



R SYSTEMS INTERNATIONAL LIMITED

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PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF THE EQUITY SHARES

This Public Announcement ("Announcement") is made in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended.

OFFER FOR BUY-BACK OF EQUITY SHARES FROM OPEN MARKET THROUGH STOCK EXCHANGES

- 1. THE OFFER AND BUY-BACK PRICE:**
- 1.1. R Systems International Limited (the "Company" or "RSIL") hereby announces the Buy-back of its fully paid-up equity shares of the face value Rs. 10 each ("Equity Shares") not exceeding 1,306,941 Equity Shares ("Maximum Offer Shares") and a minimum of 533,333 Equity Shares ("Minimum Offer Shares"), from the existing owners of Equity Shares (the "Buy-back") from the open market using the electronic trading facilities of National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE") in accordance with the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the "Buy-Back Regulations") at a price not exceeding Rs. 150.00 per Equity Share ("Maximum Offer Price") payable in cash, for an aggregate amount not exceeding Rs. 800 lakhs ("Offer Size"). The Offer Size represents 4.7% of the aggregate of the Company's total paid-up equity capital and free reserves as on June 30, 2008 (the date of the latest standalone audited accounts).
- 1.2. The number of Equity Shares bought back would depend upon the average price paid for the Equity Shares bought back and the aggregate consideration paid for such Equity Shares bought back, subject to the maximum limit of 10% of the total paid up share capital and free reserves of the Company, in accordance with the resolution passed by the Board of Directors (the "Board") of the Company on September 07, 2008. This is subject to a further limit of 25% of the total paid-up Equity Share capital of the Company in a financial year as stipulated in the Act. As an illustration, at the proposed maximum offer price of Rs. 150.00 per Equity Share and for an aggregate consideration amount of Rs. 800 lakhs, the number of Equity Shares that can be bought back would be 533,333 Equity Shares, amounting to approximately 3.93% of the paid up equity capital of the Company as on June 30, 2008. Should the average purchase price be lower than Rs. 150.00 per Equity Share, the number of Equity Shares bought back would be greater, assuming the payment of an aggregate consideration amount of Rs. 800 lakhs subject to acquisition of maximum 1,306,941 Equity Shares.
- 1.3. The basis of determining the Maximum Offer Price has been arrived at after taking into consideration factors such as trends in the market price of the Equity Shares during the last 6 months prior to the Board Meeting, the book value of the Equity Shares, price earnings ratio and impact on other financial parameters and possible impact of the Buy-back on the Company's earnings per Equity Share. The Buy-back of Equity Shares will be made subject to a maximum price of Rs. 150.00 which represents a premium of 59.57% and 60.09% to the closing price on NSE and BSE respectively, being the last trading date prior to the date of the Board meeting i.e. September 05, 2008. The closing price of the Equity Shares of the Company as on September 05, 2008 on NSE and BSE was Rs. 94.00 and Rs. 93.70 respectively.
- 1.4. The Company shall not Buy-back its Equity Shares from any person through negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buy-back. The promoters, promoter group, persons in control and persons acting in concert will not sell their Equity Shares in this Buy-back.
- 1.5. The maximum amount required to be invested by the Company for the Buy-back of the Equity Shares will be Rs. 800 lakhs, being in terms of the proviso to Section 77A (2) (b) of the Companies Act, 1956. The amount required by the Company for the said Buy-back will be met out of current surplus and/or cash balances and/or internal accruals of the Company.

2. AUTHORITY FOR THE BUY-BACK:

- 2.1. Article 70 of the Articles of Association of the Company and in accordance with the proviso to Section 77A(2)(b) of the Companies Act, 1956, the Company can Buy-back its own shares up to 10% of its total paid-up equity capital and free reserves after obtaining approval of its Board.
- 2.2. Pursuant to Sections 77A, 77AA and 77B and other applicable provisions of the Act and the Buy-Back Regulations, the present Offer of Buy-back of Equity Shares of the Company from Open Market through Stock Exchanges has been duly authorised by a resolution passed by the Board at its meeting held on September 07, 2008.

3. BRIEF INFORMATION ABOUT THE COMPANY:

- 3.1. R Systems International Limited was originally incorporated as a private limited company on May 14, 1993 under the provisions of the Companies Act, 1956, with the name as R Systems (India) Private Limited. Subsequently, the Company was converted into a public limited company and consequently the word private was deleted from the name of the Company and it was changed to R Systems (India) Limited on April 13, 2000. Thereafter on August 07, 2000 the name was again changed to R Systems International Limited. In April 2006, the Company successfully completed its Initial Public Offering ("IPO") in Indian markets and the Equity Shares of the Company are now listed on NSE and BSE.
- 3.2. R Systems International Limited is one of the leading providers of outsourced product development and customer support services. It helps companies to accelerate the speed to market for their products and services with a high degree of time and cost predictability by using its proprietary pSuite execution framework. Clients can choose services specific to their needs from R Systems iPLM suite of services. R Systems help companies build scalable, configurable and secure products and applications; and help its clients to support their customers for products and services using its global delivery model. R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Banking and Finance, High Technology and Independent Software Vendors, Government, HealthCare, Manufacturing and Logistic Industries. R Systems maintains eight development / technical support centres and using its global delivery model it serve customers in the US, Europe, South America, the Far East, the Middle East and Africa.
- 3.3. **AUDITED FINANCIAL INFORMATION OF THE COMPANY:**
The audited financial information on the basis of standalone accounts of the Company for the six months ended June 30, 2008 and for last three years ended December 31, 2007, December 31, 2006 and December 31, 2005 is provided hereunder:

Particulars	Rs in Lakhs (except Key Ratios)			
	June 30, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Net Sales	9,623.01	15,556.68	11,754.13	8,127.30
Other Income	253.91	910.96	493.16	35.29
Total Income	9,876.92	16,467.64	12,247.29	8,162.59
Profit before Interest, depreciation tax and after prior period items	1,246.22	3,390.51	1,753.57	1,786.52
Interest Expense	8.29	30.03	42.70	73.05
Profit After Tax	870.39	2,417.14	1,004.88	1,273.76
Equity Dividend %	-	18	12	-
Equity Dividend (excluding Dividend Tax)	-	244.49	162.99	-
Subscribed Equity Share Capital	1,350.88	1,350.88	1,350.88	513.92
Reserves & Surplus	15,680.49	14,787.48	12,656.38	6,470.88
Net Worth	17,031.37	16,138.36	14,007.26	6,984.80
Total Debt Outstanding	136.19	60.84	383.88	989.98
Key Ratios				
Basic Earnings per share (Rs.)	6.41	17.80	7.92	11.89
Book value per share (Rs.)	125.39	118.82	103.13	67.44
Debt - Equity Ratio	0.01	0.00	0.03	0.14
Return on average net worth (%)	5.25	16.04	9.57	19.56

The key ratios are computed as below	
Basic Earnings per share (Rs.)	Net profit attributable to equity shareholders
Book value per share (Rs.)	Weighted average no. of equity shares outstanding during the year / period
Debt - Equity Ratio	Paid-up equity share capital + Reserves & Surplus
Return on average net worth (%)	Total debt
	Net profit
	Net profit after tax
	Average Net worth

4. NECESSITY FOR BUY-BACK:

- The Equity Share Buy-back programme is expected to contribute to the overall enhancement of shareholder value. The Buy-back would lead to (a) reduction in outstanding number of equity shares, and consequent increase in earnings per Equity Share over a period of time; (b) effectively utilize surplus cash available with the Company; and (c) improvement in Return on Net Worth.
5. **PUBLIC NOTICE DISCLOSURES AS REQUIRED UNDER CLAUSE 5 OF SCHEDULE II OF THE BUY-BACK REGULATIONS:**
PUBLIC NOTICE IN COMPLIANCE WITH REGULATION 5A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (BUY BACK OF SECURITIES) REGULATIONS, 1998 AS AMENDED ("Notice")

1. The Board of Directors of R Systems International Limited (the "Company" or "RSIL") at its meeting held on September 07, 2008 has approved the proposal for Buy-back of its fully paid-up equity shares of the face value Rs. 10 each ("Equity Shares") from the existing owners of Equity Shares (the "Buy-back") from the open market using the electronic trading facilities of the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE") in accordance with the provisions as contained in Article 70 of the Articles of Association of the Company, Sections 77A, 77AA and 77B of the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the "Buy-Back Regulations") at a price not exceeding Rs. 150.00 per Equity Share ("Maximum Offer Price") payable in cash, for an aggregate amount not exceeding Rs. 800 lakhs ("Offer Size") and acquisition of Equity Shares not exceeding 1,306,941 Equity Shares. The Offer Size represents 4.7% of the aggregate of the Company's total paid-up equity capital and free reserves as on June 30, 2008 (the date of the latest standalone audited accounts).
2. The number of Equity Shares bought back would depend upon the average price paid for the Equity Shares bought back and the aggregate consideration paid for such Equity Shares bought back, subject to the maximum limit of 10% of the total paid up share capital and free reserves of the Company, in accordance with the resolution passed by the Board of Directors of the Company on September 07, 2008. This is subject to a further limit of 25% of the total paid-up Equity Share capital of the Company in a financial year as stipulated in the Act. As an illustration, at the proposed Maximum Offer Price of Rs. 150.00 per Equity Share and for an aggregate consideration amount of Rs. 800 lakhs, the number of Equity Shares that can be bought back would be 533,333 Equity Shares, amounting to approximately 3.93% of the paid up equity capital of the Company as on June 30, 2008. Should the average purchase price be lower than Rs. 150.00 per Equity Share, the number of Equity Shares bought back would be greater, assuming the payment of an aggregate consideration amount of Rs. 800 lakhs subject to acquisition of maximum 1,306,941 Equity Shares.
3. The Buy-back is being proposed in keeping with the Company's desire to enhance overall shareholder value. The Buy-back would lead to (a) reduction in outstanding number of Equity Shares, and consequent increase in earnings per Equity Share over a period of time; (b) effectively utilize surplus cash available with the Company and (c) improvement in Return on Net Worth.
4. The maximum amount required to be invested by the Company for the Buy-back of the Equity Shares will be Rs. 800 lakhs, being in terms of the proviso to Section 77A (2) (b) of the Companies Act, 1956. The amount required by the Company for the said Buy-back will be met out of current surplus and/or cash balances and/or internal accruals of the Company.
5. The basis of determining the Maximum Offer Price has been arrived at after taking into consideration factors such as trends in the market price of the Equity Share during the last 6 months prior to the date of the Board Meeting, the book value of the Equity Share, price earnings ratio and impact on other financial parameters and possible impact of the Buy-back on the Company's earnings per Equity Share. The Buy-back of Equity Shares will be made at a maximum price of Rs. 150.00 which represents a premium of 59.57% and 60.09% to the closing price on NSE and BSE respectively, being the last trading date prior to the date of the Board meeting i.e. September 05, 2008. The closing price of the Equity Shares of the Company as on September 05, 2008 on NSE and BSE was Rs. 94.00 and Rs. 93.70 respectively.
6. The aggregate shareholding of the promoters, directors, directors of the promoters, persons in control, promoter group and persons acting in concert as on date is 6,137,861 Equity Shares constituting 45.19% of fully paid up equity capital.
7. There has been no purchases or sale of Equity Shares of the Company by the promoters, directors, directors of the promoters, persons in control, promoter group and persons acting in concert during the period of six months preceding the date of the Board Meeting i.e. September 07, 2008, save and except the sale and purchase of Equity Shares of the Company as detailed herein under:

Name of Individual / Entity	Selling Details			Buying Details		
	No. of Equity Shares	Maximum Price and Date	Minimum Price and Date	No. of Equity Shares	Maximum Price and Date	Minimum Price and Date
Promoters	-	-	-	-	-	-
Promoters Group	-	-	-	-	-	-
Mr. Sartaj Singh Rekhi	-	-	-	17,997	91.50 12-Mar-08	76.50 24-Mar-08
GM Solutions Private Limited	-	-	-	25,667	113.75 20-May-08	86.95 27-Jun-08

8. As per Regulation 15 (b) of the Buy-back Regulations, the buy-back of share shall not be made from the promoters, promoter group, persons in control and persons acting in concert.
9. The Company confirms that there are no defaults subsisting in the repayment of deposit or term loan to any financial institution or Bank and there are no outstanding debentures or preference shares.
10. As per the provisions of the Act and the Buy-back Regulations, the Company confirms that it will not issue fresh Equity Shares during the Buy-back period, whether pursuant to bonus issue or conversion of outstanding instrument, stock option or otherwise.

11. As per the provisions of the Act, the Company confirms that it will not issue fresh Equity Shares within a period of six months from the completion of Buy-back, except by way of bonus issue or in the discharge of subsisting obligations such as conversion of warrants, stock options.
12. The Board of Directors confirm that they have made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion:
- that immediately following the date of convening of the Board Meeting, there will be no grounds on which the Company could be found unable to pay its debts;
 - as regards its prospects for the year immediately following the date of the Board Meeting having regard to its intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in its view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and
 - that in forming its opinion for the above purposes, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

13. REPORT OF STATUTORY AUDITORS:

The text of the report dated September 07, 2008 received from M/s. S.R. Batliboi & Associates, Chartered Accountants, the statutory auditors of the Company, addressed to the Board of Directors is reproduced below:
In connection with the proposal of R Systems International Limited (the "Company"), and as approved by its Board of Directors at its meeting held on September 7, 2008, to buy back its shares and in pursuance to the provisions of Section 77A, 77AA and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and subsequent amendments thereof, and based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report as follows:

- We have enquired into the Company's State of Affairs as of June 30, 2008.
- The Board of directors has proposed to Buy-back the Company's equity to the extent of Rs. 800 lakhs. The amount of permissible capital payments towards Buy-back of equity shares has been properly determined in accordance with Section 77A(2) of the Act:

Particulars	Amount (Rs. In lakhs)	Amount (Rs. In lakhs)
Paid-up capital as at June 30, 2008*		
13,582,706 equity shares of Rs. 10 each fully paid-up		1,358.27
Free Reserves as on June 30, 2008*		
Securities Premium	9,816.88	
General Reserve	206.41	
Profit and Loss Account	5,680.03	15,703.32
Total		17,061.59
Maximum amount permissible for the Buy-back i.e. 10% of total paid-up equity capital and free reserves		1,706.16

- *Based on audited stand-alone financial statements of the Company for the quarter and half year ended June 30, 2008.
- The Board of Directors in their meeting held on September 7, 2008 have formed the opinion as specified in Clause (x) of Schedule I to the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 on reasonable grounds that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.
 - We performed our procedures, in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). These procedures include examining evidence supporting the particulars above on a test basis.
 - This report has been prepared for and only for the Company and is in reference to proposed Buy-back of Equity Shares in pursuance of the provisions of Section 77A, 77AA and 77B of the Act and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose save where expressly agreed by our prior consent in writing.

14. The Company shall not Buy-back its Equity Shares from any person through negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buy-back.
15. As provided under the Act and the Buy-back Regulations, the Buy-back is proposed to be implemented through the methodology of 'Open Market Purchase through Stock Exchange'.
16. As required under the Act the ratio of debt owed by the Company would not be more than twice the share capital and free reserves after the Buy-back.
17. The Buy-back of Equity Shares will be completed within a period of 12 months from the date of passing of resolution by the Board of Directors.

The Board of Directors of the Company accepts responsibility for the information contained in this Notice.
For and on behalf of Board of Directors of
R Systems International Limited

Satinder Singh Rekhi Lt. Gen. Baldev Singh (Retd.) Nand Sardana
(Chairman & Managing Director) (President & Senior Executive Director) (Vice President Finance & Company Secretary)

Date: September 07, 2008

Place: Noida

6. EQUITY CAPITAL STRUCTURE AND CURRENT SHAREHOLDING PATTERN:

- 6.1. The Equity Share Capital of the Company as on June 30, 2008 is as follows:

Authorised	Amount (Rs in Lakhs)
20,000,000 Equity Shares of Rs. 10 each	2,000.00
Subscribed & Paid up	
13,582,706 Equity Shares of Rs. 10 each fully paid up	1,358.27

Notes:

- There are no partly paid-up Equity Shares of the Company.
- There are no outstanding instruments convertible into Equity Shares except outstanding Options under the prevailing employees stock option plans / schemes ("ESOPs") convertible into 676,341 Equity Shares as on June 30, 2008.
- Post buy back the Subscribed & Paid up Equity Share Capital will be reduced by Rs. 53.33 lakhs and will become Rs. 1,304.94 lakhs assuming that as a part of the Buy-back, 533,333 Equity Shares are bought back at the Maximum Offer Price of Rs. 150.00 for an aggregate amount of Rs. 800 lakhs. However it may differ depending upon the actual number of Equity Shares bought back under the Buy-back.

- 6.2. The shareholding pattern of the Company as on October 10, 2008 is as follows:

Particulars	No. of Equity Shares held	% of existing equity capital	No. of Equity Shares post Buy-back*	% holding post Buy-back*
Promoters	2,939,594	21.64	2,939,594	22.53
Promoter Group	2,802,699	20.64	2,802,699	21.48
Persons Acting in Concert	395,568	2.91	395,568	3.03
Foreign Investors (including Non Resident Indians, FIs, Foreign Bodies Corporate, Foreign Nationals and Foreign Mutual Funds)	1,538,360	11.33		
Financial Institutions / Banks / Mutual Funds	716,020	5.27		
Others	5,190,465	38.21		
Total	13,582,706	100.00	13,049,373	100.00

*Assumed that as a part of the Buy-back, 533,333 Equity Shares are bought back at the Maximum Offer Price of Rs. 150.00 for an aggregate amount of Rs. 800 lakhs. The shareholding, post Buy-back, may differ depending upon the actual number of Equity Shares bought back under the Buy-back.

- 6.3. There has been no purchases or sale of Equity Shares of the Company by the promoters, directors, directors of the promoters, persons in control, promoter group and persons acting in concert during the period of 12 months preceding the date of the Announcement, save and except the sale and purchase of Equity Shares of the Company as detailed herein under:

Name of Individual / Entity	Selling Details			Buying Details		
	No. of Equity Shares	Maximum Price and Date	Minimum Price and Date	No. of Equity Shares	Maximum Price and Date	Minimum Price and Date
Promoters	-	-	-	-	-	-
Promoters Group	-	-	-	-	-	-
Mr. Sartaj Singh Rekhi	-	-	-	97,914	110.00 26-Feb-08	76.50 24-Mar-08
GM Solutions Private Limited	-	-	-	25,667	113.75 20-May-08	86.95 27-Jun-08

- 6.4. The aggregate shareholding of the promoters, promoter group and the persons acting in concert (as on October 10, 2008) is as stated below:

Particulars	No. of Equity Shares held
Promoters	2,939,594
Promoter Group	2,802,699
Persons Acting in Concert	395,568
Total	6,137,861

- 6.5. The promoters, promoter group, persons in control and the persons acting in concert will not sell their Equity Shares under this Buy-back.
- 6.6. The promoters, promoter group, persons in control and the persons acting in concert shall not deal in the Equity Shares of the Company from the date of this Announcement till completion of the Buy-back.

7. SOURCES OF FUNDS:

- The maximum amount, which the Company would deploy for the purposes of the Buy-back, is Rs. 800 lakhs, being in terms of the proviso to Section 77A (2) (b) of the Companies Act, 1956.
- The Company proposes to fund including the cost of financing the Buy-back from current surplus and/or cash balances and/or internal accruals.
- The Company vide its declaration of solvency dated September 07, 2008 has declared that it is capable of meeting its total liabilities and will not be rendered insolvent within a period of one year from September 07, 2008.

8. LISTING DETAILS AND STOCK MARKET DATA

- The Equity Shares of the Company are listed on NSE and BSE.
- Subsequent to listing of the Company on April 26, 2006 pursuant to the Initial Public Offering, the Company has issued 47,190 Equity Shares on December 27, 2006 pursuant to exercise of ESOPs.
- The high and low market prices for the preceding three years and the monthly high, low and average market prices for the six months preceding the date of this Announcement and the corresponding volumes on NSE and BSE are as follows:

NSE:									
Period	High (Rs.)	Date of High	No. of Shares traded	Low (Rs.)	Date of Low	No. of Shares traded	Average Price (Rs.)	Total Volume	
Preceding three years									
April 26, 2006 - September 2006*	249.65	26-Apr-06	8,210,059	111.00	24-Jul-06	25,208	162.91	20,553,653	
October 2006 - September 2007	212.35	30-Nov-06	1,716,966	88.60	25-Sep-07	19,258	144.08	13,987,528	
October 2007 - September 2008	132.65	28-Dec-07	1,249,820	58.95	30-Sep-08	19,451	93.89	10,227,134	

BSE:									
Period	High (Rs.)	Date of High	No. of Shares traded	Low (Rs.)	Date of Low	No. of Shares traded	Average Price (Rs.)	Total Volume	
Preceding three years									
April 2008	112.85	29-Apr-08	151,479	79.25	02-Apr-08	43,947	92.93	1,171,834	
May 2008	116.45	15-May-08	70,755	106.50	09-May-08	14,570	111.58	538,599	
June 2008	109.80	05-Jun-08	21,868	83.25	30-Jun-08	7,908	99.15	167,580	
July 2008	91.85	10-Jul-08	2,028	80.95	01-Jul-08	13,093	86.38	123,324	
August 2008	94.05	20-Aug-08	233,707	85.20	25-Aug-08	9,796	86.94	754,993	
September 2008	94.00	05-Sep-08	48,543	58.95	30-Sep-08	19,451	81.31	411,843	
Till October 14, 2008	58.40	01-Oct-08	12,812	45.50	10-Oct-08	9,200	51.18	67,701	

* The Company was listed on NSE & BSE on April 26, 2006.

The aforesaid prices are calculated based on the closing price available at NSE website

Period	High (Rs.)	Date of High	No. of Shares traded	Low (Rs.)	Date of Low	No. of Shares traded	A
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