

R SYSTEMS INTERNATIONAL LIMITED

Regd. Office : B -104A, Greater Kailash - I, New Delhi - 110 048

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2008

(Rs. In Lakhs, except per share data)

S. No.	Particulars	Quarter Ended March 31,		Year Ended December
		2008	2007	31,
		(Unaudited)	(Unaudited)	(Audited)
1	Income from operations	7,987.74	5,936.11	24,705.75
2	Other income	154.03	85.97	570.85
3	Total income (1+2)	8,141.77	6,022.08	25,276.60
4	Total expenditure	7,296.51	5,733.06	23,085.41
a	Employees cost	4,889.04	3,911.88	15,217.75
b	Traveling and conveyance	558.31	452.34	2,158.36
c	Communication cost	162.32	168.20	693.13
d	Legal and professional expenses	775.37	546.99	2,287.60
e	Depreciation/amortisation	270.65	176.49	704.11
f	Other expenditure	640.82	477.16	2,024.46
5	Interest	15.63	4.41	34.41
6	Add:-Exceptional Item (refer note 4 below)	-	-	144.52
7	Profit/(loss) before tax and prior period expenses (3-4-5+6)	829.63	284.61	2,301.30
8	Add:- Prior period income/(expenses)	-	-	8.85
9	Profit/(loss) for the quarter/year before tax and after prior period expenses (7+8)	829.63	284.61	2,310.15
10	Tax expense	31.52	74.58	413.01
	Current tax (Including tax related to earlier year Rs. Nil, previous year Rs. 7.60 lakhs (net of excess provision written back Rs. 3.30 lakhs))	58.18	51.32	328.11
	MAT credit entitlement (Including credit entitlement relating to earlier year Rs 24.80 lakhs, previous year Rs. Nil)	(51.50)	-	(49.80)
	Deferred tax	7.34	6.54	67.91
	Fringe benefit tax	17.50	16.72	66.79
11	Net profit for the quarter / year (9-10)	798.11	210.03	1,897.14
12	Paid up equity share capital (Face Value Rs. 10/- each)	1,350.88	1,350.88	1,350.88
13	Reserves and surplus	-	-	12,905.83
14	EPS for the quarter / year			
	- Basic	5.88	1.55	13.97
	- Diluted EPS	5.80	1.55	13.78
15	Public shareholding			
	- Number of shares	7,866,080	8,042,374	7,888,477
	-Percentage of shareholding	57.91	59.21	58.08

Notes

- The results for the quarter ended March 31, 2008 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on April 25, 2008
- The Limited Review as required under clause 41 of Listing Agreement has been completed by the Statutory Auditor for the quarter ended March 31, 2008.
- During the quarter, the Company has obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit gets offered to the existing optionholders. Accordingly, the qualification in the statutory auditor's audit report for the year ended December 31, 2007 and review report for the quarter ended March 31, 2007 has not been continued in their review report for the quarter ended March 31, 2008.
- During the year ended December 31, 2007, the liabilities towards certain erstwhile shareholders of a subsidiary were settled. As a result thereof, the deferred payment compensation of Rs. 144.52 lakhs were released, as considered appropriate by the management.
- Pursuant to the Initial Public Offer (IPO), the Company collected 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 December 31, 2007	(Rs. in Lakhs)	
			During Jan-March 2008	Amount incurred till March 31, 2008
Upgradation and expansion of existing infrastructure*	3,265.44	2,143.12	63.94	2,207.06
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing working capital requirements	1,795.10	863.24	-	863.24
General corporate purposes *	617.51	586.20	-	586.20
Meeting offer expenses*	1,018.95	1,011.37	-	1,011.37
Total	7,062.50	4,969.43	63.94	5,033.37

* The Company is seeking approval from its shareholders at the forthcoming annual general meeting to be held on May 2, 2008 for revision of the estimated project cost among above mentioned heads.

Pending utilization, balance funds as at March 31, 2008 have been invested in fixed deposit with nationalised banks.

- Post acquisition results from January 23, 2008 (acquisition date) to March 31, 2008 of R Systems Europe B.V., Netherlands (formerly known as Sento Europe B.V.) and Sento S.A.S., France are included in above results.
- Pursuant to The Institute of Chartered Accountants of India's (ICAI) Announcement "Accounting for Derivatives" recommending early adoption of Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement" or recognizing losses arising out of derivative contracts, the company has started recognizing losses only for derivative contracts as against hitherto basis of recognizing both losses and gains. As a result of above change, gains amounting to Rs.32.48 lakhs have not been recognised in the quarterly accounts.
- There were 7 Investor complaints received and disposed off during quarter ended March 31, 2008. There were no pending complaints at the beginning and end of the quarter.
- Previous quarter's / year's figures have been regrouped / recasted wherever applicable, to the extent possible.

For and on behalf of the Board

Sd/-

Place : Noida
Date : 25th April , 2008

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

R SYSTEMS INTERNATIONAL LIMITED
Segment wise Consolidated Revenue, Results and Capital Employed

(Rs in Lakhs)				
S.No.	Particulars	Quarter ended		Year ended
		March 31, 2008	March 31, 2007	December 31, 2007
		(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue			
	- Software development and customisation services	5,728.90	4,997.98	21,152.79
	- Business process outsourcing services	2,258.84	938.13	3,552.96
	Income from Operations	7,987.74	5,936.11	24,705.75
2	Segment results before tax and interest			
	- Software development and customisation services	597.32	278.42	2,019.59
	- Business process outsourcing services	246.77	55.05	99.64
	Total	844.09	333.47	2,119.23
	(i) Interest expense	(15.63)	(4.41)	(34.41)
	(ii) Interest income	108.94	78.60	372.01
	(iii) Other income	27.02	0.40	299.41
	(iv) Other unallocable expenses	(134.79)	(123.45)	(446.09)
	Profit before tax	829.63	284.61	2,310.15
3	Capital Employed			
	- Software development and customisation services	10,719.15	9,460.54	9,960.65
	- Business process outsourcing services	677.79	454.33	502.30
	- Unallocated Corporate	3,703.30	3,114.44	3,793.76
	Total Capital Employed	15,100.24	13,029.31	14,256.71

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AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2008

(Rs. in Lakhs, except per share data)

S. No.	Particulars	Quarter ended		Year ended
		March 31, 2008	March 31, 2007	December 31, 2007
		Audited	Audited	Audited
1	Income from operations	4,659.50	3,627.12	15,556.68
2	Other income	175.99	112.34	766.44
3	Total Income (1+2)	4,835.49	3,739.46	16,323.12
4	Total expenditure	4,319.51	3,172.22	13,620.48
a)	Employees cost	2,827.97	2,141.24	9,071.65
b)	Traveling and conveyance	474.49	364.41	1,781.08
c)	Communication cost	102.53	94.91	425.14
d)	Legal and professional expenses	76.32	88.91	300.63
e)	Provision for doubtful debts/advances	302.35	57.73	291.63
f)	Depreciation/amortisation	168.59	133.12	534.49
g)	Other expenditure	367.26	291.90	1,215.86
5	Interest	5.89	6.40	30.03
6	Add: Exceptional item (refer note 4 below)	-	-	144.52
7	Profit/(loss) before tax and prior period expenses (3-4-5+6)	510.09	560.84	2,817.13
8	Add: Prior period income/(expenses)	-	-	8.85
9	Profit/(loss) for the quarter/year before tax and after prior period expenses (7+8)	510.09	560.84	2,825.98
10	Tax expense	16.92	76.41	408.85
	Current tax (Including tax related to earlier year Rs. Nil , previous year Rs. 7.60 lakhs (net of excess provision written back Rs. 3.30 lakhs))	43.58	44.54	315.88
	MAT credit entitlement (Including credit entitlement relating to earlier year Rs 24.80 lakhs, previous year Rs. Nil)	(51.50)	-	(49.80)
	Deferred tax	7.34	15.15	75.98
	Fringe benefit tax	17.50	16.72	66.79
11	Net profit for the quarter/year (9-10)	493.17	484.43	2,417.13
12	Paid up equity share capital (Face value Rs. 10/- each)	1,350.88	1,350.88	1,350.88
13	Reserves and surplus	-	-	14,787.48
14	EPS for the quarter/year			
	- Basic	3.63	3.57	17.80
	- Diluted	3.59	3.60	17.56
15	Public shareholding			
	- Number of shares	7,866,080	8,042,374	7,888,477
	- Percentage of shareholding	57.91	59.21	58.08

Notes

- The results for the quarter ended March 31, 2008 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on April 25, 2008.
- An audit has been completed by Statutory Auditors for the quarter ended March 31, 2008.
- During the quarter, the Company has obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit gets offered to the existing optionholders. Accordingly, the qualification in the statutory auditor's reports for the year ended December 31, 2007 and for the quarter ended March 31, 2007 has not been continued in their audit report for the quarter ended March 31, 2008.
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Repayment of outstanding loans	365.50	365.50	-	365.50
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Meeting offer expenses*	1,018.95	1,011.37	-	1,011.37
Total	7,062.50	4,969.43	63.94	5,033.37

*The Company is seeking approval from its shareholders at the forthcoming annual general meeting to be held on May 2, 2008 for revision of the estimated project cost among above mentioned heads.

Pending utilization, balance funds as at March 31, 2008 have been invested in fixed deposit with nationalised banks.

- The Company has completed the acquisition of R Systems Europe B.V., Netherlands (formerly known as Sento Europe B.V.) and Sento S.A.S, France, two wholly owned subsidiaries based in Europe effective January 23, 2008. The purchase consideration for the above acquisition US\$ 1.88 million has been recognised as investment.
- Pursuant to The Institute of Chartered Accountants of India's (ICAI) Announcement "Accounting for Derivatives" recommending early adoption of Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement" or recognizing losses arising out of derivative contracts, the company has started recognizing losses only for derivative contracts as against hitherto basis of recognizing both losses and gains. As a result of above change, gains amounting to Rs.32.48 lakhs have not been recognised in the quarterly accounts.
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For and on behalf of the Board

Sd/-

Place : Noida
Date : 25th April 2008

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		Year ended
		March 31, 2008	March 31, 2007	December 31, 2007
		(Audited)	(Audited)	(Audited)
1	Segment revenue			
	- Software development and customisation services	4,093.74	3,115.41	13,477.68
	- Business process outsourcing services	565.76	511.71	2,079.00
	Income from operations	4,659.50	3,627.12	15,556.68
2	Segment results before tax and interest			
	- Software development and customisation services	704.95	458.55	2,329.53
	- Business process outsourcing services	45.90	93.07	240.22
	Total	750.85	551.62	2,569.75
	(i) Interest expense	(5.89)	(6.40)	(30.03)
	(ii) Interest income	113.96	84.67	397.41
	(iii) Other income	53.92	20.70	332.25
	(iv) Other unallocable expenses	(402.75)	(89.75)	(443.40)
	Profit before tax	510.09	560.84	2,825.98
3	Capital employed			
	- Software development and customisation services	6,986.79	6,592.58	6,940.42
	- Business process outsourcing services	323.78	209.21	288.88
	- Unallocated corporate	9,320.97	7,689.89	8,909.06
	Total Capital Employed	16,631.54	14,491.68	16,138.36