

**R SYSTEMS INTERNATIONAL LIMITED**  
 Regd. Office : B -104A, Greater Kailash - I, New Delhi - 110 048  
**AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2008**

(Rs. In Lakhs, except per share data)

S. No.	Particulars	Nine months ended September 30,				
		Quarter ended December 31,			Year ended December 31,	
		2008 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)	2008 (Audited)	2007 (Audited)
1 (a)	Income from operations	26,255.04	9,684.19	6,466.95	35,939.23	24,705.75
1 (b)	Other operating income	127.22	55.81	33.94	183.03	197.96
2	Expenditure					
a)	Employees cost	15,902.62	5,742.41	3,856.83	21,645.03	15,251.72
b)	Traveling and conveyance	1,843.39	490.93	564.36	2,334.32	2,158.36
c)	Communication cost	524.86	181.23	169.39	706.09	693.13
d)	Legal and professional expenses	2,609.49	837.88	548.49	3,447.37	2,253.62
e)	Depreciation/amortisation	854.18	302.72	177.36	1,156.90	704.11
f)	Other expenditure	2,799.65	1,344.24	579.32	4,143.89	2,024.46
	Total expenditure	24,534.19	8,899.41	5,895.75	33,433.60	23,085.40
3	Profit from operations before other income, interest and exceptional items (1-2)	1,848.07	840.59	605.14	2,688.66	1,818.31
4	Other income	253.51	112.88	97.58	366.39	372.88
5	Profit before interest and exceptional items (3+4)	2,101.58	953.47	702.72	3,055.05	2,191.19
6	Interest	42.98	10.31	7.21	53.29	34.41
7	Profit after interest but before exceptional items (5-6)	2,058.60	943.16	695.51	3,001.76	2,156.78
8	Add:-Exceptional items (refer note 8 below)	-	-	144.52	-	144.52
9	Profit before tax and prior period income/ (expenses) (7+8)	2,058.60	943.16	840.03	3,001.76	2,301.30
10	Add:- Prior period income/(expenses)	-	-	-	-	8.85
11	<b>Profit for the period/year from ordinary activities before tax (9+10)</b>	<b>2,058.60</b>	<b>943.16</b>	<b>840.03</b>	<b>3,001.76</b>	<b>2,310.15</b>
12	Tax expense					
	Current tax	189.19	128.68	138.06	317.87	328.11
	MAT credit entitlement	(81.79)	(35.25)	(25.00)	(117.04)	(49.80)
	Deferred tax	(24.45)	(51.07)	18.06	(75.52)	67.91
	Fringe benefit tax	58.30	21.50	17.67	79.80	66.79
	Total	141.25	63.86	148.79	205.11	413.01
13	<b>Net profit for the period/year from ordinary activities (11-12)</b>	<b>1,917.35</b>	<b>879.30</b>	<b>691.24</b>	<b>2,796.65</b>	<b>1,897.14</b>
14	Extraordinary items (net of tax expenses)	-	-	-	-	-
15	<b>Net profit for the period/year</b>	<b>1,917.35</b>	<b>879.30</b>	<b>691.24</b>	<b>2,796.65</b>	<b>1,897.14</b>
16	Paid up equity share capital (Face Value Rs. 10/- each)	1,350.88	1,336.25	1,350.88	1,336.25	1,350.88
17	Reserves and surplus excluding revaluation reserves as at December 31, 2008 and December 31, 2007	-	-	-	15,829.01	12,905.83
18	EPS for the period / year before extraordinary items					
	- Basic	14.12	6.49	5.09	20.61	13.97
	- Diluted	13.94	6.42	5.02	20.36	13.78
19	EPS for the period / year after extraordinary items					
	- Basic	14.12	6.49	5.09	20.61	13.97
	- Diluted	13.94	6.42	5.02	20.36	13.78
20	Public shareholding (refer note 6 below)					
	- Number of shares	7,840,413	7,694,067	7,888,477	7,694,067	7,888,477
	-Percentage of shareholding	57.72	57.26	58.08	57.26	58.08

**Notes :**

- The results for the quarter and year ended December 31, 2008 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on February 12, 2009.
- The Board of Directors have recommended a dividend of Rs 2.40 per share, subject to the approval of the shareholders at the forthcoming annual general meeting.
- An audit has been completed by the Statutory Auditors for the year ended December 31, 2008 and year ended December 31, 2007. For the nine month ended September 30, 2008 a review was completed by the Statutory Auditors.
- During the quarter ended March 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and option 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 was 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 nine month ended September 30, 2007 has not been continued in their audit report for the year ended December 31, 2008 and in review report for nine months ended September 30, 2008.
- Pursuant to the Initial Public Offer (IPO), the Company collected Rs. 7,062.50 lakhs (net of selling shareholders' proceeds), details of utilisation of IPO proceeds are as follows:

Objects	(Rs. in Lakhs)			
	Total estimated project cost*	Amount incurred till September 30, 2008	During October - December 2008	Amount incurred till December 31, 2008
Upgrading and expansion of existing infrastructure*	2,299.93	2,291.09	8.84	2,299.93
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	956.24	790.00	1,746.24
General corporate purposes *	1,590.60	586.20	-	586.20
Meeting offer expenses*	1,011.37	1,011.37	-	1,011.37
<b>Total</b>	<b>7,062.50</b>	<b>5,210.40</b>	<b>798.84</b>	<b>6,009.24</b>

\* The Company had obtained approval from its shareholders at the annual general meeting held on May 2, 2008 for reallocation in the estimated project cost among above mentioned heads. Pending utilization, balance funds as at December 31, 2008 have been invested in fixed deposit with nationalised banks.

- The Board of Directors of the Company at its meeting held on September 7, 2008, had approved the Buy-back of the equity shares of Rs. 10 each, not exceeding 1,306,941 number of equity shares from the existing owners, at a maximum price of Rs. 150 per equity share, for an aggregate amount not exceeding Rs. 800 lakhs, from the open market through stock exchange(s) in terms of the SEBI (Buy Back of Securities) Regulations, 1998 pursuant to the first proviso to clause (b) of sub-section (2) of Section 77A of the Companies Act, 1956. Consequently, the Company made a public announcement dated October 15, 2008 regarding Buy-back of equity shares. As of December 31, 2008, the Company had bought back 146,346 equity shares of Rs. 10 each at an average price of Rs. 48.04 per share utilizing a sum of Rs. 70.31 lakhs (inclusive of brokerage and applicable taxes of Rs. 0.26 lakhs). Out of this, 132,670 equity shares of Rs. 10 each have been extinguished till December 31, 2008. Balance 13,676 shares have been extinguished subsequent to balance sheet date i.e. on January 6, 2009 and have accordingly been disclosed as a reduction from issued and paid up Share Capital, amounting to Rs. 1.37 lakhs. The amount of Rs. 55.67 lakhs paid towards buy back of shares, in excess of the face value, has been charged to Securities Premium Account.  
The Company has also transferred Rs. 14.63 lakhs from free reserves to Capital Redemption Reserve Account pursuant to Section 77AA of the Companies Act, 1956 which represented the nominal value of shares bought back during the year.
- Pursuant to The Institute of Chartered Accountants of India's (ICAI) Announcement "Accounting for Derivatives", the Company had early adopted AS 30 "Financial Instruments: Recognition and Measurement" during the quarter ended June 30, 2008, to the extent that the adoption not conflicted with existing mandatory accounting standards and other authoritative pronouncements, the Companies Act, 1956 and other regulatory requirements as against the previous policy of recognizing only losses arising out of derivative contracts. Had the previous year policy been followed, the profit after tax for the year ended December 31, 2008 would have been higher by Rs. Nil.
- 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.
- There were 11 Investor complaints received and disposed off during the quarter ended December 31, 2008. There were no pending complaints at the beginning and end of the quarter.
- Previous period'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 : February 12, 2009

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

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

(Rs. in Lakhs)

S.No.	Particulars	Nine months ended	Quarter ended December 31,		Year ended	Year ended
		September 30,	December 31,		December 31,	December 31,
		2008	2008	2007	2008	2007
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>1</b>	<b>Segment revenue</b>					
	- Software development and customisation services	18,733.89	6,977.41	5,626.54	25,711.30	21,152.79
	- Business process outsourcing services	7,562.43	2,720.59	840.41	10,283.02	3,552.96
	Less:- elimination of intersegment sales	41.28	13.81	-	55.09	-
	<b>Income from operations</b>	<b>26,255.04</b>	<b>9,684.19</b>	<b>6,466.95</b>	<b>35,939.23</b>	<b>24,705.75</b>
<b>2</b>	<b>Segment results before tax and interest</b>					
	- Software development and customisation services	1,561.45	933.31	784.74	2,494.76	2,149.73
	- Business process outsourcing services	622.64	132.73	(83.47)	755.37	67.61
	<b>Total</b>	<b>2,184.09</b>	<b>1,066.04</b>	<b>701.27</b>	<b>3,250.13</b>	<b>2,217.34</b>
	(i) Interest expense	(42.98)	(10.31)	(7.21)	(53.29)	(34.41)
	(ii) Interest income	253.51	112.88	97.58	366.39	372.88
	(iii) Other income	40.51	35.49	151.58	76.00	200.43
	(iv) Other unallocable expenses	(376.53)	(260.94)	(103.19)	(637.47)	(446.09)
	<b>Profit before tax</b>	<b>2,058.60</b>	<b>943.16</b>	<b>840.03</b>	<b>3,001.76</b>	<b>2,310.15</b>
<b>3</b>	<b>Capital employed</b>					
	- Software development and customisation services	10,886.69	10,632.87	10,086.67	10,632.87	10,086.67
	- Business process outsourcing services	1,109.93	1,168.40	502.30	1,168.40	502.30
	- Unallocated Corporate	4,641.12	5,363.99	3,667.74	5,363.99	3,667.74
	<b>Total capital employed</b>	<b>16,637.74</b>	<b>17,165.26</b>	<b>14,256.71</b>	<b>17,165.26</b>	<b>14,256.71</b>

**R SYSTEMS INTERNATIONAL LIMITED**  
**Regd. Office : B -104A, Greater Kailash - I, New Delhi - 110 048**  
**AUDITED STANDALONE FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2008**

(Rs. in Lakhs, except per share data)

S. No.	Particulars	Year Ended December 31,				
		Nine months ended September 30,		Quarter ended December 31,		
		2008 (Audited)	2008 (Audited)	2007 (Unaudited)	2008 (Audited)	2007 (Audited)
1 (a)	Income from operations	14,773.75	5,611.07	4,355.08	20,384.82	15,556.68
1 (b)	Other operating income	132.70	92.23	185.12	224.93	369.04
2	Expenditure					
a)	Employees cost	8,995.23	3,226.90	2,457.48	12,222.13	9,101.17
b)	Traveling and conveyance	1,512.18	384.41	480.40	1,896.59	1,781.08
c)	Communication cost	307.04	110.78	104.88	417.82	425.14
d)	Legal and professional expenses	179.97	61.71	83.87	241.68	271.10
e)	Provision for doubtful debts/advances	401.41	300.95	149.29	702.36	291.63
f)	Depreciation/amortisation	497.97	165.21	141.42	663.18	534.49
g)	Other expenditure	1,696.20	639.78	321.91	2,335.98	1,215.88
	Total expenditure	13,590.00	4,889.74	3,739.25	18,479.74	13,620.49
3	Profit from operations before other income, interest and exceptional items (1-2)	1,316.45	813.56	800.95	2,130.01	2,305.23
4	Other Income	278.65	124.61	104.07	403.26	397.41
5	Profit before interest and exceptional items (3+4)	1,595.10	938.17	905.02	2,533.27	2,702.64
6	Interest	10.81	1.76	4.10	12.57	30.03
7	Profit after interest but before exceptional items (5-6)	1,584.29	936.41	900.92	2,520.70	2,672.61
8	Add: Exceptional item (refer note 8 below)	-	-	144.52	-	144.52
9	Profit before tax and prior period income/(expenses) (7+8)	1,584.29	936.41	1,045.44	2,520.70	2,817.13
10	Add: Prior period income/(expenses)	-	-	-	-	8.85
11	<b>Profit for the period/year from ordinary activities before tax (9+10)</b>	<b>1,584.29</b>	<b>936.41</b>	<b>1,045.44</b>	<b>2,520.70</b>	<b>2,825.98</b>
12	Tax expense					
	Current tax	160.79	107.90	126.53	268.69	315.88
	MAT credit entitlement	(81.78)	(35.25)	(25.00)	(117.03)	(49.80)
	Deferred tax	(24.45)	(51.07)	17.94	(75.52)	75.98
	Fringe benefit tax	58.30	21.50	17.67	79.80	66.78
	Total	112.86	43.08	137.14	155.94	408.84
13	<b>Net profit for the period/year from ordinary activities (11-12)</b>	<b>1,471.43</b>	<b>893.33</b>	<b>908.30</b>	<b>2,364.76</b>	<b>2,417.14</b>
14	Extraordinary item (net of tax expense)	-	-	-	-	-
15	<b>Net profit for the period/year</b>	<b>1,471.43</b>	<b>893.33</b>	<b>908.30</b>	<b>2,364.76</b>	<b>2,417.14</b>
16	Paid up equity share capital (Face value Rs. 10/- each)	1,350.88	1,336.25	1,350.88	1,336.25	1,350.88
17	Reserves and surplus excluding revaluation reserves as at December 31, 2008 and December 31, 2007	-	-	-	16,748.39	14,787.48
18	EPS for the period/year before extraordinary item					
	- Basic	10.83	6.60	6.69	17.42	17.80
	- Diluted	10.70	6.52	6.60	17.21	17.56
19	EPS for the period/year after extraordinary item					
	- Basic	10.83	6.60	6.69	17.42	17.80
	- Diluted	10.70	6.52	6.60	17.21	17.56
20	Public shareholding (refer note 6 below)					
	- Number of shares	7,840,413	7,694,067	7,888,477	7,694,067	7,888,477
	- Percentage of shareholding	57.72	57.26	58.08	57.26	58.08

**Notes:**

- The results for the quarter and year ended December 31, 2008 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on February 12, 2009.
- The Board of Directors have recommended a dividend of Rs. 2.40 per share, subject to the approval of the shareholders at the forthcoming annual general meeting.
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- Pursuant to Initial Public Offer (IPO), the Company collected Rs. 7,062.50 lakhs (net of selling shareholders' proceeds), details of utilisation of IPO proceeds are as follows:

(Rs. in Lakhs)

Object	Total estimated project cost*	Amount incurred till September 30, 2008	During October-December 2008	Amount incurred till December 31, 2008
Upgrading and expansion of existing infrastructure*	2,299.93	2,291.09	8.84	2,299.93
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	956.24	790.00	1,746.24
General corporate purposes*	1,590.60	586.20	-	586.20
Meeting offer expenses*	1,011.37	1,011.37	-	1,011.37
<b>Total</b>	<b>7,062.50</b>	<b>5,210.40</b>	<b>798.84</b>	<b>6,009.24</b>

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- The Board of Directors of the Company at its meeting held on September 7, 2008, had approved the Buy-back of the equity shares of Rs. 10 each, not exceeding 1,306,941 number of equity shares from the existing owners, at a maximum price of Rs. 150 per equity share, for an aggregate amount not exceeding Rs. 800 lakhs, from the open market through stock exchange(s) in terms of the SEBI (Buy Back of Securities) Regulations, 1998 pursuant to the first proviso to clause (b) of sub-section (2) of Section 77A of the Companies Act, 1956. Consequently, the Company made a public announcement dated October 15, 2008 regarding Buy-back of equity shares. As of December 31, 2008, the Company had bought back 146,346 equity shares of Rs. 10 each at an average price of Rs. 48.04 per share utilizing a sum of Rs. 70.31 lakhs (inclusive of brokerage and applicable taxes of Rs. 0.26 lakhs). Out of this, 132,670 equity shares of Rs. 10 each have been extinguished till December 31, 2008. Balance 13,676 shares have been extinguished subsequent to balance sheet date i.e. on January 6, 2009 and have accordingly been disclosed as a reduction from issued and paid up Share Capital, amounting to Rs. 1.37 lakhs. The amount of Rs. 55.67 lakhs paid towards buy back of shares, in excess of the face value, has been charged to Securities Premium Account.  
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For and on behalf of the Board

Sd/-

Place : Noida

Date : February 12, 2009

Lt. Gen. Baldev Singh (Retd)

[President & Senior Executive Director]

**R SYSTEMS INTERNATIONAL LIMITED**

**SEGMENT WISE STANDALONE REVENUE, RESULTS AND CAPITAL EMPLOYED**

S. No.	Particulars	Nine months ended September 30,	Quarter ended December 31,		Year Ended December 31,	Year ended December 31,
		2008	2008	2007	2008	2007
		(Audited)	(Audited)	(Unaudited)	(Audited)	(Audited)
<b>1</b>	<b>Segment revenue</b>					
	- Software development and customisation services	12,830.99	4,947.61	3,842.73	17,778.60	13,477.68
	- Business process outsourcing services	1,942.76	663.46	512.35	2,606.22	2,079.00
	<b>Income from operations</b>	<b>14,773.75</b>	<b>5,611.07</b>	<b>4,355.08</b>	<b>20,384.82</b>	<b>15,556.68</b>
<b>2</b>	<b>Segment results before tax and interest</b>					
	- Software development and customisation services	1,652.67	808.97	958.65	2,461.64	2,329.53
	- Business process outsourcing services	311.20	66.35	(10.63)	377.55	240.22
	<b>Total</b>	<b>1,963.87</b>	<b>875.32</b>	<b>948.02</b>	<b>2,839.19</b>	<b>2,569.75</b>
	(i) Interest expense	(10.81)	(1.76)	(4.10)	(12.57)	(30.03)
	(ii) Interest income	278.65	124.61	104.07	403.26	397.41
	(iii) Other income	59.70	58.20	164.16	117.90	332.25
	(iv) Other unallocable expenses	(707.12)	(119.96)	(166.71)	(827.08)	(443.40)
	<b>Profit before tax</b>	<b>1,584.29</b>	<b>936.41</b>	<b>1,045.44</b>	<b>2,520.70</b>	<b>2,825.98</b>
<b>3</b>	<b>Capital employed</b>					
	- Software development and customisation services	6,751.37	6,413.24	6,940.42	6,413.24	6,940.42
	- Business process outsourcing services	613.53	606.62	288.88	606.62	288.88
	- Unallocated corporate	10,267.51	11,064.78	8,909.06	11,064.78	8,909.06
	<b>Total capital employed</b>	<b>17,632.41</b>	<b>18,084.64</b>	<b>16,138.36</b>	<b>18,084.64</b>	<b>16,138.36</b>