



# R SYSTEMS INTERNATIONAL LIMITED

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

Corporate Office: C - 40, Sector - 59, Noida (U.P.) - 201 307,

Telephone: 0120 - 430 3500 Fax: 0120 - 258 7123

Website: [www.rsystems.com](http://www.rsystems.com) Email: [investors@india.rsystems.com](mailto:investors@india.rsystems.com)

Contact Person: Mr. Nand Sardana, Company Secretary and Compliance officer

## PUBLIC NOTICE

### PUBLIC NOTICE IN COMPLIANCE WITH REGULATION 5A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (BUY BACK OF SECURITIES) REGULATIONS, 1998, AS AMENDED ("Notice")

- 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, Section 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 4.70% 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).
- 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.
- The Buyback 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.
- 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.
- 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.
- 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.
- 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	-	-	-	-	-	-
Promoter 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

- 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.
- 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.
- 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.
- 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.

- 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.
- 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.
  - 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'.
  - 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.
  - 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  
(Chairman & Managing Director)

Lt. Gen. Baldev Singh (Retd.)  
(President & Senior Executive Director)

Nand Sardana  
(Vice President Finance & Company Secretary)

Date: September 07, 2008  
Place: Noida

