

**R SYSTEMS INTERNATIONAL LIMITED**  
**Registered Office : B -104 A, Greater Kailash - I, New Delhi - 110 048**  
**UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2006**

(Rs. In Lacs, except per share data)

Sr. No.	Particulars	Quarter ended		Half year ended		Year ended
		June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	December 31, 2005
		(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)	(Audited)
1	Income from operations	4,954.62	3,904.85	9,367.65	7,552.46	15,737.79
2	Other income	60.29	4.21	102.63	23.06	84.55
3	Total	5,014.91	3,909.06	9,470.28	7,575.52	15,822.34
4	Total expenditure	4,276.48	3,478.43	8,225.91	6,826.18	13,825.25
	- Staff cost	2,885.90	2,289.67	5,697.84	4,547.24	9,324.76
	- Traveling and conveyance	327.44	317.62	597.40	568.63	988.49
	- Communication costs	104.63	88.91	202.62	198.76	401.76
	- Legal and professional fees	477.69	458.31	891.03	871.24	1,530.98
	- Other expenditure	480.83	323.92	837.02	640.32	1,579.25
5	Interest	11.27	19.70	29.63	38.52	65.97
6	Depreciation/amortisation	124.55	132.01	237.06	250.32	489.24
7	Profit before tax (3-4-5-6)	602.60	278.93	977.68	460.50	1,441.88
8	Provision for tax	73.34	11.64	120.15	12.80	194.18
	- Current tax	41.19	7.10	59.13	8.26	73.97
	- Deferred tax	21.15	-	36.71	-	93.80
	- Fringe benefit tax	11.00	4.54	24.31	4.54	26.41
9	Net profit (7-8)	529.26	267.28	857.53	447.70	1,247.70
10	Paid up equity share capital (Face value Rs. 10 Each) (refer note 5 below)	1,349.86	513.72	1,349.86	513.72	513.92
11	Reserves and surplus	-	-	-	-	5,352.83
12	EPS for the period / year					
	- Basic and diluted EPS (refer note 5 below)	4.09	2.58	7.25	4.32	11.65
13	Aggregate of public shareholding					
	Nos. of shares	8,098,882	-	8,098,882	-	-
	Percentage of shareholding	59.83	-	59.83	-	-

**Notes**

- The above results for the quarter and half year ended June 30, 2006 were reviewed by the Audit Committee and have been taken on record by the Board of Directors in their meeting held on July 28, 2006.
- The Limited Review as required under clause 41 of Listing Agreement has been completed by Statutory Auditor for the quarter and half year ended June 30, 2006. Pursuant to Initial Public offer of Company's shares, it has entered into Listing Agreements with NSE and BSE on April 21, 2006. The financial results for the quarter and half year ended June 30, 2005 have been furnished by the management and not subjected to any review by the Statutory Auditors.
- The Statutory Auditors in their review report have mentioned that approval of managerial remuneration, included in Staff costs of Rs.54.82 lacs and Rs.108.24 lacs for the quarter and half year ended June 30, 2006 respectively, from the Central Government is awaited. The consequential effect of this will be recorded only on receipt of said approval from the Central Government.
- In view of Accounting Standard (AS) 15 (revised 2005) on 'Employee benefits', issued by The Institute of Chartered Accountants of India, which applies w.e.f. April 1, 2006, Staff cost for the quarter ended June 30, 2006 are higher by Rs. 2.96 lacs and Staff cost for the half year ended June 30, 2006 are lower by Rs.11.86 lacs. The corresponding figures for the year ended December 31, 2005, quarter and half year ended June 30, 2005 have not been recasted. In accordance with transitional provisions of Accounting Standard (AS) 15 (revised 2005) on 'Employee benefits, the increased liability of Rs. 248.92 lacs as on December 31, 2005 has been charged to Reserves and surplus.
- Subsequent to the year-ended December 31, 2005, the Company has converted certain warrants in to equity shares and has allotted certain equity shares to employees on exercise of options by them. The Company has also consolidated five equity shares of Rs.2 each to one equity share of Rs.10 each and then issued a bonus share to each existing shareholder by way of capitalisation of accumulated profits. Earning per share for the year-ended December 31, 2005 has been adjusted for these changes.
- Pursuant to initial public offer which closed on March 31, 2006 Company gathered Rs. 70.625 Crores (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, 2006
Upgradation and expansion of existing infrastructure	3,150.00	832.30
Repayment of outstanding loans	365.50	470.00
Financing working capital requirements	1,795.10	852.85
General Corporate Purpose	621.90	-
Issue Expenses	1,130.00	953.26
<b>Total</b>	<b>7,062.50</b>	<b>3,108.40</b>

- The total amount incurred for upgradation and expansion of existing infrastructure till June 30, 2006 is Rs. 832.30 lakhs out of which Rs. 151.00 lacs were incurred from IPO proceeds & balance amount was paid from loan funds (repaid subsequently from IPO proceeds) & internal accruals.
  - The total issue expenses paid by June 30, 2006 are Rs. 953.26 lacs, out of which Rs. 617.34 lacs were paid from IPO proceeds and balance from loans funds ( repaid subsequently from IPO proceeds) & internal accruals.
  - Pending utilization as at June 30th, 2006 balance funds have been invested in fixed deposit with nationalised banks.
- The Company has signed the share purchase agreement for acquisition of the entire share capital of WebConverse, Inc (a technical support company based in USA). The estimated value of the transaction will be maximum of US\$ 10.70 mn. inclusive of earn out payments.
  - There were 197 Investors complaints/requests received and disposed off during quarter ended June 30, 2006. There were no pending complaints at the beginning and end of the quarter.
  - Previous year's figures have been regrouped/ recast 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 : July 28, 2006

**R Systems International Limited**  
**Segment wise revenue, results and capital employed**

(Rs in Lacs)

Particulars	Quarter ended		Half year ended		Year ended
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	December 31, 2005
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)	(Audited)
Segment revenue					
- Software development and customisation services	4,625.49	3,716.32	8,759.23	7,190.74	14,924.85
- Business process outsourcing	329.13	188.53	608.42	361.72	812.94
Total revenue	4,954.62	3,904.85	9,367.65	7,552.46	15,737.79
					-
Segment results					
- Software development and customisation services	591.47	303.18	911.63	511.72	1,370.50
- Business process outsourcing	78.67	4.59	110.65	0.84	97.76
Total segment profit before interest & tax	670.14	307.77	1,022.28	512.56	1,468.26
- Interest expense	(11.27)	(19.70)	(29.63)	(38.52)	(65.97)
- Interest income	60.11	2.38	65.96	4.95	14.17
- Other income	0.17	1.84	36.67	18.11	42.53
- Other unallocable expenses	(116.55)	(13.36)	(117.60)	(36.61)	(17.11)
Profit before tax	602.60	278.93	977.68	460.50	1,441.88
Provision for taxation					
-Current tax	(41.19)	(7.10)	(59.13)	(8.26)	(73.97)
-Deferred tax	(21.15)	-	(36.71)	-	(93.80)
-Fringe benefit tax	(11.00)	(4.54)	(24.31)	(4.54)	(26.41)
Profit after tax	529.26	267.28	857.53	447.70	1,247.70
Capital employed					
- Software development and customisation services	7,192.00	5,967.10	7,192.00	5,967.10	5,168.01
- Business process outsourcing	76.32	(107.97)	76.32	(107.97)	(16.25)
- Unallocated corporate	5,781.53	(279.96)	5,781.53	(279.96)	979.89
Total capital employed	13,049.84	5,579.17	13,049.84	5,579.17	6,131.65

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S No.	Particulars	Quarter ended		Half year ended		Year ended
		June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	December 31, 2005
		(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)	(Audited)
1	Income from operations	2,751.55	1,843.18	5,197.10	3,622.89	8,085.75
2	Other income	70.28	10.54	118.10	27.57	76.84
3	Total	2,821.83	1,853.72	5,315.20	3,650.46	8,162.59
4	Total expenditure	2,113.45	1,543.56	4,086.59	3,032.77	6,376.07
	- Staff cost	1,528.76	1,001.20	2,958.23	1,925.85	4,025.94
	- Traveling and conveyance	227.67	203.56	436.71	398.97	659.09
	- Communication costs	69.41	58.82	138.32	138.34	271.90
	- Legal and professional fees	33.78	31.47	99.43	57.73	147.19
	- Other expenditure	253.83	248.51	453.90	511.88	1,271.95
5	Interest	11.91	26.42	29.90	46.06	73.05
6	Depreciation/amortisation	98.07	89.78	178.01	166.71	317.41
7	Profit before tax (3-4-5-6)	598.39	193.96	1,020.70	404.92	1,396.05
8	Provision for taxation	66.63	10.04	123.61	10.04	122.30
	- Current tax	38.50	5.50	55.28	5.50	61.20
	- Deferred tax	17.13	-	44.02	-	34.68
	- Fringe benefit tax	11.00	4.54	24.31	4.54	26.41
9	Net profit (7-8)	531.76	183.92	897.09	394.88	1,273.76
10	Paid up equity share capital (Face value Rs. 10/- each) (refer note 5 below)	1,349.86	513.72	1,349.86	513.72	513.92
11	Reserves and surplus					6,221.95
12	EPS for the period / year					
	- Basic and diluted EPS (refer note 5 below)	4.11	1.78	7.59	3.81	11.89
13	Aggregate of public shareholding					
	-Number of shares	8,098,882	-	8,098,882	-	-
	-Percentage of shareholding	59.83	-	59.83	-	-

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		June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	December 31, 2005
		(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)	(Audited)
1	Segment revenue					
	- Software development and customisation services	2,422.42	1,654.65	4,588.68	3,261.17	7,272.81
	- Business process outsourcing services	329.13	188.53	608.42	361.72	812.94
	Total revenue	2,751.55	1,843.18	5,197.10	3,622.89	8,085.75
2	Segment results					
	- Software development and customisation services	525.95	224.34	928.90	465.72	1,400.35
	- Business process outsourcing services	69.27	9.17	110.19	10.02	116.31
3	Total segment profit before interest and tax	595.22	233.52	1,039.09	475.74	1,516.67
	- Interest expense	(11.91)	(26.42)	(29.90)	(46.06)	(73.05)
	- Interest income	68.47	3.49	79.93	7.69	23.28
	- Other income	1.81	7.04	38.18	19.88	46.94
	- Other unallocable expenses	(55.19)	(23.67)	(106.59)	(52.34)	(117.78)
4	Profit before tax	598.39	193.96	1,020.70	404.92	1,396.05
5	Provision for taxation					
	-Current tax	(38.50)	(5.50)	(55.28)	(5.50)	(61.20)
	-Deferred tax	(17.13)	-	(44.02)	-	(34.68)
	-Fringe benefit tax	(11.00)	(4.54)	(24.31)	(4.54)	(26.41)
6	Profit after tax	531.76	183.92	897.09	394.88	1,273.76
7	Capital employed					
	- Software development and customisation services	5,086.26	6,968.61	5,086.26	6,968.61	3,799.97
	- Business process outsourcing services	75.86	(107.97)	75.86	(107.97)	(16.25)
	- Unallocated corporate	8,754.20	(394.80)	8,754.20	(394.80)	3,217.06
	Total capital employed	13,916.33	6,465.83	13,916.33	6,465.83	7,000.78