

**R SYSTEMS INTERNATIONAL LIMITED**  
**Regd. Office : B -104 A, Greater Kailash - I, New Delhi - 110 048**  
**UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER, 31st 2006**

(Rs. In Lakhs . Except per share data)						
Sr. No.	Particulars	Nine months ended	Quarter Ended December 31,		Year Ended	Year Ended
		September 30, 2006	2006	2005	December 31,	December 31,
		(Reviewed)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Income from operations	14,792.51	5,602.07	4,227.80	20,394.58	15,779.34
2	Other income	211.49	170.71	19.77	402.08	43.00
3	Total	15,004.00	5,772.78	4,247.57	20,796.66	15,822.34
4	Total expenditure	12,905.70	5,653.43	3,698.23	18,617.17	13,819.86
	- Staff cost	8,941.88	3,761.11	2,648.77	12,702.99	9,509.49
	- Traveling and conveyance	1,061.77	517.44	277.43	1,586.68	1,037.15
	- Communication costs	320.90	176.08	113.42	496.98	401.76
	- Legal and professional expenses	1,413.38	525.81	365.69	1,968.78	1,530.98
	- Other expenditure	1,167.77	672.99	292.91	1,861.74	1,340.48
5	Interest	33.57	4.96	12.25	38.53	65.97
6	Depreciation/amortisation	378.87	212.37	129.87	591.24	489.24
7	Profit/(Loss) before tax and prior period items (3-4-5-6)	1,685.87	(97.98)	407.22	1,549.72	1,447.26
8	Prior period items	-	197.06	-	158.89	5.38
9	Profit/(loss) before tax (7-8)	1,685.87	(295.04)	407.22	1,390.83	1,441.88
10	Provision for Tax	247.20	361.19	89.15	608.40	194.18
	Current tax	93.15	62.08	24.80	155.23	73.97
	Deferred tax	112.59	286.32	52.42	398.91	93.80
	Fringe benefit tax	41.46	12.80	11.93	54.26	26.41
11	Net profit/(loss) (9-10)	1,438.66	(656.23)	318.07	782.43	1,247.70
12	Paid up Equity Share Capital (Equity Shares of Rs. 10/- each) (refer note 5 below)	1,349.86	1,354.58	513.92	1,354.58	513.92
13	Reserve & Surplus	-	-	-	11,659.54	5,506.15
14	EPS for the period / year					
	- Basic and diluted EPS (refer note 6 below)	11.60	(4.85)	3.01	6.17	11.65
15	Aggregate of public shareholding					
	Nos. of Shares	8,079,502	8,111,179	-	8,111,179	-
	Percentage of shareholding	59.69	59.72	-	59.72	-

**Notes**

- The above results for the quarter and year ended December 31, 2006 were reviewed by the Audit Committee and have been taken on record by the Board of Directors in their meeting held on March 3, 2007.
- The Board of Directors have recommended a dividend of Re.1.2 per share, subject to the approval of the shareholders at the annual general meeting.
- The Statutory Auditors in their audit report have mentioned that the Company has not obtained any valuations of its shares to determine the additional benefit, if any, being offered to the existing option holders consequent to changes in the existing stock option plans. The aforesaid statement is resultant of the adjustment in exercise pricing formula in accordance with the terms and conditions of the employees stock option plans to give effect to the consolidation and subsequent bonus issue as referred in note 6 below.
- Till December 31, 2005, the Company had been providing employee retirement benefits (namely gratuity and leave encashment) in accordance with the Accounting Standard 15 on Retirement Benefits. In the current year, the Company has gone for early adoption of the Accounting Standard 15 (Revised 2005) which is mandatory from accounting periods starting from December 7, 2006. Accordingly the company has provided for gratuity and leave encashment based on actuarial valuation done as per projected unit credit method. Further in accordance with the transitional provision in the revised accounting standard, Rs. 95.60 lacs has been adjusted to the Reserve and Surplus. Had the Company followed the earlier policy, the expense of the year would have been lower by Rs.71.04 lacs.
- (i) After the adoption of Accounting Standard 15 (Revised 2005), the management has changed the earlier assumptions being used for actuarial valuation of retirement benefits to match with the current trend in the industry which has resulted into a prior period expense of Rs. 153.32 Lakh.  
(ii) During the last quarter an amount of Rs. 38.17 Lakh was accounted in the value of investment which has been written off during the current quarter as a result of recent opinion given by The Expert Advisory Committee of The Institute of Chartered Accountants of India in a similar case.
- Subsequent to the year-ended December 31, 2005, the Company has converted certain warrants into 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 for each existing share 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:

Object	Total Estimated Project Cost	(Rs. In Lacs)		
		Amount incurred till September 30, 2006	During Oct. to Dec. 06	Amount incurred till December 31, 2006
Upgradation and expansion of existing	3,150.00	1,437.97	310.82	1,748.79
Repayment of outstanding loans	365.50	470.00	-	470.00
Financing working capital requirements	1,795.10	863.12	0.12	863.24
General Corporate Purpose	621.90	570.12	0.74	570.86
Issue Expenses	1,130.00	966.61	19.02	985.63
<b>Total</b>	<b>7,062.50</b>	<b>4,307.82</b>	<b>330.70</b>	<b>4,638.52</b>

- The total amount incurred for Upgradation and expansion of existing infrastructure till Dec 31, 2006 was Rs. 1,748.79 lakhs out of which Rs. 1,072.74 lacs were incurred from IPO proceeds & balance amount was incurred from internal accrual & loans funds.
  - The total issue expenses paid by Dec 31, 2006 were Rs. 985.62 lakhs. Out of which Rs. 628.32 lacs were paid from IPO proceeds balance from internal accrual & loans fund.
  - The total out flow for General Corporate Purpose by Dec 31, 2006 were Rs. 570.87 lacs. Out of which Rs. 557.34 lacs were paid from IPO proceeds balance from internal accrual & loans fund.
  - Pending Utilization as at Dec 31, 2006 balance funds have been invested in fixed deposit with nationalised banks.
- 8 There were 22 Investors complaints/requests received and disposed off during quarter ended December 31, 2006. There were no pending complaints at the beginning and end of the quarter.
- 9 Previous year's / period's figures have been regrouped/ recasted 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 : March 3, 2007

**R Systems International Limited**
**Segment wise Revenue, Results and Capital Employed**

(Rs in Lakhs)

Particulars	Nine months ended	Quarter ended		Year ended	
	September 30, 2006	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
	(Reviewed)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
I. Segment Revenue					
- Software Development & Customisation Services	13,755.41	4,470.84	3,997.85	18,226.25	14,966.40
- Business Process Outsourcing	1,037.10	1,131.23	229.95	2,168.3	812.94
<b>Total revenue</b>	<b>14,792.51</b>	<b>5,602.07</b>	<b>4,227.80</b>	<b>20,394.58</b>	<b>15,779.34</b>
2. Segment Results					
- Software Development & Customisation Services	1,535.12	40.61	437.01	1,488.64	1,417.44
- Business Process Outsourcing	165.61	(26.02)	32.63	139.59	97.76
<b>Total Segment Profit before Interest &amp; Tax</b>	<b>1,700.73</b>	<b>14.58</b>	<b>469.63</b>	<b>1,628.22</b>	<b>1,515.20</b>
- Interest expense	(33.57)	(4.96)	(12.25)	(38.53)	(65.97)
- Interest income	155.35	80.09	4.71	235.44	14.17
- Other income	37.36	(4.89)	(38.31)	81.39	0.98
- Other unallocable expenses	(174.01)	(182.80)	(16.56)	(356.81)	(17.11)
<b>Profit/(loss) before tax and prior period items</b>	<b>1,685.86</b>	<b>(97.97)</b>	<b>407.22</b>	<b>1,549.72</b>	<b>1,447.26</b>
Prior period items	-	197.06	-	158.89	5.38
<b>Profit/(loss) before tax</b>	<b>1,685.86</b>	<b>(295.03)</b>	<b>407.22</b>	<b>1,390.83</b>	<b>1,441.88</b>
Provision for Taxation					
Current tax	(93.15)	(62.08)	(24.80)	(155.23)	(73.97)
Deferred tax	(112.59)	(286.32)	(52.42)	(398.91)	(93.80)
Fringe benefit tax	(41.46)	(12.80)	(11.93)	(54.26)	(26.41)
<b>Profit/(loss) After Tax</b>	<b>1,438.66</b>	<b>(656.23)</b>	<b>318.07</b>	<b>782.43</b>	<b>1,247.70</b>
3. Capital Employed					
- Software Development & Customisation Services	8,886.20	9,300.18	5,168.01	9,300.18	5,168.01
- Business Process Outsourcing	93.98	45.16	(16.25)	45.16	(16.25)
- Unallocated Corporate	4,606.62	4,014.04	979.89	4,014.04	979.89
<b>Total Capital Employed</b>	<b>13,586.80</b>	<b>13,359.38</b>	<b>6,131.65</b>	<b>13,359.38</b>	<b>6,131.65</b>

**R SYSTEMS INTERNATIONAL LIMITED**  
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**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2006**

(Rs. in lacs)

S No.	Particulars	Quarter ended			Year ended	
		September 30, 2006 (Reviewed)	December 31, 2006 (Unaudited)	December 31, 2005 (Unaudited)	December 31, 2006 (Audited)	December 31, 2005 (Audited)
1	Income from operations	8,426.83	3,327.30	2,322.86	11,754.13	8,127.30
2	Other income	211.43	238.79	19.79	493.16	35.29
3	Total	8,638.26	3,566.09	2,342.65	12,247.29	8,162.59
4	Total expenditure	6,609.65	3,644.06	1,831.75	10,334.82	6,370.69
	- Staff cost	4,722.70	1,927.09	1,118.82	6,649.79	4,025.94
	- Traveling and conveyance	810.66	405.14	196.63	1,223.28	659.09
	- Communication cost	218.34	109.12	68.04	327.46	271.90
	- Legal and professional fees	148.14	59.58	53.64	237.32	147.19
	- Provision for Doubtful Debts	26.05	403.89	-	449.82	76.59
	- Other expenditure	683.76	739.24	394.62	1,447.15	1,189.98
5	Interest	35.67	7.03	14.65	42.70	73.05
6	Depreciation/amortisation	285.18	167.94	83.67	453.12	317.41
7	Profit/(loss) before tax and prior period expenses	1,707.76	(252.94)	412.58	1,416.65	1,401.44
8	Less: Prior period expenses	-	197.06	-	158.89	5.38
9	Profit/(loss) for the year before tax and after prior period	1,707.76	(450.00)	412.58	1,257.76	1,396.05
10	Provision for taxation	225.55	27.34	60.25	252.88	122.29
	- Current tax	94.66	49.72	19.20	144.38	61.20
	- Deferred tax	89.43	(35.18)	29.12	54.24	34.68
	- Fringe benefit tax	41.46	12.80	11.93	54.26	26.41
11	Net profit/(loss) (9-10)	1,482.21	(477.34)	352.33	1,004.88	1,273.76
12	Paid up equity share capital (Face value Rs. 10/- each) (refer note 5 below)	1,349.86	1,354.58	513.92	1,354.58	513.92
13	Reserves and surplus	-	-	-	12,843.38	6,375.28
14	EPS for the period / year					
	- Basic and diluted EPS (refer note 5 below)	11.95	(3.53)	3.16	7.92	11.89
15	Aggregate of public shareholding					
	- Number of shares	8,079,502	8,111,179	-	8,111,179	-
	- Percentage of shareholding	59.69	59.72	-	59.72	-

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For and on behalf of the Board

sd/-

Place : Noida  
Date : March 3, 2007

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

**R SYSTEMS INTERNATIONAL LIMITED**  
**Segment wise revenue, results and capital employed**

(Rs in lacs)

S No.	Particulars	Nine months ended	Quarter ended		Year ended	
		September 30, 2006	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
		(Reviewed)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	7,389.73	2,862.85	2,092.91	10,252.58	7,314.36
	- Business process outsourcing services	1,037.10	464.45	229.95	1,501.55	812.94
2	Total revenue	8,426.83	3,327.30	2,322.86	11,754.13	8,127.30
3	Segment results					
	- Software development and customisation services	1,559.20	(497.25)	408.87	1,061.95	1,441.91
	- Business process outsourcing services	165.61	25.50	37.40	191.11	116.31
4	Total segment profit before interest and tax	1,724.81	(471.75)	446.27	1,253.06	1,558.22
	(i) Interest expense	(35.66)	(7.04)	(14.65)	(42.70)	(73.05)
	(ii) Interest income	175.78	87.17	8.81	262.95	23.28
	(iii) Other income	16.84	179.79	10.97	196.63	5.39
	(iv) Other unallocable expenses	(174.01)	(238.18)	(38.85)	(412.19)	(117.78)
5	Profit before tax	1,707.76	(450.01)	412.55	1,257.75	1,396.06
6	Provision for taxation					
	-Current tax	(94.66)	(49.72)	(19.20)	(144.38)	(61.20)
	-Deferred tax	(89.43)	35.19	(29.12)	(54.24)	(34.68)
	-Fringe benefit tax	(41.46)	(12.80)	(11.93)	(54.26)	(26.41)
7	Profit after tax	1,482.21	(477.34)	352.30	1,004.87	1,273.77
8	Capital employed					
	- Software development and customisation services	6,241.62	6,197.46	3,750.37	6,197.46	3,750.37
	- Business process outsourcing services	93.98	133.76	(41.90)	133.76	(41.90)
	- Unallocated corporate	8,162.21	7,866.73	3,292.30	7,866.73	3,292.30
9	Total capital employed	14,497.81	14,197.95	7,000.77	14,197.95	7,000.77