

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, 2007

(Rs. In Lakhs, except per share data)

| S. No. | Particulars | Nine Months Ended | | | | |
|-----------|--|----------------------------|-----------------|-------------------------|------------------|------------------|
| | | Quarter Ended December 31, | | Year Ended December 31, | | |
| | | September 30, 2007 | 2007 | 2006 | 2007 | 2006 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) | |
| 1 | Income from operations | 18,238.80 | 6,466.95 | 5,602.07 | 24,705.75 | 20,394.58 |
| 2 | Other income | 439.33 | 131.51 | 170.71 | 570.85 | 402.08 |
| 3 | Total income (1+2) | 18,678.13 | 6,598.46 | 5,772.78 | 25,276.60 | 20,796.66 |
| 4 | Total expenditure | 17,189.66 | 5,895.74 | 5,865.80 | 23,085.41 | 19,208.41 |
| a | Employees cost | 11,371.80 | 3,845.95 | 3,761.11 | 15,217.75 | 12,702.99 |
| b | Traveling and conveyance | 1,594.00 | 564.36 | 517.44 | 2,158.36 | 1,586.68 |
| c | Communication cost | 523.75 | 169.39 | 176.08 | 693.13 | 496.98 |
| d | Legal and professional expenses | 1,728.22 | 559.37 | 525.81 | 2,287.60 | 1,968.78 |
| e | Depreciation/amortisation | 526.75 | 177.36 | 212.37 | 704.11 | 591.24 |
| f | Other expenditure | 1,445.14 | 579.32 | 672.99 | 2,024.46 | 1,861.74 |
| 5 | Interest | 27.19 | 7.21 | 4.96 | 34.41 | 38.53 |
| 6 | Exceptional Items (refer note 5 below) | - | 144.52 | - | 144.52 | - |
| 7 | Profit before tax and prior period expenses (3-4-5+6) | 1,461.28 | 840.03 | (97.98) | 2,301.30 | 1,549.72 |
| 8 | Add:- Prior period income/(expenses) | 8.85 | - | (197.06) | 8.85 | (158.89) |
| 9 | Profit before tax (7+8) | 1,470.13 | 840.03 | (295.04) | 2,310.15 | 1,390.83 |
| 10 | Tax expense | 264.23 | 148.79 | 361.20 | 413.01 | 608.40 |
| | Current tax (Including tax related to earlier year Rs. 7.60 lakhs (net of excess provision written back Rs. 3.30 lakhs) Previous year Rs. Nil) | 190.06 | 138.06 | 62.08 | 328.11 | 155.23 |
| | MAT credit entitlement | (24.80) | (25.00) | - | (49.80) | - |
| | Deferred tax | 49.85 | 18.06 | 286.32 | 67.91 | 398.91 |
| | Fringe benefit tax | 49.12 | 17.67 | 12.80 | 66.79 | 54.26 |
| 11 | Net profit for the period / year (9-10) | 1,205.90 | 691.24 | (656.24) | 1,897.14 | 782.43 |
| 12 | Paid up equity share capital (equity shares of 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 | 11,472.55 |
| 14 | EPS for the period / year | | | | | |
| | - Basic | 8.88 | 5.09 | (4.85) | 13.97 | 6.17 |
| | - Diluted EPS | 8.64 | 5.02 | (4.85) | 13.78 | 6.17 |
| 15 | Public shareholding | | | | | |
| | Number of shares | 7,963,994 | 7,888,477 | 8,111,179 | 7,888,477 | 8,111,179 |
| | Percentage of shareholding | 58.63 | 58.08 | 59.72 | 58.08 | 59.72 |

Notes

- The results for the year ended December 31, 2007 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on February 24, 2008.
- The Board of Directors have recommended a dividend of Rs.1.80 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, 2007 and year ended December 31, 2006. For the nine month ended September 30, 2007 a review was completed by the Statutory Auditors.
- The Statutory Auditors in their audit report for the year ended December 31, 2007 and in the audit report for the year ended December 31, 2006 have qualified their opinion stating 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. During the year ended December 31, 2006, the management had adjusted the number of options vesting to its employees and exercise price, to give effect to the consolidation and subsequent bonus issue. The management believes that above mentioned adjustment does not result in any additional benefit being offered to the employees.
- During the quarter 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 lacs (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, 2007 | During October-December 2007 | Amount incurred till December 31, 2007 |
|--|-------------------------------|---|------------------------------|--|
| Upgradation and expansion of existing infrastructure | 3,150.00 | 2,097.82 | 45.30 | 2,143.12 |
| Repayment of outstanding loans | 365.50 | 365.50 | - | 365.50 |
| Financing working capital requirements | 1,795.10 | 863.24 | - | 863.24 |
| General corporate purpose | 621.90 | 586.20 | - | 586.20 |
| Issue expenses | 1,130.00 | 1,007.23 | 4.14 | 1,011.37 |
| Total | 7,062.50 | 4,919.99 | 49.44 | 4,969.43 |

* Downward revision in issue expenses of Rs 111.05 lakhs and in general corporate expenses of Rs 4.38 lakhs aggregating to Rs 115.43 lakhs is proposed to be utilised for upgrading & expansion of existing infrastructure as approved by shareholders in the annual general meeting held on May 1, 2007.

Pending utilization, balance funds as at December 31, 2007 have been invested in fixed deposit with nationalised banks.

- During the quarter ended December 31, 2007, the Company has signed an assets purchase agreement with XtraSource Acquisition, Inc., USA and Sento Corporation, USA (the holding company of XtraSource Acquisition, Inc., USA) to acquire 100% shares of two wholly owned subsidiaries (Sento B.V., Netherlands and Sento S.A.S, France) of XtraSource Acquisition, Inc.. The above transaction was completed on January 23, 2008.
- The Company had granted 632,500 options on July 11, 2007 to the eligible employees under R Systems International Limited Employee Stock Option Scheme 2007.
- There were 5 investor complaints received and disposed off during the quarter ended December 31, 2007. 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 : February 24, 2008

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

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

(Rs in Lakhs)

| Particulars | Nine months ended | Quarter ended | | Year ended | |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|
| | September 30, 2007 | December 31, 2007 | December 31, 2006 | December 31, 2007 | December 31, 2006 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) |
| 1. Segment revenue | | | | | |
| - Software development and customisation services | 15,526.25 | 5,626.54 | 4,470.84 | 21,152.79 | 18,226.25 |
| - Business process outsourcing services | 2,712.55 | 840.41 | 1,131.23 | 3,552.96 | 2,168.33 |
| Total revenue | 18,238.80 | 6,466.95 | 5,602.07 | 24,705.75 | 20,394.58 |
| 2. Segment results before tax and interest | | | | | |
| - Software development and customisation services | 1,232.74 | 786.85 | (205.39) | 2,019.58 | 1,329.74 |
| - Business process outsourcing services | 184.00 | (84.36) | (26.02) | 99.64 | 139.59 |
| Total Segment Profit before Interest & Tax | 1,416.74 | 702.49 | (231.40) | 2,119.22 | 1,469.33 |
| - Interest expense | (27.19) | (7.21) | (4.96) | (34.41) | (38.53) |
| - Interest income | 275.30 | 96.71 | 80.09 | 372.01 | 235.44 |
| - Other income | 148.20 | 151.21 | 44.03 | 299.41 | 81.39 |
| - Other unallocable expenses | (342.92) | (103.17) | (182.79) | (446.09) | (356.80) |
| Profit/(loss) before tax | 1,470.13 | 840.03 | (295.04) | 2,310.15 | 1,390.83 |
| 3. Capital Employed | | | | | |
| - Software development and customisation services | 9,997.13 | 9,960.65 | 9,237.99 | 9,960.65 | 9,237.99 |
| - Business process outsourcing services | 539.91 | 502.30 | 45.16 | 502.30 | 45.16 |
| - Unallocated Corporate | 3,341.45 | 3,793.76 | 3,540.28 | 3,793.76 | 3,540.28 |
| Total Capital Employed | 13,878.49 | 14,256.71 | 12,823.43 | 14,256.71 | 12,823.43 |

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AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2007

(Rs. in lakhs, except per share data)

| S. No. | Particulars | Quarter ended | | | | Year ended | |
|--------|--|--------------------|-------------------|-------------------|-------------------|-------------------|--|
| | | September 30, 2007 | December 31, 2007 | December 31, 2006 | December 31, 2007 | December 31, 2006 | |
| | | (Audited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) | |
| 1 | Income from operations | 11,201.60 | 4,355.08 | 3,327.30 | 15,556.68 | 11,754.13 | |
| 2 | Other income | 477.25 | 289.19 | 238.79 | 766.44 | 493.16 | |
| 3 | Total Income (1+2) | 11,678.85 | 4,644.27 | 3,566.09 | 16,323.12 | 12,247.29 | |
| 4 | Total expenditure | 9,881.22 | 3,739.26 | 3,812.00 | 13,620.48 | 10,787.94 | |
| a) | Employee cost | 6,623.07 | 2,448.58 | 1,927.09 | 9,071.65 | 6,649.79 | |
| b) | Traveling and conveyance | 1,300.68 | 480.40 | 405.14 | 1,781.08 | 1,223.28 | |
| c) | Communication cost | 320.26 | 104.88 | 109.12 | 425.14 | 327.46 | |
| d) | Legal and professional fees | 207.85 | 92.78 | 59.58 | 300.63 | 237.32 | |
| e) | Provision for doubtful debts | 121.99 | 74.14 | 403.89 | 196.13 | 449.82 | |
| f) | Depreciation/amortisation | 393.07 | 141.42 | 167.94 | 534.49 | 453.12 | |
| g) | Other expenditure | 914.30 | 397.06 | 739.24 | 1,311.36 | 1,447.15 | |
| 5 | Interest | 25.93 | 4.10 | 7.03 | 30.03 | 42.70 | |
| 6 | Add: Exceptional item (refer note 5 below) | - | 144.52 | - | 144.52 | - | |
| 7 | Profit/(loss) before tax and prior period expenses (3-4-5+6) | 1,771.70 | 1,045.43 | (252.94) | 2,817.13 | 1,416.65 | |
| 8 | Add: Prior period income/(expenses) | 8.85 | - | (197.06) | 8.85 | (158.89) | |
| 9 | Profit/(loss) for the year before tax and after prior period expenses (7+8) | 1,780.55 | 1,045.43 | (450.00) | 2,825.98 | 1,257.76 | |
| 10 | Tax expense | 271.71 | 137.14 | 27.34 | 408.85 | 252.88 | |
| | Current tax (Including tax related to earlier year Rs. 7.60 lakhs (net of excess provision written back Rs. 3.30 lakhs) Previous year Rs. Nil) | 189.35 | 126.53 | 49.72 | 315.88 | 144.38 | |
| | MAT credit entitlement | (24.80) | (25.00) | - | (49.80) | - | |
| | Deferred tax | 58.04 | 17.94 | (35.18) | 75.98 | 54.24 | |
| | Fringe benefit tax | 49.12 | 17.67 | 12.80 | 66.79 | 54.26 | |
| 11 | Net profit for the period / year (9-10) | 1,508.84 | 908.29 | (477.34) | 2,417.13 | 1,004.88 | |
| 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 | 12,656.00 | |
| 14 | EPS for the period / year | | | | | | |
| | - Basic | 11.11 | 6.69 | (3.53) | 17.80 | 7.92 | |
| | - Diluted | 10.96 | 6.60 | (3.53) | 17.56 | 7.92 | |
| 15 | Public shareholding | | | | | | |
| | - Number of shares | 7,963,994 | 7,888,477 | 8,111,179 | 7,888,477 | 8,111,179 | |
| | - Percentage of shareholding | 58.63 | 58.08 | 59.72 | 58.08 | 59.72 | |

Notes

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| Financing working capital requirements | 1,795.10 | 863.24 | - | 863.24 |
| General corporate purpose | 621.90 | 586.20 | - | 586.20 |
| Issue expenses | 1,130.00 | 1,007.23 | 4.14 | 1,011.37 |
| Total | 7,062.50 | 4,919.99 | 49.44 | 4,969.43 |

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For and on behalf of the Board

Sd/-

Place : Noida
Date : February 24, 2008

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

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

(Rs. in lakhs)

| S. No. | Particulars | Nine Months Ended | Quarter ended | | Year ended | |
|----------|---|--------------------|-------------------|-------------------|-------------------|-------------------|
| | | September 30, 2007 | December 31, 2007 | December 31, 2006 | December 31, 2007 | December 31, 2006 |
| | | (Audited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) |
| 1 | Segment revenue | | | | | |
| | - Software development and customisation services | 9,634.95 | 3,842.73 | 2,862.85 | 13,477.68 | 10,252.58 |
| | - Business process outsourcing services | 1,566.65 | 512.35 | 464.45 | 2,079.00 | 1,501.55 |
| | Income from operations | 11,201.60 | 4,355.08 | 3,327.30 | 15,556.68 | 11,754.13 |
| 2 | Segment results before tax and interest | | | | | |
| | - Software development and customisation services | 1,370.88 | 958.65 | (497.25) | 2,329.53 | 1,061.96 |
| | - Business process outsourcing services | 250.85 | (10.63) | 25.50 | 240.22 | 191.11 |
| | Total | 1,621.73 | 948.02 | (471.75) | 2,569.75 | 1,253.07 |
| | (i) Interest expense | (25.93) | (4.10) | (7.04) | (30.03) | (42.70) |
| | (ii) Interest income | 293.34 | 104.07 | 87.17 | 397.41 | 262.95 |
| | (iii) Other income | 168.09 | 164.16 | 179.79 | 332.25 | 196.63 |
| | (iv) Other unallocable expenses | (276.68) | (166.72) | (238.17) | (443.40) | (412.19) |
| | Profit before tax | 1,780.55 | 1,045.43 | (450.00) | 2,825.98 | 1,257.76 |
| 3 | Capital employed | | | | | |
| | - Software development and customisation services | 6,943.58 | 6,940.42 | 6,102.47 | 6,940.42 | 6,102.47 |
| | - Business process outsourcing services | 309.66 | 288.88 | 133.76 | 288.88 | 133.76 |
| | - Unallocated corporate | 8,262.85 | 8,909.06 | 7,771.03 | 8,909.06 | 7,771.03 |
| | Total | 15,516.09 | 16,138.36 | 14,007.26 | 16,138.36 | 14,007.26 |