditor for the quarter ended September 30, 2007 and September 30, 2006.
- The Statutory Auditors in their review report for quarter ended September 30, 2007 and in the audit report for the year ended December 31, 2006 have qualified their opinion stating that the Company has not obtained any valuations of its shares to determine the additional benefit, if any, being offered to the existing option holders consequent to changes in the existing stock option plans. During the year ended December 31, 2006, the management has adjusted the number of options vesting to its employees and exercise price, to give effect to the consolidation and subsequent bonus issue. The management believes that above mentioned adjustment does not result in any additional benefit being offered to the employees.
- Pursuant to initial public offer, The Company gathered Rs. 7,062.50 lacs (net of selling shareholders' proceeds), details of utilisation of IPO proceeds are as follows:

Object	Total estimated project cost *	Amount incurred till June 30, 2007	(Rs. In Lacs)	
			During July to September 2007	Amount incurred till September 30, 2007
Upgradation and expansion of existing infrastructure	3,150.00	2,053.75	44.07	2,097.82
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing working capital requirements	1,795.10	863.24	-	863.24
General corporate purpose	621.90	586.20	-	586.20
Issue expenses	1,130.00	997.50	9.73	1,007.23
<b>Total</b>	<b>7,062.50</b>	<b>4,866.19</b>	<b>53.80</b>	<b>4,919.99</b>

\* Saving in issue expenses of Rs 111.05 lacs and saving in general corporate expenses of Rs 4.38 lacs aggregating to Rs 115.43 lacs is proposed to be utilised for upgarding & expansion of existing infrastructure as approved by shareholders in the annual general meeting held on May 1, 2007. Pending utilization, balance funds as at September 30, 2007 have been invested in fixed deposit with nationalised banks.

- Included in the results above are results of R Systems NV, a newly incorporated subsidiary in Belgium on August 28, 2007 by way of investment of EURO 62,000/- i.e. Rs. 3,471,640/- in its equity.
- The Company had granted 632,500 options on July 11, 2007 to eligible employees under R Systems International Limited Employee Stock Option Scheme 2007.
- There were 7 Investor complaints received and disposed off during the quarter ended September 30, 2007. There were no pending complaints at the beginning and end of the quarter.
- Previous year's/ period'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.)  
 [Senior Executive Director]

Place : Noida  
 Date : October 28, 2007

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

(Rs in Lacs)

S. No.	Particulars	Quarter ended		Nine months ended		Previous accounting year ended
		September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	December 31, 2006
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1</b>	<b>Segment revenue</b>					
	- Software development & customisation services	5,508.49	4,996.18	15,526.25	13,755.41	18,226.25
	- Business process outsourcing	901.47	428.68	2,712.55	1,037.10	2,168.33
	<b>Income from operations</b>	<b>6,409.96</b>	<b>5,424.86</b>	<b>18,238.80</b>	<b>14,792.51</b>	<b>20,394.58</b>
<b>2</b>	<b>Segment results before tax and interest</b>					
	- Software development and customisation services	633.86	622.87	1,232.74	1,535.13	1,329.74
	- Business process outsourcing	58.69	55.40	184.00	165.61	139.59
	<b>Total</b>	<b>692.55</b>	<b>678.27</b>	<b>1,416.74</b>	<b>1,700.74</b>	<b>1,469.33</b>
	(i) Interest expense	(12.28)	(3.94)	(27.19)	(33.57)	(38.53)
	(ii) Interest income	97.35	89.39	275.30	155.35	235.44
	(iii) Other income	115.52	14.55	148.20	37.36	81.39
	(iv) Other unallocable expenses	(111.30)	(67.42)	(342.92)	(174.01)	(356.80)
	<b>Profit before tax</b>	<b>781.84</b>	<b>710.85</b>	<b>1,470.13</b>	<b>1,685.87</b>	<b>1,390.83</b>
<b>3</b>	<b>Capital employed</b>					
	- Software development and customisation services	9,997.13	8,886.20	9,997.13	8,886.20	9,237.99
	- Business process outsourcing	539.91	93.98	539.91	93.98	45.16
	- Unallocated corporate	3,341.45	4,606.62	3,341.45	4,606.62	3,540.28
	<b>Total</b>	<b>13,878.49</b>	<b>13,586.80</b>	<b>13,878.49</b>	<b>13,586.80</b>	<b>12,823.43</b>

**R SYSTEMS INTERNATIONAL LIMITED**  
**Regd. Office : B -104 A, Greater Kailash - I, New Delhi - 110 048**  
**AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

(Rs. in lakhs, except per share data)

S. No.	Particulars	Quarter ended		Nine months ended		Previous accounting year ended
		September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	December 31, 2006
		(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Income from operations	4,070.80	3,229.73	11,201.60	8,426.83	11,754.13
2	Other income	267.83	147.93	477.25	211.43	493.16
<b>3</b>	<b>Total Income (1+2)</b>	<b>4,338.63</b>	<b>3,377.66</b>	<b>11,678.85</b>	<b>8,638.26</b>	<b>12,247.29</b>
4	Total expenditure	3,522.28	2,684.84	9,881.22	6,894.84	10,787.94
a)	Employee cost	2,370.47	1,764.47	6,623.07	4,722.70	6,649.79
b)	Traveling and conveyance	471.57	373.96	1,300.68	810.66	1,223.28
c)	Communication cost	117.16	80.02	320.26	218.34	327.46
d)	Legal and professional fees	70.01	48.71	207.85	148.14	237.32
e)	Provision for doubtful debts	50.92	13.67	121.99	26.05	449.82
f)	Depreciation/amortisation	135.68	107.17	393.07	285.19	453.12
g)	Other expenditure	306.47	296.84	914.30	683.76	1,447.15
5	Interest	10.11	5.76	25.93	35.66	42.70
6	Profit/(loss) before tax and prior period expenses (3-4-5)	806.24	687.06	1,771.70	1,707.76	1,416.65
7	Add: Prior period income/(expenses)	-	-	8.85	-	(158.89)
<b>8</b>	<b>Profit/(loss) for the year before tax and after prior period expenses (6+7)</b>	<b>806.24</b>	<b>687.06</b>	<b>1,780.55</b>	<b>1,707.76</b>	<b>1,257.76</b>
9	Tax expense	108.30	101.92	271.71	225.55	252.88
	- Current tax	88.50	39.38	189.35	94.66	144.38
	- MAT credit entitlement	(9.30)	-	(24.80)	-	-
	- Deferred tax	12.10	45.40	58.04	89.43	54.24
	- Fringe benefit tax	17.00	17.14	49.12	41.46	54.26
<b>10</b>	<b>Net profit for the period / year (8-9)</b>	<b>697.94</b>	<b>585.14</b>	<b>1,508.84</b>	<b>1,482.21</b>	<b>1,004.88</b>
11	Paid up equity share capital (Face value Rs. 10/- each)	1,350.88	1,346.17	1,350.88	1,346.17	1,350.88
12	Reserves and surplus	-	-	-	-	12,656.38
13	EPS for the period / year					
	- Basic	5.14	4.32	11.11	11.95	7.92
	- Diluted	5.07	4.32	10.96	11.95	7.92
14	Public shareholding					
	- Number of shares	7,963,994	8,079,502	7,963,994	8,079,502	8,111,179
	- Percentage of shareholding	58.63	59.69	58.63	59.69	59.72

**Notes**

- The results for the quarter and nine months ended September 30, 2007 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on October 28, 2007.
- An audit has been completed by Statutory Auditors for the quarter and nine months ended September 30, 2007. For the quarter ended September 30, 2006, a review was completed by the Statutory Auditors.
- The Statutory Auditors in their audit report for the quarter and nine months ended September 30, 2007 and in the audit report for the year ended December 31, 2006 have qualified their opinion stating that the Company has not obtained any valuations of its shares to determine the additional benefit, if any, being offered to the existing option holders consequent to changes in the existing stock option plans. During the year ended December 31, 2006, the management has adjusted the number of options vesting to its employees and exercise price, to give effect to the consolidation and subsequent bonus issue. The management believes that above mentioned adjustment does not result in any additional benefit being offered to the employees.
- Pursuant to Initial Public Offer, the Company gathered Rs. 7,062.50 lacs (net of selling shareholders' proceeds), details of utilisation of IPO proceeds are as follows:

(Rs. in lacs)

Object	Total estimated project cost*	Amount incurred till June 30, 2007	During July-September 2007	Amount incurred till September 30, 2007
Upgradation and expansion of existing infrastructure	3,150.00	2,053.75	44.07	2,097.82
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing working capital requirements	1,795.10	863.24	-	863.24
General corporate purpose	621.90	586.20	-	586.20
Issue expenses	1,130.00	997.50	9.73	1,007.23
<b>Total</b>	<b>7,062.50</b>	<b>4,866.19</b>	<b>53.80</b>	<b>4,919.99</b>

\* Saving in issue expenses of Rs 111.05 lacs and saving in general corporate expenses of Rs 4.38 lacs aggregating to Rs 115.43 lacs is proposed to be utilised for upgrading & expansion of existing infrastructure as approved by shareholders in the annual general meeting held on May 1, 2007.

Pending utilization, balance funds as at September 30, 2007 have been invested in fixed deposit with nationalised banks.

- During the quarter ended September 30, 2007 the company has invested Euro 62,000 i.e. Rs. 3,471,640 for subscription of 100% share capital of the newly incorporated subsidiary i.e. R Systems NV, Belgium.
- The company had granted 632,500 options on July 11, 2007 to the eligible employees under R Systems International Limited Employee Stock Option Scheme 2007.
- There were 7 Investor complaints received and disposed off during quarter ended September 30, 2007. There were no pending complaints at the beginning and end of the quarter.
- Previous year's / period's figures have been regrouped/ recasted wherever applicable, to the extent possible.

For and on behalf of the Board

Sd/-

Place : Noida  
Date : October 28, 2007

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

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

(Rs. in lakhs)

S. No.	Particulars	Quarter ended		Nine months ended		Previous accounting year ended
		September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	December 31, 2006
		(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>1</b>	<b>Segment revenue</b>					
	- Software development and customisation services	3,518.30	2,801.05	9,634.95	7,389.73	10,252.58
	- Business process outsourcing services	552.50	428.68	1,566.65	1,037.10	1,501.55
	<b>Income from operations</b>	<b>4,070.80</b>	<b>3,229.73</b>	<b>11,201.60</b>	<b>8,426.83</b>	<b>11,754.13</b>
<b>2</b>	<b>Segment results</b> before tax and interest					
	- Software development and customisation services	621.36	595.59	1,370.88	1,559.20	1,061.96
	- Business process outsourcing services	72.94	55.41	250.85	165.61	191.11
	<b>Total</b>	<b>694.30</b>	<b>651.00</b>	<b>1,621.73</b>	<b>1,724.81</b>	<b>1,253.07</b>
	(i) Interest expense	(10.11)	(5.76)	(25.93)	(35.66)	(42.70)
	(ii) Interest income	103.10	95.85	293.34	175.78	262.95
	(iii) Other income	108.38	13.38	168.09	16.84	196.63
	(iv) Other unallocable expenses	(89.43)	(67.41)	(276.68)	(174.01)	(412.19)
	<b>Profit before tax</b>	<b>806.24</b>	<b>687.06</b>	<b>1,780.55</b>	<b>1,707.76</b>	<b>1,257.76</b>
<b>3</b>	<b>Capital employed</b>					
	- Software development and customisation services	6,943.58	6,241.62	6,943.58	6,241.62	6,102.47
	- Business process outsourcing services	309.66	93.98	309.66	93.98	133.76
	- Unallocated corporate	8,262.85	8,162.21	8,262.85	8,162.21	7,771.03
	<b>Total</b>	<b>15,516.09</b>	<b>14,497.81</b>	<b>15,516.09</b>	<b>14,497.81</b>	<b>14,007.26</b>