

**R SYSTEMS INTERNATIONAL LIMITED**

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

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2008**

(Rs. In Lakhs, except per share data)

S. No.	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended December 31,
		2008	2007	2008	2007	2007
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from operations	9,055.90	5,892.73	17,043.64	11,828.84	24,705.75
2	Other income	92.01	139.45	218.32	217.62	570.85
3	<b>Total income (1+2)</b>	<b>9,147.91</b>	<b>6,032.18</b>	<b>17,261.96</b>	<b>12,046.46</b>	<b>25,276.60</b>
4	Total expenditure	8,640.31	5,620.37	15,909.10	11,352.10	23,085.41
a	Employees cost	5,403.68	3,644.31	10,292.72	7,556.18	15,217.75
b	Traveling and conveyance	625.34	601.02	1,183.65	1,053.37	2,158.36
c	Communication cost	174.86	167.22	337.19	335.42	693.13
d	Legal and professional expenses	940.97	553.52	1,716.33	1,106.99	2,287.60
e	Depreciation/amortisation	280.94	165.66	551.59	342.15	704.11
f	Other expenditure	1,214.52	488.64	1,827.62	957.99	2,024.46
5	Interest	13.71	10.50	29.34	14.91	34.41
6	Add:-Exceptional Items (refer note 4 below)	-	-	-	-	144.52
7	Profit/(loss) before tax and prior period expenses (3-4-5+6)	493.89	401.31	1,323.52	679.45	2,301.30
8	Add:- Prior period income/(expenses)	-	8.85	-	8.85	8.85
9	<b>Profit/(loss) for the period/year before tax and after prior period expenses (7+8)</b>	<b>493.89</b>	<b>410.16</b>	<b>1,323.52</b>	<b>688.30</b>	<b>2,310.15</b>
10	Tax expense	29.56	87.95	61.08	156.06	413.01
	Current tax	48.46	56.98	106.65	101.83	328.11
	MAT credit entitlement	(1.29)	(15.50)	(52.79)	(15.50)	(49.80)
	Deferred tax	(36.61)	31.07	(29.28)	37.61	67.91
	Fringe benefit tax	19.00	15.40	36.50	32.12	66.79
11	<b>Net profit for the period/year (9-10)</b>	<b>464.33</b>	<b>322.21</b>	<b>1,262.44</b>	<b>532.24</b>	<b>1,897.14</b>
12	Paid up equity share capital (Face Value Rs. 10/- each)	1,350.88	1,350.88	1,350.88	1,350.88	1,350.88
13	Reserves and surplus	-	-	-	-	12,905.83
14	EPS for the period / year					
	- Basic	3.42	2.37	9.29	3.92	13.97
	- Diluted	3.38	2.37	9.18	3.92	13.78
15	Public shareholding					
	- Number of shares	7,840,413	8,042,374	7,840,413	8,042,374	7,888,477
	-Percentage of shareholding	57.72	59.21	57.72	59.21	58.08

**Notes**

- The results for the quarter and half year ended June 30, 2008 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on July 26, 2008.
- The Limited Review as required under clause 41 of the Listing Agreement has been completed by the Statutory Auditors for the quarter and half year ended June 30, 2008.
- 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 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 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 quarter and half year ended June 30, 2007 has not been continued in their review report for the quarter and half year ended June 30, 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 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 March 31, 2008	During April-June 2008	Amount incurred till June 30, 2008
Upgrading and expansion of existing infrastructure*	2,299.93	2,207.06	49.97	2,257.03
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	863.24	-	863.24
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>5,033.37</b>	<b>49.97</b>	<b>5,083.34</b>

\*The Company has 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 June 30, 2008 have been invested in fixed deposit with nationalised banks.

- Pursuant to The Institute of Chartered Accountants of India's (ICAI) Announcement "Accounting for Derivatives", the company has early adopted AS 30 "Financial Instruments: Recognition and Measurement" during the quarter under review, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Companies Act, 1956 and other regulatory requirements as against the previous policy of recognizing only losses arising out of derivative contracts. Had the previous quarter policy been followed, the profit after tax would have been higher by Rs. 22.62 lakhs.
- Final Dividend of Rs 1.80/- per share (18% on equity share of par value of Rs 10/-) for the year ended December 31, 2007 was approved by the shareholders in Annual General Meeting held on May 2, 2008 and same was paid during the quarter ended June 30, 2008.
- There were 8 Investor complaints received and disposed off during quarter ended June 30, 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 : 26th July, 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 June 30,		Half year ended June 30,		Year ended December 31,
		2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)	2007 (Audited)
<b>1</b>	<b>Segment revenue</b>					
	- Software development and customisation services	6,393.69	5,019.78	12,122.60	10,017.76	21,152.79
	- Business process outsourcing services	2,689.88	872.95	4,948.71	1,811.08	3,552.96
	Less:- elimination of intersegment sales	27.67	-	27.67	-	-
	<b>Income from operations</b>	<b>9,055.90</b>	<b>5,892.73</b>	<b>17,043.64</b>	<b>11,828.84</b>	<b>24,705.75</b>
<b>2</b>	<b>Segment results before tax and interest</b>					
	- Software development and customisation services	747.93	326.94	1,345.25	598.89	2,019.59
	- Business process outsourcing services	200.38	70.25	447.14	125.31	99.64
	<b>Total</b>	<b>948.31</b>	<b>397.19</b>	<b>1,792.39</b>	<b>724.20</b>	<b>2,119.23</b>
	(i) Interest expense	(13.71)	(10.50)	(29.34)	(14.91)	(34.41)
	(ii) Interest income	78.78	99.37	187.71	177.96	372.01
	(iii) Other income	1.34	32.27	2.47	32.68	299.41
	(iv) Other unallocable expenses	(520.83)	(108.17)	(629.71)	(231.63)	(446.09)
	<b>Profit before tax</b>	<b>493.89</b>	<b>410.16</b>	<b>1,323.52</b>	<b>688.30</b>	<b>2,310.15</b>
<b>3</b>	<b>Capital employed</b>					
	- Software development and customisation services	11,536.96	9,787.30	11,536.96	9,787.30	9,960.65
	- Business process outsourcing services	888.17	436.70	888.17	436.70	502.30
	- Unallocated Corporate	3,340.45	3,007.68	3,340.45	3,007.68	3,793.76
	<b>Total capital employed</b>	<b>15,765.58</b>	<b>13,231.68</b>	<b>15,765.58</b>	<b>13,231.68</b>	<b>14,256.71</b>

**R SYSTEMS INTERNATIONAL LIMITED**  
**Regd. Office : B -104 A, Greater Kailash - I, New Delhi - 110 048**  
**AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2008**

(Rs. in Lakhs, except per share data)

S. No.	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended
		2008	2007	2008	2007	December 31,
		(Audited)	(Audited)	(Audited)	(Audited)	2007
						(Audited)
1	Income from operations	4,963.51	3,503.68	9,623.01	7,130.80	15,556.68
2	Other income	112.21	144.58	253.91	256.92	766.45
3	<b>Total Income (1+2)</b>	<b>5,075.72</b>	<b>3,648.26</b>	<b>9,876.92</b>	<b>7,387.72</b>	<b>16,323.13</b>
4	Total expenditure	4,671.81	3,234.24	8,957.02	6,406.45	13,620.49
a)	Employees cost	2,962.87	2,111.37	5,790.84	4,252.60	9,071.65
b)	Traveling and conveyance	485.23	464.69	959.72	829.11	1,781.08
c)	Communication cost	97.05	108.19	199.58	203.10	425.14
d)	Legal and professional expenses	93.78	48.93	170.10	137.84	300.63
e)	Provision for doubtful debts/advances	70.18	81.19	372.53	138.92	291.63
f)	Depreciation/amortisation	157.73	124.26	326.31	257.39	534.49
g)	Other expenditure	804.97	295.61	1,137.94	587.49	1,215.87
5	Interest	2.40	9.42	8.29	15.82	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)	401.51	404.60	911.61	965.45	2,817.13
8	Add: Prior period income/(expenses)	-	8.85	-	8.85	8.85
9	<b>Profit/(loss) for the period/year before tax and after prior period expenses (7+8)</b>	<b>401.51</b>	<b>413.45</b>	<b>911.61</b>	<b>974.30</b>	<b>2,825.98</b>
10	Tax expense	24.29	86.99	41.21	163.41	408.84
	Current tax	43.20	56.30	86.78	100.85	315.88
	MAT credit entitlement	(1.29)	(15.50)	(52.79)	(15.50)	(49.80)
	Deferred tax	(36.62)	30.79	(29.28)	45.94	75.98
	Fringe benefit tax	19.00	15.40	36.50	32.12	66.78
11	<b>Net profit for the period/year (9-10)</b>	<b>377.22</b>	<b>326.46</b>	<b>870.40</b>	<b>810.89</b>	<b>2,417.14</b>
12	Paid up equity share capital (Face value Rs. 10/- each)	1,350.88	1,350.88	1,350.88	1,350.88	1,350.88
13	Reserves and surplus					14,787.48
14	EPS for the period/year					
	- Basic	2.78	2.40	6.41	5.97	17.80
	- Diluted	2.74	2.40	6.33	5.97	17.56
15	Public shareholding					
	- Number of shares	7,840,413	8,042,374	7,840,413	8,042,374	7,888,477
	- Percentage of shareholding	57.72	59.21	57.72	59.21	58.08

**Notes**

- The results for the quarter and half year ended June 30, 2008 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on July 26, 2008.
- An audit has been completed by Statutory Auditors for the quarter and half year ended June 30, 2008.
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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 March 31, 2008	During April-June 2008	Amount incurred till June 30, 2008
Upgrading and expansion of existing infrastructure*	2,299.93	2,207.06	49.97	2,257.03
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	863.24	-	863.24
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>5,033.37</b>	<b>49.97</b>	<b>5,083.34</b>

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For and on behalf of the Board

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[Senior Executive Director]

Place : Noida

Date : July 26, 2008

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

(Rs. in Lakhs)						
S. No.	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended December 31, 2007 (Audited)
		2008	2007	2008	2007	
		(Audited)	(Audited)	(Audited)	(Audited)	
<b>1</b>	<b>Segment revenue</b>					
	- Software development and customisation services	4,257.03	3,001.24	8,350.77	6,116.65	13,477.68
	- Business process outsourcing services	706.48	502.44	1,272.24	1,014.15	2,079.00
	<b>Income from operations</b>	<b>4,963.51</b>	<b>3,503.68</b>	<b>9,623.01</b>	<b>7,130.80</b>	<b>15,556.68</b>
<b>2</b>	<b>Segment results before tax and interest</b>					
	- Software development and customisation services	343.02	290.97	1,047.97	749.52	2,329.53
	- Business process outsourcing services	154.52	84.84	200.43	177.91	240.22
	<b>Total</b>	<b>497.54</b>	<b>375.81</b>	<b>1,248.40</b>	<b>927.43</b>	<b>2,569.75</b>
	(i) Interest expense	(2.40)	(9.42)	(8.29)	(15.82)	(30.03)
	(ii) Interest income	88.41	105.57	202.37	190.24	397.41
	(iii) Other income	17.09	39.00	36.72	59.70	332.25
	(iv) Other unallocable expenses	(199.13)	(97.51)	(567.59)	(187.25)	(443.40)
	<b>Profit before tax</b>	<b>401.51</b>	<b>413.45</b>	<b>911.61</b>	<b>974.30</b>	<b>2,825.98</b>
<b>3</b>	<b>Capital employed</b>					
	- Software development and customisation services	6,986.08	7,015.65	6,986.08	7,015.65	6,940.42
	- Business process outsourcing services	456.71	235.66	456.71	235.66	288.88
	- Unallocated corporate	9,588.58	7,566.83	9,588.58	7,566.83	8,909.06
	<b>Total capital employed</b>	<b>17,031.37</b>	<b>14,818.14</b>	<b>17,031.37</b>	<b>14,818.14</b>	<b>16,138.36</b>