

R SYSTEMS INTERNATIONAL LIMITED
Registered Office : B -104 A, Greater Kailash - I, New Delhi - 110 048
UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006

(Rs.in lacs, except per share data)

Sr. No.	Particulars	Quarter ended		Nine months ended		Year ended
		September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	December 31, 2005
		(Reviewed)	(Unreviewed)	(Reviewed)	(Audited)	(Audited)
1	Income from operations	5,424.86	3,968.17	14,792.51	11,520.63	15,737.79
2	Other income	142.60	31.08	211.49	54.14	84.55
3	Total	5,567.46	3,999.25	15,004.00	11,574.77	15,822.34
4	Total expenditure	4,710.87	3,300.83	12,905.70	10,127.02	13,825.25
	- Staff cost	3,244.04	2,179.83	8,941.88	6,727.07	9,324.76
	- Traveling and conveyance	412.34	191.09	1,061.77	759.72	1,037.15
	- Communication cost	118.28	89.58	320.90	288.34	401.76
	- Legal and professional expenses	522.35	294.05	1,413.38	1,165.29	1,530.98
	- Other expenditure	413.85	546.28	1,167.77	1,186.60	1,530.59
5	Interest	3.94	15.20	33.57	53.72	65.97
6	Depreciation/amortisation	141.81	109.05	378.87	359.37	489.24
7	Profit before tax (3-4-5-6)	710.85	574.17	1,685.87	1,034.66	1,441.88
8	Provision for tax	129.70	92.23	247.20	105.03	194.18
	Current tax	36.68	40.91	93.15	49.17	73.97
	Deferred tax	75.89	41.38	112.59	41.38	93.80
	Fringe benefit tax	17.14	9.94	41.46	14.48	26.41
9	Net profit (7-8)	581.14	481.94	1,438.66	929.63	1,247.70
10	Paid up equity share capital (Face value of Rs. 10/- each) (refer note 5 below)	1,349.86	513.92	1,349.86	513.92	513.92
11	Reserve and surplus	-	-	-	-	5,352.83
12	EPS for the period / year					
	- Basic and diluted EPS (refer note 5 below)	4.29	4.57	11.60	8.81	11.65
13	Aggregate of public shareholding					
	Nos. of shares	8,079,502	-	8,079,502	-	-
	Percentage of shareholding	59.69	-	59.69	-	-

Notes

- The above results for the quarter and nine months ended September 30, 2006 were reviewed by the Audit Committee and have been taken on record by the Board of Directors in their meeting held on October 28, 2006.
- The Limited Review as required under clause 41 of Listing Agreement has been completed by Statutory Auditor for the quarter and nine months ended September 30, 2006. Pursuant to Initial Public offer of Company's shares, it has entered into Listing Agreements with NSE and BSE on April 21, 2006. The financial results for the quarter ended September 30, 2005 have been furnished by the management and not subjected to any review by the Statutory Auditors.
- The Statutory Auditors in their review report have mentioned that approval of managerial remuneration, included in Staff cost of Rs. 68.37 lacs (excluding Rs. 11.33 lacs not accrued pending approval by the Central Government) and Rs. 176.61 lacs (excluding Rs. 18.88 lacs not accrued pending approval by the Central Government) for the quarter and nine months ended September 30, 2006 respectively, from the Central Government is awaited. The consequential effect of this will be recorded only on receipt of said approval from the Central Government.
- In view of Accounting Standard (AS) 15 (revised 2005) on 'Employee benefits', issued by The Institute of Chartered Accountants of India, which applies w.e.f. April 1, 2006, Staff cost for the quarter ended September 30, 2006 are higher by Rs. 5.91 lacs and Staff cost for the nine months ended September 30, 2006 is lower by Rs.5.95 lacs. The corresponding figures for the year ended December 31, 2005, quarter and nine months ended September 30, 2005 have not been recasted. In accordance with transitional provisions of Accounting Standard (AS) 15 (revised 2005) on 'Employee benefits, the increased liability of Rs. 248.92 lacs as on December 31, 2005 has been charged to Reserves and surplus.
- Subsequent to the year-ended December 31, 2005, the Company has converted certain warrants in to 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 to each existing shareholder 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, The Company gathered Rs. 70.625 Crores (net of selling shareholders' proceeds), details of utilisation of IPO proceeds are as follows:

(Rs. In Lacs)

Object	Total estimated project Cost	Amount incurred till June 30, 2006	During July to Sep 06	Amount incurred till September 30, 2006
Upgradation and expansion of existing infrastructure	3,150.00	832.30	605.67	1,437.97
Repayment of outstanding loans	365.50	470.00	-	470.00
Financing working capital requirements	1,795.10	852.85	10.27	863.12
General corporate purpose	621.90	-	570.12	570.12
Issue expenses	1,130.00	953.26	13.35	966.61
Total	7,062.50	3,108.41	1,199.41	4,307.82

- The total amount incurred for Upgradation and expansion of existing infrastructure till Sep 30, 2006 was Rs. 1,437.97 lakhs out of which Rs. 542.93 lacs were incurred from IPO proceeds and balance amount was incurred from internal accrual and loans funds (repaid subsequently from IPO proceeds).
 - The total issue expenses paid by Sep 30, 2006 were Rs. 966.61 lacs. Out of which Rs.628.32 lacs were paid from IPO proceeds balance from internal accrual and loans fund (repaid subsequently from IPO proceeds).
 - The total out flow for General Corporate Purpose by Sep 30, 2006 were Rs. 570.12 lacs. Out of which Rs. 557.34 lacs were paid from IPO proceeds balance from internal accrual and loans fund (repaid subsequently from IPO proceeds).
 - Pending utilization as at September 30, 2006 balance funds have been invested in fixed deposit with nationalised banks.
- Included in the results above are results of WebConverse Inc, a technical support company based in the US effective September 1, 2006 acquired by the Company. The maximum purchase consideration for the above acquisition is US\$10.34 million, including consideration determined as contingent amounting to US\$7.51 million. The goodwill arising on acquisition of Rs.1,419.29 lacs is recorded in the books and shall be tested for impairment.
 - There were 56 Investors complaints/requests received and disposed off during quarter ended September 30, 2006. There were no pending complaints at the beginning and end of the quarter.
 - Previous year's / period's figures have been regrouped/ recast wherever applicable, to the extent possible.

For and on behalf of the Board

Place : Noida
Date : October 28, 2006

Sd/-
Satinder Singh Rekhi
[Managing Director]

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

(Rs in Lacs)

S No.	Particulars	Quarter ended		Nine months ended		Year ended
		September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	December 31, 2005
		(Reviewed)	(Unreviewed)	(Reviewed)	(Audited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	4,996.18	3,746.90	13,755.41	10,937.64	14,924.85
	- Business process outsourcing services	428.68	221.27	1,037.1	582.99	812.94
2	Total revenue	5,424.86	3,968.17	14,792.51	11,520.63	15,737.79
3	Segment results					
	- Software development and customisation services	622.87	463.32	1,535.13	975.04	1,370.50
	- Business process outsourcing services	55.41	64.29	165.61	65.13	97.76
4	Total segment profit before interest and tax	678.27	527.60	1,700.74	1,040.16	1,468.26
	(i) Interest expense	(3.94)	(15.20)	(33.57)	(53.72)	(65.97)
	(ii) Interest income	89.39	4.51	155.35	9.46	14.17
	(iii) Other income	14.55	21.18	37.36	39.29	42.53
	(iv) Other unallocable expenses	(67.43)	36.06	(174.01)	(0.55)	(17.11)
5	Profit before tax	710.85	574.17	1,685.87	1,034.66	1,441.88
6	Provision for taxation					
	-Current tax	(36.68)	(40.91)	(93.15)	(49.17)	(73.97)
	-Deferred tax	(75.88)	(41.38)	(112.59)	(41.38)	(93.80)
	-Fringe benefit tax	(17.15)	(9.94)	(41.46)	(14.48)	(26.41)
7	Profit after tax	581.14	481.94	1,438.66	929.63	1,247.70
8	Capital employed					
	- Software development and customisation services	8,886.20	6,032.71	8,886.20	6,032.71	5,168.01
	- Business process outsourcing services	93.98	(42.42)	93.98	(42.42)	(16.25)
	- Unallocated corporate	4,606.62	59.92	4,606.62	59.92	979.89
9	Total capital employed	13,586.80	6,050.20	13,586.80	6,050.20	6,131.65

R SYSTEMS INTERNATIONAL LIMITED
Registered Office : B -104 A, Greater Kailash - I, New Delhi - 110 048
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006

(Rs.in lacs, except per share data)

S No.	Particulars	Quarter ended		Nine months ended		Year ended
		September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	December 31, 2005
		(Reviewed)	(Unreviewed)	(Reviewed)	(Audited)	(Audited)
1	Income from operations	3,229.73	2,150.65	8,426.83	5,773.53	8,085.75
2	Other income	147.93	28.65	211.43	56.22	76.84
3	Total	3,377.66	2,179.30	8,638.26	5,829.76	8,162.59
4	Total expenditure	2,577.67	1,521.34	6,609.66	4,554.11	6,376.07
	- Staff cost	1,764.47	981.26	4,722.70	2,907.12	4,025.94
	- Traveling and conveyance	373.96	63.49	810.66	462.46	659.09
	- Communication cost	80.02	65.52	218.34	203.86	271.90
	- Legal and professional fees	48.71	35.82	148.14	93.55	147.19
	- Other expenditure	310.51	375.25	709.81	887.13	1,271.95
5	Interest	5.76	12.34	35.66	58.40	73.05
6	Depreciation/amortisation	107.17	67.03	285.19	233.74	317.41
7	Profit before tax (3-4-5-6)	687.05	578.59	1,707.76	983.51	1,396.05
8	Provision for taxation	101.93	52.01	225.54	62.04	122.30
	- Current tax	39.38	36.50	94.66	42.00	61.20
	- Deferred tax	45.40	5.56	89.43	5.56	34.68
	- Fringe benefit tax	17.14	9.95	41.46	14.48	26.41
9	Net profit (7-8)	585.12	526.58	1,482.21	921.46	1,273.76
10	Paid up equity share capital (Face value Rs. 10/- each) (refer note 5 below)	1,349.86	513.92	1,349.86	513.92	513.92
11	Reserves and surplus	-	-	-	-	6,221.95
12	EPS for the period / year					
	- Basic and diluted EPS (refer note 5 below)	4.32	4.85	11.95	8.73	11.89
13	Aggregate of public shareholding					
	- Number of shares	8,079,502	-	8,079,502	-	-
	- Percentage of shareholding	59.69	-	59.69	-	-

Notes

- The above results for the quarter and nine months ended September 30, 2006 were reviewed by the Audit Committee and have been taken on record by the Board of Directors in their meeting held on October 28, 2006.
- The Limited Review as required under clause 41 of Listing Agreement has been completed by Statutory Auditor for the quarter and nine months ended September 30, 2006. Pursuant to Initial Public offer of Company's shares, it has entered into Listing Agreements with NSE and BSE on April 21, 2006. The financial results for the quarter ended September 30, 2005 have been furnished by the management and not subjected to any review by the Statutory Auditors.
- The Statutory Auditors in their review report have mentioned that approval of managerial remuneration, included in Staff cost of Rs. 68.37 lacs (excluding Rs. 11.33 lacs not accrued pending approval by the Central Government) and Rs. 176.61 lacs (excluding Rs. 18.88 lacs not accrued pending approval by the Central Government) for the quarter and nine months ended September 30, 2006 respectively, from the Central Government is awaited. The consequential effect of this will be recorded only on receipt of said approval from the Central Government.
- In view of Accounting Standard (AS) 15 (revised 2005) on 'Employee benefits', issued by The Institute of Chartered Accountants of India, which applies w.e.f. April 1, 2006, Staff cost for the quarter ended September 30, 2006 are higher by Rs. 5.91 lacs and Staff cost for the nine months ended September 30, 2006 are lower by Rs.5.95 lacs. The corresponding figures for the year ended December 31, 2005, quarter and nine months ended September 30, 2005 have not been recasted. In accordance with transitional provisions of Accounting Standard (AS) 15 (revised 2005) on 'Employee benefits, the increased liability of Rs. 248.92 lacs as on December 31, 2005 has been charged to Reserves and surplus.
- Subsequent to the year-ended December 31, 2005, the Company has converted certain warrants in to 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 to each existing shareholder 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:

(Rs. in lacs)

Object	Total estimated project Cost	Amount incurred till June 30, 2006	During July to Sep 06	Amount incurred till September 30, 2006
Upgradation and expansion of existing infrastructure	3,150.00	832.30	605.67	1,437.97
Repayment of outstanding loans	365.50	470.00	-	470.00
Financing working capital requirements	1,795.10	852.85	10.27	863.12
General corporate purpose	621.90	-	570.12	570.12
Issue expenses	1,130.00	953.26	13.35	966.61
Total	7,062.50	3,108.41	1,199.41	4,307.82

- The total amount incurred for Upgradation and expansion of existing infrastructure till Sep 30, 2006 was Rs. 1,437.97 lakhs out of which Rs. 542.93 lacs were incurred from IPO proceeds and balance amount was incurred from internal accrual and loans funds (repaid subsequently from IPO proceeds).
 - The total issue expenses paid by Sep 30, 2006 were Rs. 966.61 lacs. Out of which Rs.628.32 lacs were paid from IPO proceeds balance from internal accrual and loans fund (repaid subsequently from IPO proceeds).
 - The total out flow for General Corporate Purpose by Sep 30, 2006 were Rs. 570.12 lacs. Out of which Rs. 557.34 lacs were paid from IPO proceeds balance from internal accrual and loans fund (repaid subsequently from IPO proceeds).
 - Pending utilization as at September 30, 2006 balance funds have been invested in fixed deposit with nationalised banks.
- The Company has completed the acquisition and integration of WebConverse Inc, a technical support company based in the US. The maximum purchase consideration for the above acquisition is US\$ 10.34 million, including consideration determined as contingent amounting to US\$ 7.51million. The Company has recognised the investment at value of US\$ 2.83 million (which represents the consideration assessed as probable to be paid) and the acquisition expenses.
 - There were 56 Investors complaints/requests received and disposed off during quarter ended September 30, 2006. There were no pending complaints at the beginning and end of the quarter.
 - Previous year's / period's figures have been regrouped/ recasted wherever applicable, to the extent possible.

For and on behalf of the Board

Sd/-

Place : Noida
Date : October 28 , 2006

Satinder Singh Rekhi
[Managing Director]

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

(Rs in lacs)

S No.	Particulars	Quarter ended		Nine months ended		Year ended
		September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	December 31, 2005
		(Reviewed)	(Unreviewed)	(Reviewed)	(Audited)	(Audited)
1	Segment revenue					
	- Software development and customisation services	2,801.05	1,929.38	7,389.73	5,190.54	7,272.81
	- Business process outsourcing services	428.68	221.27	1,037.10	582.99	812.94
2	Total revenue	3,229.73	2,150.65	8,426.83	5,773.53	8,085.75
3	Segment results					
	- Software development and customisation services	595.59	526.60	1,559.20	992.32	1,400.35
	- Business process outsourcing services	55.41	68.89	165.61	78.91	116.31
4	Total segment profit before interest and tax	651.00	595.49	1,724.81	1,071.23	1,516.67
	(i) Interest expense	(5.76)	(12.34)	(35.66)	(58.40)	(73.05)
	(ii) Interest income	95.85	6.77	175.78	14.47	23.28
	(iii) Other income	13.38	15.26	16.84	35.14	46.94
	(iv) Other unallocable expenses	(67.42)	(26.59)	(174.01)	(78.93)	(117.78)
5	Profit before tax	687.05	578.59	1,707.76	983.51	1,396.05
6	Provision for taxation					
	-Current tax	(39.38)	(36.50)	(94.66)	(42.00)	(61.20)
	-Deferred tax	(45.40)	(5.56)	(89.43)	(5.56)	(34.68)
	-Fringe benefit tax	(17.14)	(9.95)	(41.46)	(14.48)	(26.41)
7	Profit after tax	585.12	526.58	1,482.21	921.46	1,273.76
8	Capital employed					
	- Software development and customisation services	6,241.62	3,998.36	6,241.62	3,998.36	3,799.97
	- Business process outsourcing services	93.98	(42.42)	93.98	(42.42)	(16.25)
	- Unallocated corporate	8,162.21	2,983.37	8,162.21	2,983.37	3,217.06
9	Total capital employed	14,497.81	6,939.31	14,497.81	6,939.31	7,000.78