

R SYSTEMS INTERNATIONAL LIMITED

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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2008

(Rs. In Lakhs, except per share data)

S. No.	Particulars	Quarter ended September 30,		Nine Months ended September 30,		Year ended
		2008	2007	2008	2007	December 31,
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 (a)	Income from operations	9,211.40	6,409.96	26,255.04	18,238.80	24,705.75
1 (b)	Other operating income	96.61	171.87	127.22	164.03	197.96
2	Expenditure					
a)	Employees cost	5,553.01	3,824.78	15,902.62	11,394.89	15,251.72
b)	Traveling and conveyance	659.74	540.63	1,843.39	1,594.00	2,158.36
c)	Communication cost	187.68	188.33	524.86	523.75	693.13
d)	Legal and professional expenses	950.05	612.06	2,609.49	1,705.13	2,253.62
e)	Depreciation/amortisation	302.60	184.60	854.18	526.75	704.11
f)	Other expenditure	971.99	534.65	2,799.65	1,445.14	2,024.46
g)	Total expenditure	8,625.07	5,885.05	24,534.19	17,189.66	23,085.40
3	Profit from operations before other income, interest and exceptional items (1-2)	682.94	696.78	1,848.07	1,213.17	1,818.31
4	Other income	65.79	97.34	253.51	275.30	372.88
5	Profit before interest and exceptional items (3+4)	748.73	794.12	2,101.58	1,488.47	2,191.19
6	Interest	13.64	12.28	42.98	27.19	34.41
7	Profit after interest but before exceptional items (5-6)	735.09	781.84	2,058.60	1,461.28	2,156.78
8	Add-Exceptional items (refer note 4 below)	-	-	-	-	144.52
9	Profit before tax and prior period income/ (expenses) (7+8)	735.09	781.84	2,058.60	1,461.28	2,301.30
10	Add- Prior period income/(expenses)	-	-	-	8.85	8.85
11	Profit for the period/year before tax and after prior period income/(expenses) (9+10)	735.09	781.84	2,058.60	1,470.13	2,310.15
12	Tax expense	80.17	108.17	141.25	264.23	413.01
	Current tax	82.54	88.23	189.19	190.06	328.11
	MAT credit entitlement	(29.00)	(9.30)	(81.79)	(24.80)	(49.80)
	Deferred tax	4.83	12.24	(24.45)	49.85	67.91
	Fringe benefit tax	21.80	17.00	58.30	49.12	66.79
13	Net profit for the period/year (11-12)	654.92	673.67	1,917.35	1,205.90	1,897.14
14	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
15	Reserves and surplus excluding revaluation reserves as at December 31, 2007	-	-	-	-	12,905.83
16	EPS for the period / year					
	- Basic	4.82	4.96	14.12	8.88	13.97
	- Diluted	4.76	4.89	13.94	8.64	13.78
17	Public shareholding					
	- Number of shares	7,840,413	7,963,994	7,840,413	7,963,994	7,888,477
	-Percentage of shareholding	57.72	58.63	57.72	58.63	58.08

Notes

- The results for the quarter and nine months ended September 30, 2008 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on October 24, 2008.
- The Limited Review as required under clause 41 of the Listing Agreement has been completed by the Statutory Auditors for the quarter and nine months ended September 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 nine month ended September 30, 2007 has not been continued in their review report for the quarter and nine months ended September 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:

(Rs. in Lakhs)

Objects	Total estimated project cost*	Amount incurred till June 30, 2008	During July- September 2008	Amount incurred till September 30, 2008
Upgrading and expansion of existing infrastructure*	2,299.93	2,257.03	34.06	2,291.09
Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	863.24	93.00	956.24
General corporate purposes *	1,590.60	586.20	-	586.20
Meeting offer expenses*	1,011.37	1,011.37	-	1,011.37
Total	7,062.50	5,083.34	127.06	5,210.40

* 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 September 30, 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. 150.00 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 per public announcement, the date of opening of Buy-back is October 29, 2008.
- 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.
- There were 11 Investor complaints received and disposed off during the quarter ended September 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 : October 24, 2008

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	Quarter ended September 30,		Nine Months ended September 30,		Year ended December 31,
		2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)	2007 (Audited)
1	Segment revenue					
	- Software development and customisation services	6,611.29	5,508.49	18,733.89	15,526.25	21,152.79
	- Business process outsourcing services	2,613.72	901.47	7,562.43	2,712.55	3,552.96
	Less:- elimination of intersegment sales	13.61	-	41.28	-	-
	Income from operations	9,211.40	6,409.96	26,255.04	18,238.80	24,705.75
2	Segment results before tax and interest					
	- Software development and customisation services	806.80	633.86	2,152.05	1,232.74	2,019.59
	- Business process outsourcing services	114.07	58.69	561.21	184.00	99.64
	Total	920.87	692.55	2,713.26	1,416.74	2,119.23
	(i) Interest expense	(13.64)	(12.28)	(42.98)	(27.19)	(34.41)
	(ii) Interest income	65.79	97.34	253.51	275.30	372.88
	(iii) Other income	38.04	115.52	40.51	148.20	298.54
	(iv) Other unallocable expenses	(275.97)	(111.29)	(905.70)	(342.92)	(446.09)
	Profit before tax	735.09	781.84	2,058.60	1,470.13	2,310.15
3	Capital employed					
	- Software development and customisation services	11,667.84	9,997.13	11,667.84	9,997.13	9,960.65
	- Business process outsourcing services	1,109.93	539.91	1,109.93	539.91	502.30
	- Unallocated Corporate	3,859.97	3,341.45	3,859.97	3,341.45	3,793.76
	Total capital employed	16,637.74	13,878.49	16,637.74	13,878.49	14,256.71

R SYSTEMS INTERNATIONAL LIMITED
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AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2008

(Rs. in Lakhs, except per share data)

S. No.	Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended
		2008	2007	2008	2007	December 31,
		(Audited)	(Audited)	(Audited)	(Audited)	2007
						(Audited)
1 (a)	Income from operations	5,150.74	4,070.80	14,773.75	11,201.60	15,556.68
1 (b)	Other operating income	81.17	164.73	132.70	183.91	369.04
2	Expenditure					
a)	Employees cost	3,147.51	2,379.64	8,995.23	6,643.69	9,101.17
b)	Traveling and conveyance	552.47	471.57	1,512.18	1,300.68	1,781.08
c)	Communication cost	107.46	117.16	307.04	320.26	425.14
d)	Legal and professional expenses	65.52	60.84	179.97	187.23	271.10
e)	Provision for doubtful debts/advances	28.88	50.92	401.41	142.33	291.63
f)	Depreciation/amortisation	171.66	135.68	497.97	393.07	534.49
g)	Other expenditure	559.50	306.47	1,696.20	893.97	1,215.88
h)	Total expenditure	4,633.00	3,522.28	13,590.00	9,881.23	13,620.49
3	Profit from operations before other income, interest and exceptional items (1-2)	598.91	713.25	1,316.45	1,504.28	2,305.23
4	Other income	76.28	103.10	278.65	293.34	397.41
5	Profit before interest and exceptional items (3+4)	675.19	816.35	1,595.10	1,797.62	2,702.64
6	Interest	2.52	10.11	10.81	25.93	30.03
7	Profit after interest but before exceptional items (5-6)	672.67	806.24	1,584.29	1,771.69	2,672.61
8	Add: Exceptional item (refer note 4 below)	-	-	-	-	144.52
9	Profit before tax and prior period income/(expenses) (7+8)	672.67	806.24	1,584.29	1,771.69	2,817.13
10	Add: Prior period income/(expenses)	-	-	-	8.85	8.85
11	Profit for the period/year before tax and after prior period income/(expenses) (9+10)	672.67	806.24	1,584.29	1,780.54	2,825.98
12	Tax expense	71.64	108.30	112.86	271.71	408.84
	Current tax	74.01	88.50	160.79	189.35	315.88
	MAT credit entitlement	(29.00)	(9.30)	(81.78)	(24.80)	(49.80)
	Deferred tax	4.83	12.10	(24.45)	58.04	75.98
	Fringe benefit tax	21.80	17.00	58.30	49.12	66.78
13	Net profit for the period/year (11-12)	601.03	697.94	1,471.43	1,508.83	2,417.14
14	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
15	Reserves and surplus excluding revaluation reserves as at December 31, 2007					14,787.48
16	EPS for the period/year					
	- Basic	4.42	5.14	10.83	11.11	17.80
	- Diluted	4.37	5.07	10.70	10.96	17.56
17	Public shareholding					
	- Number of shares	7,840,413	7,963,994	7,840,413	7,963,994	7,888,477
	- Percentage of shareholding	57.72	58.63	57.72	58.63	58.08

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Repayment of outstanding loans	365.50	365.50	-	365.50
Financing general working capital requirements	1,795.10	863.24	93.00	956.24
General corporate purposes*	1,590.60	586.20	-	586.20
Meeting offer expenses*	1,011.37	1,011.37	-	1,011.37
Total	7,062.50	5,083.34	127.06	5,210.40

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		2008	2007	2008	2007	December 31,
		(Audited)	(Audited)	(Audited)	(Audited)	2007
						(Audited)
1	Segment revenue					
	- Software development and customisation services	4,480.22	3,518.30	12,830.99	9,634.95	13,477.68
	- Business process outsourcing services	670.52	552.50	1,942.76	1,566.65	2,079.00
	Income from operations	5,150.74	4,070.80	14,773.75	11,201.60	15,556.68
2	Segment results before tax and interest					
	- Software development and customisation services	604.70	621.36	1,652.67	1,370.88	2,329.53
	- Business process outsourcing services	110.76	72.94	311.20	250.85	240.22
	Total	715.46	694.30	1,963.87	1,621.73	2,569.75
	(i) Interest expense	(2.52)	(10.11)	(10.81)	(25.93)	(30.03)
	(ii) Interest income	76.28	103.10	278.65	293.34	397.41
	(iii) Other income	22.98	108.38	59.70	168.09	332.25
	(iv) Other unallocable expenses	(139.53)	(89.43)	(707.12)	(276.69)	(443.40)
	Profit before tax	672.67	806.24	1,584.29	1,780.54	2,825.98
3	Capital employed					
	- Software development and customisation services	6,751.37	6,943.58	6,751.37	6,943.58	6,940.42
	- Business process outsourcing services	613.53	309.66	613.53	309.66	288.88
	- Unallocated corporate	10,267.51	8,262.85	10,267.51	8,262.85	8,909.06
	Total capital employed	17,632.41	15,516.09	17,632.41	15,516.09	16,138.36