

Amit Tandon (End-cheque)

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## R SYSTEMS INTERNATIONAL LIMITED

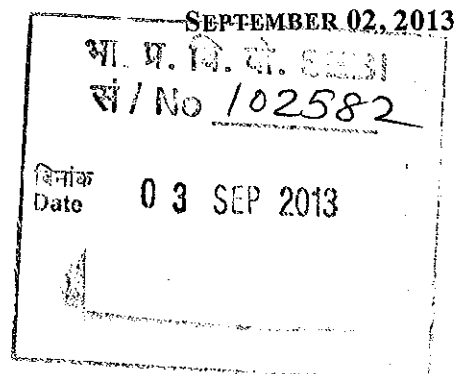
SEI CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company  
C-40, SECTOR-59, NOIDA - 201 307, DISTT. GAUTAM BUDH NAGAR, U.P. (INDIA)  
PHONES : 0120-4303500 FAX : 0120-2587123  
EMAIL : rsystems.india@rsystems.com, URL : www.rsystems.com  
REGD. OFF. : B-104 A, GREATER KAILASH-I, NEW DELHI - 110 048

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REF: SECT/09/2013/01

DGM (CAT) Val 5/9  
ALA(KT)

To,  
The General Manager  
Corporate Finance Department  
Division of Corporate Restructuring  
Securities & Exchange Board of India  
Plot No.C4-A,'G' Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400051



Dear Sir/ Madam,

**RE: REQUEST FOR INTERPRETATIVE LETTER UNDER THE SEBI (INFORMAL GUIDANCE) SCHEME, 2003**

1. R Systems International Limited (the "Company") is an Indian public limited company having its registered offices at B-104A, Greater Kailash- I, New Delhi - 110048. The shares of the Company are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The shareholding pattern of the Company as of June 30, 2013 as submitted to the Stock Exchanges is attached as Annexure A to this letter.
2. We had sought interpretative guidance under SEBI (Informal Guidance) Scheme, 2003, by way of our application dated December 21, 2011 and further correspondence relating to the same in relation to (i) the extent of non public shareholding in the Company; and (ii) reduction in the non-public shareholding in the Company by an acquirer who has made an open offer. In response to the said application, your office had, by way of a letter dated February 23, 2012 in accordance with Clause 8(ii) of the SEBI (Informal Guidance) Scheme, 2003 stated that the query contained in the said application was hypothetical and dependent on the completion of the open offer. A copy of the above-mentioned application and the response received from your offices is attached as Annexure B. We are making this application again in relation to the issue as the open offer by the acquirer, Mr. Bhavook Tripathi in relation to the shares of the Company has now been completed.
3. On December 15, 2011, Mr. Bhavook Tripathi (the "Acquirer"), who held about 23.82% of the expanded equity share capital of the Company at the time, made a public announcement for an open offer ("Open Offer") for the acquisition of 33,45,242 equity shares of the Company constituting 26% of the expanded equity share capital of the Company. A copy of the public announcement for the Open Offer is attached as Annexure C to this letter.
4. During the period between the date of the public announcement and the issuance of the detailed public statement, the Acquirer had acquired 9,24,142 equity shares of the Company constituting 7.18% of the expanded equity share capital of the Company. Following this acquisition, the public shareholding in the Company was reduced to 24.23% which is below the minimum prescribed shareholding of 25%.



SEBI/IW/P/20130903/0000102582



5. Upon the completion of the Open Offer, the Acquirer issued a post offer public announcement dated January 21, 2013, a copy of which is attached as **Annexure D**. As per the post offer public announcement, the Acquirer had acquired 590 equity shares of the Company in the Open Offer. Additionally as per the post offer public announcement, the Acquirer had acquired an additional 8,587 equity share of the Company after the issuance of the detailed public statement. As of the date of the post offer public announcement, the Acquirer's shareholding in the Company was 31.11% of the expanded equity share capital. Following both the above acquisitions, the public shareholding in the Company was further reduced to 19.24%.
6. Further, between January 21, 2013 and August 23, 2013, the Acquirer has additionally acquired approximately 477,083 equity shares of the Company constituting 3.72% of the expanded equity share capital of the Company. As a consequence, the Acquirer's holding in the Company increased to 34.82% and with Promoter Group holding of 50.17%, the current 'public shareholding' in the Company has further reduced to 15.00%.
7. It may be noted that the above acquisitions have also resulted in the shares of the Company becoming illiquid. The average volume of trading for the year 2011 was 24,921 which fell to 5,661 during the year 2012 and the same has been further reduced to 2,828 during the last three calendar months i.e. period between June 01, 2013 and August 23, 2013 at both the BSE and NSE details of which is attached as **Annexure E**.
8. The Acquirer is neither a promoter nor a part of the promoter group nor is a person acting in concert with the promoters.
9. Regulation 7(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 ("**Takeover Regulations**"), states as follows:

*"In the event the shares accepted in the open offer were such that the shareholding of the acquirer taken together with persons acting in concert with him pursuant to completion of the open offer results in their shareholding exceeding the maximum permissible non-public shareholding, the acquirer shall be required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957." (emphasis added)*
10. Based on the above, if pursuant to an open offer, the non-public shareholding of the Company is in excess of the "maximum permissible non-public shareholding", then the acquirer is required to bring down the non-public shareholding to the level specified and within the time permitted under the Securities Contract (Regulation) Rules, 1957 ("**SCRR**").
11. The "maximum permissible non-public shareholding" has been defined under the Takeover Regulations as "*such percentage shareholding in the target company excluding the minimum public shareholding required under the Securities Contracts (Regulation) Rules, 1957.*" The minimum public shareholding required to be maintained by a listed company under the SCRR has been provided to be 25%. Further, the term "public shareholding" has been defined under the SCRR as "*equity shares of the company held by public and shall exclude shares which are held by custodian against depository receipts issued overseas.*" Further, the term "public" under SCRR as follows:



*"persons other than-*

- (i) *the promoter and promoter group;*
- (ii) *subsidiaries and associates of the company.*

*Explanation: For the purpose of this clause the words "promoter" and "promoter group" shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009."*

12. While the definition of "public shareholding" as per SCRR only provides for exclusion of the shareholdings of the promoter and the promoter group, a reading of Regulation 7(4) of the Takeover Regulations indicates that an acquirer's shareholding would also be considered as non-public shareholding in the company, and that in the event the non-public shareholding in the company exceeds the "maximum permissible non-public shareholding" for such company, such acquirer is required to bring down/ divest its equity shareholding in the company such that the company is in compliance with the "maximum permissible non-public shareholding" limit.
13. Despite the Acquirer not being a promoter or a person acting in concert with the promoters, by virtue of his shareholding of 34.82% in the Company, the Acquirer has the ability to exercise significant influence over the affairs of the Company. One of the ways in which the Acquirer may exercise such influence over the Company is through his ability to block matters which requires approval of the shareholders by way of a special resolution under the Companies Act, 1956. A list of the matters which requires approval by way of special resolution is annexed as Annexure F. Given that the "public shareholders" typically are not entitled to such rights, the Acquirer cannot be considered to be a "public shareholder".
14. It may be noted that the provisions regarding maintaining the minimum public shareholding are set out under the rules and regulations issued under the Securities Contract (Regulation) Act and the Listing Agreement. However, Regulation 7(4) of the Takeover Regulations was introduced in the Takeover Regulation specifically to cover a situation wherein the minimum public shareholding of a company is impacted by an acquirer (whether or not he is a promoter) pursuant to acquisition of shares under an open offer. Regulation 7(4) requires the acquirer and not the promoters to bring down to non public shareholding to the "maximum permissible non-public shareholding". It is clear that the intention of the Regulation was to ensure that if the aggregate of the acquirer's shareholding (post the open offer) together with the shareholding of the promoter and the promoter group exceeds the "maximum permissible non-public shareholding", then it is the acquirer who would have to bring down/ divest his/ its shareholding in the relevant company so as to ensure that the "minimum public shareholding" is maintained. In our view, the Takeover Regulations clearly consider the acquirer to be a category separate from the public as well as the promoter and promoter group. For the purposes of Regulation 7 (4) of the Takeover Regulations, the term "maximum permissible non public shareholding" should include the shareholding of the promoter and promoter group as well as the acquirer.
15. It may also be relevant to note that if the acquirer is not considered to be a separate category from the public shareholders (for the purposes of Takeover Regulations), it could lead to absurd consequences and interpretations. For instance, it would then be feasible for one person to hold the entire "public shareholding" (i.e. the entire shareholding of the Company other than what is held by the promoters) and the Company still being compliance with the minimum public shareholding requirements. This would go against the intention of the Government of India in increasing the public shareholding requirement to 25%. In fact in the press release dated



June 4, 2010 issued by the Ministry of Finance, Government of India regarding the requirement to maintain a public shareholding of 25%, the Government of India has stated as follows:

*"A dispersed shareholding structure is essential for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair prices. Further, the larger the number of shareholders, the less is the scope for price manipulation."*

Even in initial public offerings by companies, a minimum lot of equity shares are reserved for the retail section of the bidders to ensure a diversified shareholding of such companies post listing.

16. Regulation 7(4) was introduced to ensure a dispersed and wide spread public shareholding in listed companies to avoid price manipulation and to allow fair price discovery. In this regard, it may be relevant to note that our Company has been receiving letters from investors stating that there are no shares of the Company available for purchase on the stock market. This is further evidenced by the fact that the scrip of the Company have also been categorized as illiquid scrip pursuant to Circular Ref. No.: 32/2013 dated July 01, 2013 issued by National Stock Exchange of India Limited.
17. Therefore, as per Regulation 7(4) of the Takeover Regulations, the non-public shareholding of the Company in terms of Regulation 7(4) of the Takeover Regulations would be the aggregate of the shareholding of (i) the Acquirer and persons acting in concert with him (presently holding 34.82% of the expanded capital); and (ii) the existing promoters and promoter group of the Company (presently holding 50.17% of the expanded capital). Accordingly, the current non-public shareholding of the Company is 85.00%. as opposed to the maximum permissible non public shareholding of 75%.
18. Since the non-public shareholding of the Company has exceeded beyond the "maximum permissible non-public shareholding" of the Company, therefore the Acquirer is required to reduce its shareholding by such percentage which would ensure that the non-public shareholding in the Company is not in excess of 75% in accordance with Regulation 7(4) of the Takeover Regulations. Such reduction is required to be completed within the timelines mentioned under SCRR.
19. We hereby seek your interpretative guidance in terms of the SEBI (Informal Guidance) Scheme, 2003 on the following issues:
  - (a) Whether the shareholding of the Acquirer in the Company, following all the acquisitions referred above, would be treated as part of the non-public shareholding of the Company as contemplated under Regulation 7(4) of the Takeover Regulations; and
  - (b) If yes, given that the non-public shareholding of the Company has exceeded 75%, whether the Acquirer is required to reduce its shareholding in the Company by such percentage which would ensure that the non-public shareholding in the company does not exceed 75%, within the time period prescribed under the SCRR.
20. We enclose a demand draft bearing number 246956 drawn on ICICI Bank for an amount of Rs. 25,000/- in favour of 'Securities and Exchange Board of India', payable at Mumbai, towards the prescribed fee.



We request you to kindly provide us the guidance on the aforesaid at the earliest. We will be happy to provide any further information or meet with you in person, as required. You may also contact:

Mr. Nand Sardana (Chief Financial Officer),

Ph: (+91) 0120-4303506

Email: [nand.sardana@rsystems.com](mailto:nand.sardana@rsystems.com)

Yours Sincerely,

For R Systems International Limited

Nand Sardana

(Chief Financial Officer)



## (D) (a) Statement Showing Shareholding Pattern

Name of the Company	R SYSTEMS INTERNATIONAL LIMITED		
Scrip Code	532735		
Name of the Scrip	R SYSTEMS		
Class of Security	Equity Shares of Rs. 10 each		
Quarter Ended	JUNE 30, 2013		
Partly paid-up shares	Number of partly paid-up shares	As a % of total number of partly paid-up shares	As a % of total number of shares of the Company
Held by promoter / promoter group	N.A.	N.A.	N.A.
Held by public	N.A.	N.A.	N.A.
Total	N.A.	N.A.	N.A.
Outstanding convertible securities (Outstanding Options under prevailing ESOP / ESOS)	Number of outstanding securities	As a % of total number of outstanding convertible securities	As a % of total number of shares of the company, assuming full conversion of the convertible securities
Held by promoter / promoter group			
Held by public (Employees)	205,402	100.00	1.60
Total	205,402	100.00	1.60
Warrants	Number of warrants	As a % of total number of warrants	As a % of total number of shares of the company, assuming full conversion of warrants
Held by promoter / promoter group	N.A.	N.A.	N.A.
Held by public	N.A.	N.A.	N.A.
Total	N.A.	N.A.	N.A.
Total paid-up capital of the company, assuming full conversion of warrants and convertible securities	Rs. 128,386,210 divided into 12,838,621 equity shares of Rs. 10 each.		

N.A. - Not Applicable



Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in Dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B)(C)	Number of shares	As a percentage (IX)=(VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals / Hindu Undivided Family	3	8,246	8,246	0.07	0.07	0	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	3	2,347,789	2,347,789	18.58	18.58	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(1)	5	2,356,035	2,356,035	18.65	18.65	0.00	0.00
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	4	727,543	727,543	5.76	5.76	0	0.00
(b)	Bodies Corporate (QCB)	1	927,200	927,200	7.34	7.34	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Foreign Trust)	3	2,430,918	2,430,918	19.24	19.24	0	0.00
	Sub-Total (A)(2)	8	4,085,661	4,085,661	32.34	32.34	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	13	6,441,696	6,441,696	50.99	50.99	0	0.00
(B)	Public shareholding						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds / UTI	0	0	0	0.00	0.00		
(b)	Financial Institutions / Banks	0	0	0	0.00	0.00		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Any Other (specify)	0	0	0	0.00	0.00		
	Sub-Total (B)(1)	0	0	0	0.00	0.00		
(2)	Non-Institutions						NA	NA
(a)	Bodies Corporate	149	141,061	141,061	1.12	1.12		
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	11,290	1,102,631	1,075,146	8.73	8.73		
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	7	4,858,551	4,847,151	38.46	38.46		
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(d)	Any Other (Cleaning Members)	13	15,282	15,282	0.12	0.12		
(d)	Any Other (Trust)	1	23,898	0	0.58	0.58		
	Sub-Total (B)(2)	11,970	6,101,433	6,078,840	49.01	49.01		
	Total Public Shareholding (B) = (B)(1) + (B)(2)	11,970	6,101,433	6,078,840	49.01	49.01	NA	NA
	TOTAL (A)+(B)	11,983	12,633,119	12,520,536	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00	NA	NA
(1)	Promoter and Promoter Group	0	0	0	0.00	0.00		
(2)	Public	0	0	0	0.00	0.00		
	GRAND TOTAL (A)+(B)+(C)	11,983	12,633,119	12,520,536	100.00	100.00		

NA - Not Applicable



(1)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of the persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Details of shares held		Encumbered Shares		Details of warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		Number of shares held	As a % of Grand Total (A)+(B)+(C)	Number	As a percentage (A)+(B)+(C) of sub-class (i)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(i)	(ii)	(iii)	(iv)	(v)	(vi) = (v)/(B)+(C) x 100	(vii)	(ix)	(x)	(xi)	(xii)
1	Mrs Kuldeep Baldev Singh	608	0.00	0	0.00	-	-	-	-	0.00
2	Mrs Anita Boli	7,638	0.06	0	0.00	-	-	-	-	0.06
3	IGN Solutions Private Limited	810,763	6.42	0	0.00	-	-	-	-	6.42
4	GMB Infosoft Private Limited	757,260	5.99	0	0.00	-	-	-	-	5.99
5	U Infosoft Private Limited	278,766	6.17	0	0.00	-	-	-	-	6.07
6	Sandeep Singh Rekhi	130,920	1.04	0	0.00	-	-	-	-	1.02
7	Mrs. Harpreet Rekhi	76	0.00	0	0.00	-	-	-	-	0.00
8	Sunay Singh Rekhi	944,534	2.73	0	0.00	-	-	-	-	2.68
9	Ramroet Singh Rekhi	292,013	1.99	0	0.00	-	-	-	-	1.96
10	RightMarch Holdings Ltd	927,200	7.34	0	0.00	-	-	-	-	7.22
11	Sandeep & Harpreet Rekhi Family Trust (Trustee: Sandeep Singh Rekhi & Harpreet Rekhi)	1,921,718	15.21	0	0.00	-	-	-	-	14.97
12	Guru Tegh Bahadur Irrevocable Trust (Trustee: Mandeep S. Sodhi)	254,600	2.02	0	0.00	-	-	-	-	1.98
13	Guru Harkrishan Irrevocable Trust (Trustee: Mandeep S. Sodhi)	254,600	2.02	0	0.00	-	-	-	-	1.98
	<b>TOTAL</b>	<b>6,441,696</b>	<b>50.99</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>50.17</b>





(D)(c)(i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (f)(a) above)	Details of warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	Bhavook Tripathi	4,404,378	34.86	0	0.00	0	0.00	34.31
	TOTAL	4,404,378	34.86	0.00	0.00	0.00	0.00	34.31

(D)(c)(ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the Company

Sr. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	Number of shares	Shares as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (f)(a) above)	Details of warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t. total number of convertible securities of the same class	
1	Bhavook Tripathi	4,404,378	34.86	0	0.00	0	0.00	34.31
	TOTAL	4,404,378	34.86	0.00	0.00	0.00	0.00	34.31



(II)(d) Statement showing details of locked-in shares

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)
1	NIL	NIL	0.00
2			0.00
3			0.00
4			0.00
5			0.00
	<b>TOTAL</b>	<b>0</b>	<b>0.00</b>

(II)(a) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)
1	NIL	NIL	NIL	0.00
2				0.00
3				0.00
4				0.00
5				0.00
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares held by 'promoter / promoter group' are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)
1	NIL	NIL	NIL	0.00
2				0.00
3				0.00
4				0.00
5				0.00
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

(III)(a) Statement showing the voting pattern of shareholders, if more than one class of shares / securities is issued by the issuer

R Systems International Limited is having only one class of shares i.e. Equity Shares of Rs. 10 each. Accordingly the aforesaid details are not applicable.



**DISTRIBUTION SCHEDULE AS ON JUNE 30, 2013**

Share or Debenture holding of nominal value	Share / Debenture Holders		Share / Debenture Amount	
Rs. (1)	Number (2)	% to total (3)	Amount in Rs. (4)	% to total (5)
Upto 2,500	11,370	94.88	6,286,630	4.98
2,501 - 5,000	335	2.80	1,317,630	1.04
5,001 - 10,000	137	1.14	1,054,910	0.84
10,001 - 20,000	56	0.47	851,900	0.67
20,001 - 30,000	17	0.14	423,080	0.33
30,001 - 40,000	11	0.09	404,170	0.32
40,001 - 50,000	9	0.08	408,800	0.32
50,001 - 1,00,000	17	0.14	1,184,960	0.94
1,00,001 & Above	31	0.26	114,399,110	90.55
<b>Total</b>	<b>11,983</b>	<b>100.00</b>	<b>126,331,190</b>	<b>100.00</b>



**R SYSTEMS INTERNATIONAL LIMITED**

SEI CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company  
 C-40, SECTOR-59, NOIDA - 201 301, DISTT. GAUTAM BUDDH NAGAR, U.P. (INDIA)  
 PHONES : 0120-4303500 FAX : 0120-2687123  
 EMAIL : rsystems.india@rsystems.com, URL : www.rsystems.com  
 REGD. OFF : B/104 A, GREATER KAILASH-I, NEW DELHI - 110 048

REF SECT/12/2011/18

DECEMBER 21, 2011

To,  
 The General Manager  
 Corporate Finance Department  
 Division of Corporate Restructuring  
 Securities & Exchange Board of India  
 Plot No.C4-A,'G' Block, Bandra Kurla Complex,  
 Bandra (East), Mumbai 400051

Dear Sir/ Madam,

RE: **REQUEST FOR INTERPRETATIVE LETTER UNDER THE SEBI (INFORMAL GUIDANCE) SCHEME, 2003**

1. R Systems International Limited (the "**Company**") is an Indian public limited company having its registered offices at B-104A, Greater Kailash- I, New Delhi - 110048. The shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The shareholding pattern as filed by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited as of September 30, 2011 is attached as **Annexure A** to this letter.
2. Satinder Singh Rekhi, Mrs Harpreet Rekhi, RightMatch Holdings Ltd and Satinder & Harpreet Rekhi Family Trust are the current promoters of the Company ("**Promoters**") and along with promoter group holding 44.76% of the expanded equity share capital of the Company (i.e. assuming full conversion of outstanding options under ESOP/ESOS schemes of the Company).
3. One of the shareholders of the Company, Mr. Bhavook Tripathi (the "**Acquirer**") who holds 23.82% of the expanded equity share capital of the Company, has on December 15, 2011 made a public announcement for an open offer ("**Open Offer**") for the acquisition of 33,45,242 equity shares of the Company constituting 26% of the expanded equity share capital of the Company. A copy of the public announcement for the Open Offer is attached as **Annexure B** to this letter. Kindly note that the Acquirer is neither a promoter nor a part of the promoter group nor is a person acting in concert with the promoters.
4. Regulation 7(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 ("**Takeover Regulations**"), states as follows:

*"In the event the shares accepted in the open offer were such that the shareholding of the acquirer taken together with persons acting in concert with him pursuant to completion of the open offer results in their shareholding exceeding the maximum permissible non-*



public shareholding, the acquirer shall be required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957." (emphasis added)

5. Based on the above, if pursuant to an open offer, the non-public shareholding of the Company is in excess of the "maximum permissible non-public shareholding", then the acquirer is required to bring down the non-public shareholding to the level specified and within the time permitted under the Securities Contract (Regulation) Rules, 1957 ("SCRR").

6. The "maximum permissible non-public shareholding" has been defined under the Takeover Regulations as "*such percentage shareholding in the target company excluding the minimum public shareholding required under the Securities Contracts (Regulation) Rules, 1957.*" The term "public shareholding" has been defined under the SCRR as "*equity shares of the company held by public and shall exclude shares which are held by custodian against depository receipts issued overseas.*" Further, the term "public" under SCRR as follows:

"persons other than-

- (i) the promoter and promoter group;
- (ii) subsidiaries and associates of the company.

*Explanation: For the purpose of this clause the words "promoter" and "promoter group" shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009."*

7. While the definition of "public shareholding" as per SCRR only provides for exclusion of the shareholdings of the promoter and the promoter group, a reading of Regulation 7(4) of the Takeover Regulations indicates that an acquirer's shareholding would also be considered as non-public shareholding in the company and in the event the non-public shareholding in the company exceeds the "maximum permissible non-public shareholding" for such company, the acquirer is required to bring down/ divest its equity shareholding in the Company such that the Company is in compliance with the "maximum permissible non-public shareholding" limit.

8. In the present case, the Acquirer's shareholding pursuant to a successful completion of the Open Offer (assuming full acceptance) would be 49.82% of the expanded equity share capital of the Company. The resultant shareholding pattern of the Company (post the successful Open Offer) would be as follows:

Shareholder	Shareholding Percentage
Promoter	44.76%
Acquirer	49.82%
Public shareholders	05.42%
TOTAL	100



9. Consequently, the non-public shareholding of the Company in terms of Regulation 7(4) of the Takeover Regulations would be the aggregate of the shareholding of (i) the Acquirer; and (ii) the existing promoters of the Company, amounting to 94.58%. As the "maximum permissible non-public shareholding" for the Company is 75% in terms of the SCRR, we understand that in accordance with Regulation 7(4) of the Takeover Regulations, the Acquirer is required to reduce its shareholding such that non-public shareholding in the Company is not in excess of 75% within the timelines mentioned under SCRR.
10. We hereby seek your interpretative guidance in terms of the SEBI (Informal Guidance) Scheme, 2003 on the following issues:
- (a) Confirmation of our understanding that, the Acquirer's shareholding (post the Open Offer) in the Company (of 49.82%) would be treated as part of the non-public shareholding of the Company as contemplated under Regulation 7(4) of the Takeover Regulations; and
  - (b) Confirmation of our understanding that if pursuant to the Open Offer, the non-public shareholding of the Company exceeds 75%, then the Acquirer would be required to reduce its shareholding in the Company such that the non-public shareholding in the company does not exceed 75%, within the time period prescribed under the SCRR.
11. We enclose a demand draft bearing number 248426 drawn on ICICI Bank for an amount of Rs. 25,000/- in favour of 'Securities Exchange Board of India', payable at Mumbai, towards the prescribed fee.

We request you to kindly provide us the guidance on the aforesaid at the earliest. We will be happy to provide any further information or meet with you in person, as required. You may also contact:

Mr. Nand Sardana (Chief Financial Officer),  
Ph: (+91) 0120-4303506  
Email: [nand.sardana@rsystems.com](mailto:nand.sardana@rsystems.com)

Yours Sincerely,

For R Systems International Limited

  
Nand Sardana  
(Chief Financial Officer)



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
**Securities and Exchange  
Board of India**

CHIEF GENERAL MANAGER  
CORPORATION FINANCE DEPARTMENT  
DIVISION OF CORPORATE RESTRUCTURING  
Tel. 022- 26449200, E-mail [sundaresanvs@sebi.gov.in](mailto:sundaresanvs@sebi.gov.in)

CFD/DCR/INF/CB /4395/12  
FEBRUARY 23, 2012

Mr. Nand Sardana  
Chief Financial Officer  
R Systems International Limited  
C-40, Sector -59  
Noida-201 307

Dear Sir,

Sub: Your application dated December 21, 2011 for Informal Guidance under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 regarding the open offer for the acquisition of shares of R Systems International Limited by Mr Bhavook Tripathi under regulation 7(4) of SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 2011.

1. Please refer to your aforesaid letter and further correspondence dated December 28, 2011 and December 29, 2011, seeking an "interpretative" letter under the SEBI (Informal Guidance) Scheme, 2003 (Scheme).
2. In this regard, we invite your attention to the following clause of the Scheme :

**Clause 8(ii):**

*SEBI may not respond to the following types of requests:*

*(ii) those which involve hypothetical situations;*

3. It is observed that the query regarding compliance of Regulation 7(4) of SEBI (SAST) Regulations, 2011 is hypothetical since the response to the issue under consideration would depend on whether on completion of the open offer, the holding of the acquirer will exceed the holding of the promoter or not. Thus, the same cannot be answered before the open offer formalities are completed.

V63





अनुवर्ती:  
Continuation :

भारतीय प्रतिभूति  
और विनियम बोर्ड  
**Securities and Exchange  
Board of India**

4. In view of this, SEBI in accordance with clause 8(ii) of the Scheme is not responding to your informal guidance request. An amount of Rs.20,000/- would be refunded after deducting Rs. 5000/- as processing fee as per clause 9 of the Scheme.

Yours faithfully,

V S SUNDARESAN





ANN - C

**KJMC GLOBAL MARKET (INDIA) LTD.**

168, Atlanta, 16th Floor, Narlman Point, Mumbai - 400 021.

Tel.: 2283 2350, 2288 5201 Fax : 91-22-2285 2892 E-mail : Info@kjmc.com Website : www.kjmc.com  
MERCHANT BANKER



SEBI REGISTRATION NO : 000002509

December 15, 2011

Managing Director  
R Systems International Limited  
B- 104A, Greater Kailash -1,  
New Delhi-110048


Dear Sir,

**Sub: OPEN OFFER FOR ACQUISITION OF 33,45,242 EQUITY SHARES FROM THE SHAREHOLDERS OF R SYSTEMS INTERNATIONAL LIMITED (HEREINAFTER REFERRED TO AS "RSIL" AND/OR THE "TARGET COMPANY") BY MR. BHAVOOK TRIPATHI (HEREINAFTER REFERRED TO AS THE "ACQUIRER")**

We hereby would like to inform you that Mr. Bhavook Tripathi, the acquirer intends to acquire Equity shares of R System International Limited under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Please find enclosed the Public Announcement on behalf of the acquirer by us viz. KJMC Global Market (India) Limited, Manager to the Offer. Kindly acknowledge the receipt and oblige.

Thank you,

Yours faithfully,

  
Sangeeta Sanghvi  
Authorised Signatory

Encl:

1. Public Announcement

**CERTIFIED TRUE COPY**

**For R SYSTEMS INTERNATIONAL LTD.**

  
Chief Financial Officer

**PUBLIC ANNOUNCEMENT**  
for the Attention of the Equity Shareholders of  
**R SYSTEMS INTERNATIONAL LIMITED ("RSIL" or "Target")**  
a company incorporated under the Companies Act, 1956 with its registered office at :  
B - 104A, Greater Kailash -I, New Delhi - 110 048

**OPEN OFFER FOR ACQUISITION OF 33,45,242 EQUITY SHARES FROM THE SHAREHOLDERS OF R SYSTEMS INTERNATIONAL LIMITED (HEREINAFTER REFERRED TO AS "RSIL" AND/OR THE "TARGET COMPANY") BY BHAVOOK TRIPATHI (HEREINAFTER REFERRED TO AS THE "ACQUIRER")**

**1. Offer Details**

- **Offer Size:** The Acquirer and the is making an offer for 33,45,242 Equity Shares constituting 26% of the Expanded Paid up Equity Share Capital of the Target Company
- **Offer Price:** An offer price of Rs. 122/- (Rupees One Hundred and Twenty Two only) (hereinafter referred to as "the Offer Price") per share will be offered for the shares tendered during the tendering period. Assuming full acceptance the total consideration payable by the Acquirer will be Rs. 40,81,19,524/- (Rupees Forty Crores Eighty One Lakhs Nineteen Thousand Five Hundred and Twenty Four Only).
- **Mode of payment:** The entire consideration will be paid in cash.
- **Type of offer:** This Offer is a Triggered Offer made under Regulation 3(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

- 2. Transaction which has triggered the open offer obligations (underlying transaction):**  
None. The acquirer is making the offer with a view to acquire additional shares of the Company beyond his present holding of 23.82%.

**3. Details of the Acquirer:**

Details	Acquirer
Name of Acquirer(s)	Bhavook Tripathi
Address	Shree Goverdhan Nath HSG Society, Lane B, Koregaon Park Pune 411001
Name(s) of persons in control / Promoters of acquirers	Not Applicable
Name of the Group, if any, to which the Acquirer belongs to	Not Applicable
Pre Transaction shareholding	30,65,000
• Number	
• % of total share capital	23.82%
Proposed shareholding after the Open Offer (assuming full acceptance)	
Any other interest in the Target Company	Other than the shareholding as disclosed above, the Acquirer does not have any other interest in the Target Company

- 4. Details of Selling Shareholder(s):** Not Applicable

**CERTIFIED TRUE COPY**

**For R SYSTEMS INTERNATIONAL LTD.**

  
**Chief Financial Officer**

## 5. Target Company

Name of Target Company: R Systems International Limited

The Target Company is listed on the National Stock Exchange of India Ltd and the Bombay Stock Exchange Ltd

## 6. Other details

A Detailed Public Statement would be published in all editions of a English national daily with wide circulation, all editions of a Hindi national daily with wide circulation, a Regional language daily with wide circulation where the Registered Office of the Target Company is situated and a Regional language daily at the place of the Stock Exchange where the maximum volume of trading in the shares of the Target Company during the sixty trading days preceding the date hereof is recorded which is on the National Stock Exchange of India Ltd. The Detailed Public Statement will be released on or before December 22, 2011.

The Acquirers undertake that they are aware of and will comply with their obligations under the SEBI (SAST) Regulations, 2011 and have adequate financial resources to meet the Offer obligations.

Issued by  
Manager to the Offer



**KJMC Global Market (I) Limited**

168, 16th Floor, Atlanta, Nariman Point, Mumbai 400021

Telephone: +91 22 4094 5500 Fax : +91 22 22852892

Email: [sangeeta.sanghvi@kjmc.com](mailto:sangeeta.sanghvi@kjmc.com) / [hemant.soni@kjmc.com](mailto:hemant.soni@kjmc.com)

Contact Person: Ms. Sangeeta Sanghvi / Mr. Hemant Soni

SEBI Regn No. : INM000002509

On behalf of  
Acquirer

Sd/-  
Mr. Bhavook Tripathi

Place: Mumbai  
Date: December 15, 2011

**CERTIFIED TRUE COPY**

**For R SYSTEMS INTERNATIONAL LTD.**

A handwritten signature in black ink, appearing to be 'J. S. Soni' or similar, written over the printed name of the Chief Financial Officer.  
**Chief Financial Officer**

# **POST OFFER PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF SHAREHOLDERS OF R SYSTEMS INTERNATIONAL LIMITED**

Registered Office: B-104A, Greater Kailash - I, New Delhi - 110 048 Tel: 011-32596619, Fax: 0120-2587123 Email: rsil@india.rsystems.com

This Post Offer Public Announcement ("Post PA") is being issued by KJMC Corporate Advisors (India) Limited (formerly KJMC Global Market (India) Ltd) ("KJMC" or "Manager to the Offer") on behalf of Mr. Bhavook Tripathi (the "Acquirer") pursuant to regulation 18 (12) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011 and amendments thereof ("SEBI (SAST) Regulations"). In respect of the Open Offer for acquisition of 33,38,042 equity shares from shareholders of R Systems International Limited ("Target Company" or "RSIL"). The DPS, 1st Supplemental PA, 2nd Supplemental PA, Corrigendum to PA & DPS and Offer Opening PA with respect to the aforementioned Offer were published on December 22, 2011, March 14, 2012, August 6, 2012, December 28, 2012 and January 3, 2013 respectively in all editions of the Financial Express & Jansatta and Mumbai edition of Nav Shakti newspapers.

1.	Name of the Target Company	: R Systems International Ltd
2.	Name of the Acquirer and PAC	: Bhavook Tripathi There is no PAC in the Offer.
3.	Name of the Manager to the Offer	: KJMC Corporate Advisors (India) Ltd (formerly KJMC Global Market (India) Ltd)
4.	Name of the Registrar to the Offer	: Link Intime India Pvt. Ltd.
5.	Offer Details	
a.	Date of Opening of the Offer	: Friday January 4, 2013
b.	Date of Closing of the Offer	: Thursday January 17, 2013
6.	Date for communicating the rejection / acceptance of equity shares in the Offer and/or corresponding payment for the acquired equity shares and / or refund or credit of the rejected share certificate(s) or equity shares to corresponding shareholders or account holders	: Saturday January 19, 2013

7.	Details of Acquisition	Proposed in the Offer Document	Actual
7.1	Offer Price	₹150.75/- per fully paid-up equity share	₹150.75/- per fully paid-up equity share
7.2	Aggregate number of shares tendered	33,38,042	590
7.3	Aggregate number of shares accepted	33,38,042	590
7.4	Size of the Offer (Number of shares multiplied by offer price per share)	₹50,32,09,832	₹88,943
7.5	Shareholding of the Acquirer before Agreement/ Public Announcement		
	• Number	30,60,498	30,60,498
	• % of fully diluted equity share & voting capital	(23.79)	(23.79)
7.6	Shares Acquired by way of Agreement after the PA but before DPS		
	• Number	N.A.	9,24,142
	• Average Price of the shares acquired		₹117.87
	• % of fully diluted equity share & voting capital		7.20
7.7	Shares Acquired by way of Open Offer		
	• Number	33,38,042	590
	• % of fully diluted equity share & voting capital	(26.00)	(0.00)
7.8	Shares acquired after Detailed Public Statement		
	• Number	N.A.	8,587
	• Average Price of the shares acquired		₹149.27
	• % of fully diluted equity share & voting capital		0.07
7.9	Post offer share holding of the Acquirer		
	• Number	73,31,269*	39,93,817
	• % of fully diluted equity share & voting capital	(57.10)	(31.11)
7.10	Pre & Post offer shareholding of the Public		
	• Number	Pre Offer 64,64,040	Post Offer** 15,38,387
	• % of fully diluted equity share & voting capital	(50.35)	Pre Offer 64,64,040 (50.35)
			Post Offer*** 24,70,223 (19.24)

\* Assuming full acceptance of the shares under the Open Offer.

\*\* The shareholding is based on the assumption that the acceptance of shares tendered in the Open Offer will be accepted on a proportionate basis from each category of shareholders.

\*\*\* The Post Offer shareholding of the public is excluding that of the Acquirer. The Acquirer was categorized under public category prior to the Offer and will continue to be categorized under public shareholding of the Target Company Post Offer. The Post Offer shareholding of the public including that of Acquirer is 50.35%.

8. The Acquirer i.e. Mr. Bhavook Tripathi accepts full responsibility for the information contained in this Post PA and also for the obligations of the Acquirer to the extent as required and as laid down in the SEBI (SAST) Regulations.

9. A copy of this Post PA will be available on the websites of SEBI, Manager to the Offer, BSE and NSE. It will also be available at the registered office of the Target Company.

## General

Capitalized terms used in this Post PA but not defined shall have the same meaning as assigned in the PA, DPS, 1<sup>st</sup> Supplemental PA, 2<sup>nd</sup> Supplemental PA, Corrigendum to PA & DPS, LOF and Offer Opening PA.

The PA, DPS, 1<sup>st</sup> Supplemental PA, 2<sup>nd</sup> Supplemental PA, LOF, the Corrigendum to PA & DPS and Offer Opening PA are available on SEBI's website at [www.sebi.gov.in](http://www.sebi.gov.in).

This Post PA is being issued by the Manager to the Offer on behalf of the Acquirer i.e. Mr. Bhavook Tripathi, son of Mr. Chandraprakash Tripathi residing at Shree Goverdhan Nath Housing Society, North Main Road, Lane B, Koregaon Park, Pune - 411001. Tel: 020 - 4122 4991, Fax: 020 - 4122 4991 Email: [bhavook.tripathi@gmail.com](mailto:bhavook.tripathi@gmail.com)



## MANAGER TO THE OFFER

KJMC Corporate Advisors (India) Ltd  
(formerly KJMC Global Market (India) Ltd)  
168, 16th Floor, Atlanta, Nariman Point, Mumbai 400021.  
Telephone: +91 22 4094 5500, Fax: +91 22 2285 2892  
Email: [rsil.officer@kjc.com](mailto:rsil.officer@kjc.com)

Contact Person: Ms. Sangeeta Sanghvi / Mr. Swapnilsagar Vithalani  
SEBI Regn. No.: INM000002509

Place: Mumbai  
Date: January 21, 2013

CERTIFIED TRUE COPY

For R SYSTEMS INTERNATIONAL LTD.

Chief Financial Officer

**Annexure E**

**Summary of Tradings in Equity shares of R Systems International Limited at NSE & BSE**

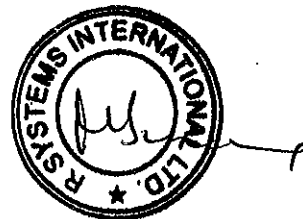
Period	Total Trade (No. of shares) at NSE & BSE	No. of Days	Average Trade
Year 2011	6,155,560	247	24,921
Year 2012	1,420,796	251	5,661
June 01, 2013- August 23, 2013	155,559	55	2,828



## Annexure F

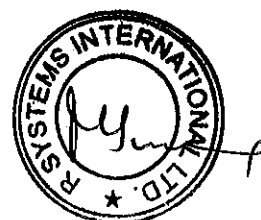
### Indicative list of Matters which require approval by special resolution of the shareholders under the Companies Act, 1956

Section of the Companies Act, 1956	Description of Matter
17(1)(2)	To alter provisions of memorandum of association, with respect to change of registered office of a company from one State to another or its objects.
17A read with 146(2)	To change registered office within the State but from one Registrar to another Registrar.
21	To change name of company. To omit the word "Limited" or "Private Limited" from the name of the Company.
25(3)	To change name of charitable or other non-profit making company by omitting word/words "limited" / "private limited".
31(1)	To alter articles of association of a company.
77A(2)	To buy back its own shares or specified securities out of its free reserves or securities premium fund or out of the proceeds of a issue made specifically for buy back.
79A	To issue "sweat equity" shares of a class already issued.
99	To determine that any portion of share capital not already called up, shall not be called up, except in the event of and for the purpose of, winding up the company.
100	To reduce the share capital (requires authorisation by the articles and confirmation by the Court).
106	Approval of variation of rights of special classes of shares.
146(2) proviso	To remove registered office of a company outside local limits of city, town or village in which it is situate.
163(1) proviso (i)	To keep registers, indexes, returns, copies of certificates and documents at any other place than within the city, town or village in which the registered office is situate.
208(2),(3)	To authorize the payment of interest on the paid-up amount of share capital raised for the purpose of defraying the expenses of construction of any work or building or the provisions of any plant that cannot be made profitable for a lengthy period.
224A(1)	To appoint auditor for companies having not less than 25 per cent of subscribed capital held by the Central and/or any State Government, and/or



Section of the Companies Act, 1956	Description of Matter
	public financial institutions, nationalised banks, etc.
237(a)(i)	To have the affairs of a company investigated by inspectors appointed by Central Government.
269(1) read with Schedule XIII	To appoint Managing or whole time Director at a remuneration where the Company has inadequate or no profit or where the age of the Director exceeds 70 years
294AA	To appoint a sole selling or buying or purchasing agent of a company having a paid-up capital of Rs. 50 lakhs (USD 100,000) or more.
309 (4)	To authorise the payment of remuneration by way of commission to Non-executive Director
314 (1), (1B)	To consent to a director or his relative or partner or firm or private company holding an office or place of profit, except that of managing director, manager, banker, or trustee for debenture-holders of the company.
323(1)	To alter memorandum of association so as to render unlimited liability of its directors or manager, if so authorised by articles of association.
372A	To make inter-corporate loans and investments or guarantee/security to be given, etc., if the aggregate amount thereof, exceeds the limit of 60% of the company's paid-up share capital and free reserves or 100% of its free reserves, whichever is more.
391-394	To approve merger, de-mergers, and arrangements by creditors and members of the company subject to court's approval. <sup>1</sup>
433(a)	To apply to a court to wind-up the company.
484(1)(b)	To have the company wound up voluntarily.
494(1)(b)	To authorise liquidator to accept shares, etc. as consideration for sale of company's property.
507	To authorise liquidator to accept shares, etc. as consideration for sale of company's property in case of creditors' winding up (subject to approval of Court or committee of inspection).
512(1)(a)	To authorise liquidator in a member's winding up to exercise powers specified in clauses (a) to (d) to sub-section (1) of Section 457.

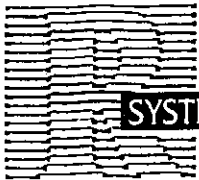
<sup>1</sup> The scheme has to be approved by a majority of shareholders and creditors being in majority in number representing three-fourths in value the persons present and voting.



Section of the Companies Act 1956	Description of Matter
517(1)	To accord sanction for any agreement between company and its creditors so as to bind company and its members.
546(1)(b)	To authorise liquidator to exercise certain powers in voluntary winding up.
550(1)(b)	To direct disposal of books and papers after completion of winding up and when the company is about to be dissolved.
579(1)	To alter form of constitution of a company registered under Part IX of the Companies Act.







## R SYSTEMS INTERNATIONAL LIMITED

SEI CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company

C-40, SECTOR-59, NOIDA - 201 307, DISTT. GAUTAM BUDDH NAGAR, U.P. (INDIA)

PHONES : 0120-4303500 FAX : 0120-2587123

EMAIL : rsystems.india@rsystems.com, URL : www.rsystems.com

REGD. OFF. : B-104 A, GREATER KAILASH-I, NEW DELHI - 110 048

*Amrit Tandon*  
*DGM/CAT*  
*W*  
*3/10*

*19/2*  
*30/9*

REF: SECT/09/2013/36

SEPTEMBER 27, 2013

To,

The General Manager  
Corporate Finance Department  
Division of Corporate Restructuring  
Securities & Exchange Board of India  
Plot No.C4-A,'G' Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400051

*Amrit Tandon*  
*W*  
*3/10*

भा.प्र.वि.बो. SEBI	
सं/No 108956	
दिनांक	30 SEP 2013



SEBI/IW/P/20130930/0000108956

Dear Sir/ Madam,

**RE: REQUEST FOR INTERPRETATIVE LETTER UNDER THE SEBI (INFORMAL GUIDANCE) SCHEME, 2003**

1. This is in furtherance to our Letter No. SECT/09/2013/01 dated September 02, 2013 ("September Letter") (copy enclosed as **Annexure-I**), seeking your interpretative guidance in terms of the SEBI (Informal Guidance) Scheme, 2003 on the following issues:
  - (a) Whether the shareholding of Mr. Bhavook Tripathi (the "Acquirer") in R Systems International Limited (the "Company"), following all the acquisitions as referred to in our September Letter, would be treated as part of the non-public shareholding of the Company as contemplated under Regulation 7(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 ("Takeover Regulations"); and
  - (b) If yes, given that the non-public shareholding of the Company has exceeded 75%, whether the Acquirer is required to reduce its shareholding in the Company by such percentage which would ensure that the non-public shareholding in the Company does not exceed 75%, within the time period prescribed under the Securities Contract (Regulation) Rules, 1957 ("SCRR").
2. As per Para 5(ii) of SEBI (Informal Guidance) Scheme 2003, the Department of SEBI provides an interpretation of a specific provision of any Act, Rules, Regulations, Guidelines, Circulars or other legal provision being administered by SEBI in the context of a proposed transaction in securities or a specific factual situation.
3. Therefore with respect to the open offer referred in our September Letter, we provide you with some additional facts, to enable you to give interpretative letter in the context of this specific case and not necessarily a general interpretation of the regulations contained under the Takeover Regulations (as may be applicable for all cases). Set out below are certain additional facts and grounds.



The Engine Room of Software Products

4. **Disclosures by the Acquirer under the Letter of Offer dated December 22, 2012**

- 4.1 As per paragraph 3.1.2 of Letter of Offer of the Acquirer dated December 22, 2012 ("LOF"), it is indicated that the Acquirer had made the open offer in terms of Regulations 3 (1) and Regulation 4 of the Takeover Regulations. For sake of reference, paragraph 3.1.2 of the LOF is reproduced below:

*"This Open Offer is being made as a result of the acquisition of 9,24,142 Equity Shares representing 7.18% of total paid up Equity Share and voting capital on fully diluted basis of the Target Company as on the date of PA by the Acquirer in terms of Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011. Following the completion of the Open Offer, if required, the Acquirer may work with the management and employees of the Target Company to grow the business of the Target Company. Notwithstanding that the Open Offer is being made under Regulation 4 of the SEBI (SAST) Regulations, the prime objective of the Acquirer behind the acquisition is the investment value in the Equity Shares of the Target Company and NOT substantial holding of shares/voting rights/control or management of the Target Company. Therefore, until and unless the Acquirer actually acquires control of the Target Company, the Acquirer would be considered as "public". "* (emphasis supplied)

- 4.2 As may be inferred from the aforementioned paragraph, that the (i) Acquirer has made an open offer under Regulation 4 of the Takeover Regulations, although it has been mentioned under paragraph 3.1.2 of LOF that the Acquirer's intention is not to have substantial holding of shares / control; and that (ii) Acquirer would be considered as "public" till he actually acquires control.
- 4.3 With respect to paragraph 4.2 (i) above, it may be relevant to note that Regulation 4 of the Takeover Regulations is triggered when a person agrees to acquire 'control' of a listed company. The definition of 'control' as given under the Takeover Regulations talks about "right" and not "actual exercise". Therefore, the qualified disclosures by Acquirer that it is not his 'intention' to acquire substantial holding of shares or 'control', cannot take away the fact that the Acquirer by virtue of his shareholding has become a substantial shareholder and has acquired the right to 'control' policy decisions of the company by blocking special resolutions of the company.
- 4.4 In order to understand implication of the disclosures referred in paragraph 4.2 (ii) above, we need to further examine some of the relevant regulatory provisions (as listed below) governing the matter. Comprehensive evaluation under each of the provisions is contained in our September Letter.

- (a) The term "**public**" as defined under SCRR means:

*"persons other than*

- (i) *Promoter and promoter group*
- (ii) *Subsidiaries and associate of the company."*

- (b) The word "**promoter and promoter group**" has the same meaning as in the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 which states that the term

*"Promoter" includes:*

- (i) *the person or persons who are in control of the issuer;*
- (ii) *the person or persons who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public;*
- (iii) *the person or persons named in the offer document as promoters*



- (c) The term “control” as per the Takeover Regulations includes:

*“the right to appoint majority of the directors or to control the management or policy decisions, exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner”*

- (d) **“Maximum Permissible Non-public Shareholding”** as per the Takeover Regulations means *such percentage shareholding in the target company excluding the minimum public shareholding required under the Securities Contracts (Regulations) Rules 1957.*
- (e) **Regulation 7(4) of the Takeover Regulations** states that – *“In the event the shares accepted in the open offer were such that the shareholding of the acquirer taken together with persons acting in concert with him pursuant to completion of the open offer results in their shareholding exceeding the Maximum Permissible Non Public Shareholding, the acquirer shall be required to bring down the non public shareholding to the level specified and within the time permitted under Securities Contracts Regulations Rules 1957.”*

4.5 From bare reading of the aforesaid definitions/ provisions as contained under paragraph 4.4 above, it becomes apparent that anyone who has **acquired a right to control** policy decisions of a company (with or without acquisition of shares/ voting rights) will be considered in ‘control’ of the company, irrespective of his intention, and can therefore not be considered as “public”. He needs to be categorized under “non-public”. Thus if someone is in control, he does not have a choice but to classify himself in “non-public category”.

4.6 It may be pertinent to note that the acquirer has used the word “actually acquires control”. It may further be relevant to note that, that the Takeover Regulations have not defined “control” in terms of percentage of shares/ voting or as a stake relative to other shareholders’ stake. It has been noted from Achuthan Committee (the Committee) report on Takeover Regulations that the Committee deliberately did not define control to include only positive control. The committee gave the general definition of “control” and left it to SEBI to examine the issue of “control” based on facts of the case.

4.7 Thus the Acquirer being a person who has acquired ‘control’ (by acquiring right to block special resolutions of the company by virtue of his shareholding), can not be treated as “public”. Therefore, the Acquirer’s shareholding should be clubbed with the existing promoters’ holding to determine the non-public shareholding in the company for the purpose of Regulation 7(4) of the Takeover Regulations. By choosing to disclose himself as “public” and not as “persons in control or non-public”, the Acquirer cannot escape his responsibility as a person actually belonging to non-public category. Since the “Maximum Permissible Non Public Shareholding” (“MPNPS”) of 75% in the Company, has been breached by the acts of the Acquirer, he is required to reduce his shareholding in the Company as per the provisions of Regulation 7(4) of the Takeover Regulations.

4.8 Attention is now invited to the disclosures given under paragraph 3.1.10 and 5.14 of the LOF. Paragraph 3.1.10 is reproduced below and the contents of paragraph 5.14 are given in the **Annexure II**, for easy reference.

**Paragraph 3.1.10 of the LOF:** *Pursuant to this Open Offer assuming full acceptances, if the public shareholding in the Target Company reduces below the minimum public shareholding required as per the Securities Contracts (Regulation) Rules, 1957 as amended and the Listing Agreement, the Acquirer undertakes that it will take necessary steps to facilitate compliances of the Target Company with the relevant provisions of the Securities Contracts (Regulation) Rules,*



*1957 as amended, the Listing Agreement and the Regulations 7(4) and 7(5) of the SEBI (SAST) Regulations and reduce the non-public shareholding within the time period mentioned therein.*

**Paragraph 5.14 of the LOF:** Pre and Post offer Shareholding pattern of the Target Company, as on the date of LOF is attached herewith as Annexure II.

- 4.9 Paragraph 3.1.10 of the LOF discloses the undertaking given by the acquirer to facilitate compliance with the provisions of the SCRR in terms of regulation 7(4) of Takeover Regulations. We have made an attempt to understand the disclosures given by the acquirer.
- 4.10 If we go by the Acquirer's contention that he is "public" and not "non-public", then pursuant to the open offer made by him to acquire shares of the Company, the "public holding" was bound to increase. The aforesaid undertaking which talks about public holding reducing below the minimum public shareholding would not have triggered in any case. In spite of this, the Acquirer chose to give this undertaking, which implies that for the purpose of Regulation 7(4) of the Takeover Regulations, he was considering himself and rightly so as "non public" along with the existing promoters.
- 4.11 Further if we see the post offer shareholding pattern of the Company, based on the assumption that the offer receives full response, the Acquirer's shareholding post completion of the open offer has been shown to be 57.10%. Even in such a scenario, where he might have considered only himself as promoter or non public, the undertaking was not required as "public shareholding" would have been much more than the minimum. The fact that he chose to give this undertaking, clearly indicates that he himself has clubbed his stake along with the existing promoters' stake to arrive at "Non Public Shareholding". He has thus reckoned the shares held by shareholders other than "existing promoters and acquirers" as "public shareholding" in his undertaking disclosed in the LOF. He has undertaken in the public domain to take necessary steps to facilitate compliances of the 'Target Company' with the relevant provisions of the SCRR as amended, the Listing Agreement and the Regulations 7(4) and 7(5) of the Takeover Regulations and reduce the "non-public shareholding" within the time period mentioned therein, if the public shareholding in the company pursuant to the offer made by him, reduces below the MPNPS. The Acquirer is thus required to comply with the disclosure and undertaking within the specified period, otherwise the disclosure may amount to misleading disclosures by the Acquirer under the LOF.

## **5. Other Relevant Points**

- 5.1 Reference may be given to the provision mentioned under Regulation 7(4) of the Takeover Regulations which requires an acquirer to reduce his shareholding in order to comply with minimum public shareholding norms. What we draw inference from here is that, it is the responsibility of the Acquirer only to ensure that because of his Open Offer the public shareholding does not get reduced below 25% threshold. It may be very easy to get true interpretation and compliance obligation of said Regulation 7(4) in case of Open Offer given by the existing promoter or an acquirer who is acting in concert with existing promoter i.e. the case of friendly takeover, as the acquirer and the promoter will be the same person or person acting in concert as per the Takeover Regulations. But where there is a case of hostile takeover, Public Offer by an acquirer and even after the completion of Open Offer the existing promoter continued to be having separate identity and control over the company, whether the Acquirer can still be treated as public shareholder and not as an Acquirer who will be required to comply with the provisions of Regulation 7(4). Isn't it a myth to assume that as per Regulation 7(4), only the existing promoter if he is an acquirer will be responsible to comply with minimum public shareholding requirements in the company and where the Acquirer is not an existing promoter, he can be set free from the responsibility of such an important provision of maintaining minimum



public shareholding in a listed company. We understand that this may not have been the true intention behind the provisions of Regulation 7(4) of the Takeover Regulations.

- 5.2 Anyone crossing the threshold of 25% shares or voting rights (as specified in Regulation 3(1) of the Takeover Regulations) and thereafter making an open offer is presumed to be a substantial shareholder. Probably that is the reason why in Regulation 7(4) of Takeover Regulations, the post offer shareholding of acquirers along with its PAC is reckoned in the category of "Non public shareholding" only and the obligation to reduce the "non public shareholding" requirement is put on the acquirers.
- 5.3 We understand the regulatory concern of imposing provisions of Regulation 7(4) of the Takeover Regulations even on those acquirers who do not get any element of control post offer. For example: An acquirer holding nil shares intends to acquire at least 26% shares in a company and consequently the power to block special resolutions of the company. He makes an offer under Regulations 3(1) and 4 of the Takeover Regulations. Since his intention is to have some element of control, he would become "Non public" and would therefore be required to give an undertaking that if pursuant to his offer, the non public shareholding in the company (shareholding of existing promoters and the acquirer) exceeds MPNPS, he will take steps necessary for compliance of SCRR as provided in Regulation 7(4). However his offer gets response to the extent of say only 20%. He has not acquired any element of control, thus he cannot be a person in control and therefore needs to be treated as public. In such a scenario insisting on fulfillment of the undertaking or on compliance with Regulation 7(4) will not be justified.
- 5.4 We understand that under Regulations 33 of the Takeover Regulations, SEBI has power to remove difficulties in the interpretation of the provisions of the regulations by issuing guidance note etc. We were looking for such guidance in respect of Regulation 7(4). However it appears that there has been no guidance note on this matter so far.
6. As a listed company, we are concerned with Acquirer's attempts to corner shares of the company and thus reducing the floating stock. Therefore, there is urgency in requesting SEBI's interpretation on Regulation 7(4) of the Takeover Regulations. We request SEBI to issue its interpretative letter at the earliest, taking into account the facts specific to the case, applicable regulatory provisions and the disclosures of the Acquirer as cited above and in our September Letter, in terms of the SEBI (Informal Guidance) Scheme, 2003.

We will be happy to provide any further information and keeping in view the importance of the facts we would request you to allow us to meet with you in person to present our case. You may also contact:

Mr. Nand Sardana (Chief Financial Officer),  
Ph: (+91) 0120-4303506  
Email: [nand.sardana@rsystems.com](mailto:nand.sardana@rsystems.com)

Yours Sincerely,

For R Systems International Limited



*Nand Sardana*  
Nand Sardana  
(Chief Financial Officer)

Anirudh Tandon (6)

A/10  
8/11



## R SYSTEMS INTERNATIONAL LIMITED

SEI CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company

C-40, SECTOR-59, NOIDA - 201 307, DISTT. GAUTAM BUDH NAGAR, U.P. (INDIA)

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REGD. OFF. : B-104 A, GREATER KAILASH-I, NEW DELHI - 110 048



SEBI/IW/P/20131106/0000118061

DGM(CAT)

AKA(KJ)

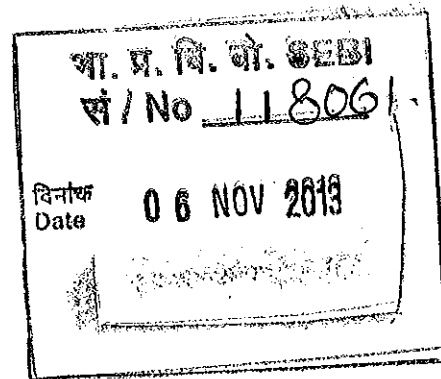
Ref: SECT/11/2013/01

NOVEMBER 04, 2013

To,

The General Manager  
Corporate Finance Department  
Division of Corporate Restructuring  
Securities & Exchange Board of India  
Plot No.C4-A,'G' Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400051

Dear Mr. Tandon,



**RE: OUR RECENT DISCUSSIONS**

This is in reference to our discussions on October 31, 2013 and the subsequent email from your offices to Nand Sardana, our CFO. I wish to thank you and Mr. Kirti Jadhav for speaking with Nand Sardana, and me regarding the issues related to the informal guidance filed in the matter of R Systems International Ltd ("Company").

Several interesting issues were raised in our discussions, and we wish to take the liberty of giving our response(s) to them which we believe will be accepted by all judicial authorities:

1. Acquirer's undertaking in para 3.1.10 of the letter of offer ("LOF") issued by Mr. Bhavook Tripathi (the "Acquirer") in relation to the shares of the Company.

For the sake of convenience, we have reproduced the relevant paragraph below:

*"Pursuant to this Open Offer assuming full acceptances, if the public shareholding in the Target Company reduces below the minimum public shareholding required as per the Securities Contracts (Regulation) Rules, 1957 as amended and the Listing Agreement, the Acquirer undertakes that it will take necessary steps to facilitate compliances of the Target Company with the relevant provisions of the Securities Contracts (Regulation) Rules, 1957 as amended, the Listing Agreement and the Regulations 7(4) and 7(5) of the SEBI (SAST) Regulations and reduce the non-public shareholding within the time period mentioned therein."*

In our call you had mentioned that the Acquirer's above-mentioned undertaking in the LOF would be applicable in a situation where the Acquirer ends up with more than 75 percent shareholding in the Company after the open offer and only in such cases would he be required to reduce his shareholding. As you are aware in the LOF, the Acquirer had undertaken to acquire only *"26% of the paid up equity share & voting capital (on fully diluted basis) of the Target Company."* As on date of the LOF, the Acquirer clarified that he held *"39,93,227 Equity Shares constituting 31.10% of the total equity share and voting capital of the Target Company (on fully diluted basis)."* Therefore, pursuant to the open offer, the Acquirer's shareholding could not have exceeded 57.10% in the Company on a fully diluted basis.

In light of the above, if we read the undertaking in paragraph 3.1.10 of the LOF carefully, where the Acquirer states that... *"Pursuant to this Open Offer assuming full acceptances....."*, it becomes very clear that the Acquirer is only referring to full acceptance of the shares tendered in the open offer i.e. of the 26 % paid up equity shares & voting capital of the Company, and not to any additional shares. However, as we mentioned above, even a full acceptance of the 26% paid up equity shares & voting capital of the Company would take the Acquirer's shareholding in the Company to up to 57.10 percent only (and not to 75 per cent). Therefore, the Acquirer while giving the undertaking was clearly aware of his obligation to reduce his shareholding in the Company, because he knew his shareholding is categorized in the "non-public" category under Regulation 7 (4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Regulations**").

Additionally, in a hostile acquisition, the Acquirer also knew he could not expect to get any shares from the unwilling Promoters, and he knew that very well at the time of giving that undertaking to the public. Moreover, it is very clear that the Acquirer obviously never thought of reaching 75 per cent pursuant to the open offer. Consequently, the undertaking given by the Acquirer in paragraph 3.1.10 of the LOF was to cover the situation when his shareholding in the Company which when combined with the promoters' shareholding (both being "non-public" categories) reached or exceeded 75% shareholding in the Company.

The intent of the Acquirer is further clear in his statement in paragraph 3.1.2 of the LOF, where he has mentioned that *".....the prime objective of the Acquirer behind the acquisition is.....not substantial holding of shares"*. If we assume for a moment (as you had mentioned in our call) that the Acquirer would need to reduce his shareholding only on reaching a substantial shareholding of 75 per cent, then by the Acquirer's own words, he was not intending to do that. Thus, a plain reading of the undertaking tells us that the Acquirer's undertaking assumes that his shareholding is "Non-Public", and he has committed to reduce his shareholding in the Company (knowing very well that his shareholding falls in the non public category) if the "non-public" shareholding in the Company exceeded the maximum non public shareholding in the Company permitted under law. It may be noted that the undertaking was given by the Acquirer on his own at the time of filing the Detailed Public Statement on December 22, 2011 and the Draft Letter of Offer on December 30, 2011.

2. As correctly mentioned by you on the call, the Securities Contract (Regulation) Rules, 1957 ("SCRR") recognizes two categories of shareholders – Promoter and Public. However, in this regard, it may be relevant to examine the definitions of "promoter" and "control". The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") (the SCRR refers to the definition of promoters in SEBI (ICDR) Regulations) identify a promoter as being a person in "control" of the company/ issuer. The term "control" has been defined as follows under the Takeover Regulations:

*"control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner."*

The Takeover Regulations have (in our view correctly) introduced a new term "Maximum Permissible **Non Public Shareholding**." A reading of Regulation 7(4) of the Takeover Regulations clearly indicates the intention of the Takeover Regulations to classify the shareholding of the acquirer making the open offer as being part of the "non public shareholding", along with the shareholding of the Promoter.

In addition, as clarified in our supplementary letter dated September 27, 2013, the Acquirer is a person in control and the Acquirer's position in the Company cannot be compared with any of the other public shareholders of the Company. A person is said to be in "control" under the Takeover Regulations if he has the right to *"control the management or policy decisions .. by virtue of their shareholding."* As explained in our aforementioned supplementary letter, the right of the Acquirer to block special resolution matters by virtue of its shareholding in the Company amounts to acquisition of "control". In fact, SEBI has in the past also taken a similar view in various matters (including in *Subhkam Ventures*) that negative control should be considered to be "control" for the purposes of the Takeover Regulations. The fact of the Acquirer being in control is also clear by reason of the open offer being made under Regulation 4 of the Takeover Regulations (*Acquisition of Control*).

We once again state that we are solely guided by the definitions/ provisions contained in the Rules and regulations and FAQs of SEBI.

These points have been explained in detail in Paragraph 4.4 to 4.11 of our supplementary letter dated September 27, 2013 (attached) seeking informal guidance. You are requested to kindly peruse the same.



3. We also discussed the issue of substantial holding and control in the Company. It was mentioned on the call that substantial holding would arise only if a person held more than 50 per cent, and control is only obtained on reaching 50 per cent. We have tried to find a definition of "substantial holding and control" which specifies the 50% threshold mentioned by you but could not locate this view either from "FAQs relating to Takeovers" or any guidance issued by SEBI u/r 33 of the Takeover Regulations.

In fact "FAQs relating to Takeovers" referred in Takeover Regulations put up by SEBI i.e. Question numbers 4, 8, 9, and 10 when read together along with the headings to Regulation 3 of the Takeover Regulations, clearly indicate that substantial acquisition of shares is really acquisition of 25% or more of shares or voting rights in the Company. No where is there any mention that substantial acquisition or control means acquisition of 50% shares.

Going by the provisions contained in the Takeover Regulations, we have mentioned in our earlier representations also that the definition of "Control" is given in Takeover Regulations "as a right" to control policy decisions of a company (with or without acquisition of shares/ voting rights), irrespective of the intention of the Acquirer to exercise such right or not. Therefore, in our view the Acquirer cannot be considered as part of the "public shareholders" of the Company.

We have also noted that the Takeover Regulations **have not defined "control" in terms of percentage of shares/ voting or as a stake relative to other shareholders' stake.** As explained above, the Acquirer being a person who has acquired 'control' in the Company (by acquiring right to block special resolutions of the company by virtue of his 36% shareholding), cannot be treated as "public". Therefore, the Acquirer's shareholding being a shareholding of a "person in control" should be clubbed with the existing promoters' holding to determine the "non-public" shareholding in the Company for the purpose of Regulation 7(4) of the Takeover Regulations.

By choosing to disclose himself as "public" and not as "persons in control" or "non-public", the Acquirer cannot escape his responsibility as a person actually belonging to the non-public category.

4. We also discussed the need for wider dispersment of the shares of the Company, and not to be restricted to just 2 people i.e. the existing promoters and the Acquirer. We had mentioned a possible scenario in relation to the Company if Acquirer is considered as "public", there is a possibility of, where the Company being left with only 2 shareholders i.e Acquirer by considering itself public will go on acquiring possibly all shares held by shareholders other than the existing promoters, and still be considered to have sufficient public shareholding. We had explained how such a scenario would defeat the very objective of having taken steps to ensure a minimum public shareholding in listed companies.

In response, you stated that assuming our example of treating the Acquirer as "non public" is accepted and Acquirer is asked to reduce his shareholding to 24.99% of the shareholding of the Company, then the Promoters you said would have no restriction on further acquisitions and could go up to 74.99% thereby bringing us back to the same problem of the Company having just 2 shareholders.

We appreciate you bringing up this point as this is the precise problem that occurs when we incorrectly interpret Regulation 7(4) of the Takeover Regulations. If the shareholding of the Acquirer and the existing promoters of the Company is taken as "non-public" as contemplated by Regulations 7(4), then, the problem you had mentioned on the call will not occur. As an example, as per our reading of Regulation 7(4), none of (i) the Promoter's acquisition of shares sold by the Acquirer; and (ii) the acquisition of shares by the Acquirer out of the shares sold by the Promoters, help in increase in the public shareholding of the Company. However, if the Acquirer sells its shares to the actual public shareholders as contemplated under Regulation 7(4), then the public shareholding of the Company would revive to the levels prescribed under law. In our opinion, you have helped us recognize the intention behind the Regulation 7(4), and we are sure SEBI and other judicial authorities will readily see this. So the existing promoters even if they want to enhance their stake or even if they can enhance their stake in terms of Takeover Regulations they (the existing promoters of the Company) cannot acquire further shares if the collective holding of "Acquirers and existing promoters" touches 75% as it will amount to violation of Rule 19(A)(2) of SCRR read with clause 40B of Listing Agreement. Thus the scenario of public holding being only 2 persons as envisaged above cannot arise at all if our submissions are accepted. We recognize that another argument could be raised that a single shareholder could purchase the 25 per cent public shares and take us back to the same problem that we then have just 3 shareholders, promoter, acquirer and the single shareholder. But that possibility is theoretically possible but not practically very feasible.

We once thank you for your time, and we hope that you will give due consideration to the above points and give us your decision as requested in our letter dated September 02, 2013.

Yours Sincerely,

**For R Systems International Limited**

  
**Satinder Singh Rekhi**  
**(Chairman and Managing Director)**

## Shareholding Pattern

R SYSTEMS INTERNATIONAL LTD.

Scrip Code : 532735  
Date Begin : 01 Jul 2013Quarter Ending : September 2013  
Date End : 30 Sep 2013

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the company
Held by promoter/promoter group	0	0.00	0.00
held by public	0	0.00	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>

Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0.00	0.00
held by public	165143	100.00	1.29
<b>Total</b>	<b>165143</b>	<b>100.00</b>	<b>1.29</b>

Warrants	No. of warrant	As a % of total no. of warrants	As a % of total no. of shares of the company assuming full conversion of warrants
Held by promoter/promoter group	0	0.00	0.00
held by public	0	0.00	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>

Total Paid-up capital of the company assuming full conversion of warrants and convertible securities

12830601

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares	Shares pledged or otherwise encumbered	As a % of Total No. of Shares
<b>(A) Shareholding of Promoter and Promoter Group</b>						
<b>(1) Indian</b>						
Individuals / Hindu Undivided Family	2	8246	8246	0.07	0.07	0.00
Bodies Corporate	3	2434789	2434789	19.22	19.22	0.00
<b>Sub Total</b>	<b>5</b>	<b>2443035</b>	<b>2443035</b>	<b>19.29</b>	<b>19.29</b>	<b>0.00</b>
<b>(2) Foreign</b>						
Individuals (Non-Residents Individuals / Foreign Individuals)	4	727543	727543	5.74	5.74	0.00
Bodies Corporate	1	927200	927200	7.32	7.32	0.00
<b>Any Others (Specify)</b>	<b>3</b>	<b>2343918</b>	<b>2343918</b>	<b>18.51</b>	<b>18.51</b>	<b>0.00</b>
Trusts	3	2343918	2343918	18.51	18.51	0.00
<b>Sub Total</b>	<b>8</b>	<b>3998661</b>	<b>3998661</b>	<b>31.57</b>	<b>31.57</b>	<b>0.00</b>
<b>Total shareholding of Promoter and Promoter Group (A)</b>	<b>13</b>	<b>6441696</b>	<b>6441696</b>	<b>50.86</b>	<b>50.86</b>	<b>0.00</b>

**(B) Public Shareholding****(1) Institutions****(2) Non-Institutions**

Bodies Corporate	137	146910	146910	1.16	1.16	0.00
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## Individuals

Individual shareholders holding nominal share capital up to Rs. 1 lakh	11184	1031046	1004154	8.14	8.14	0	0.00
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	17	4971304	4959904	39.25	39.25	0	0.00
Any Others (Specify)	5	74502	604	0.59	0.59	0	0.00
Clearing Members	4	604	604	0.00	0.00	0	0.00
Trusts	1	73898	0	0.58	0.58	0	0.00
<b>Sub Total</b>	<b>11343</b>	<b>6223762</b>	<b>6111572</b>	<b>49.14</b>	<b>49.14</b>	<b>0</b>	<b>0.00</b>
<b>Total Public shareholding (B)</b>	<b>11343</b>	<b>6223762</b>	<b>6111572</b>	<b>49.14</b>	<b>49.14</b>	<b>0</b>	<b>0.00</b>
<b>Total (A)+(B)</b>	<b>11356</b>	<b>12665458</b>	<b>12553268</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>(1) Promoter and Promoter Group</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>(2) Public</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>Total (A)+(B)+(C)</b>	<b>11356</b>	<b>12665458</b>	<b>12553268</b>	<b>0.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

## Notes:

1. For determining public shareholding for the purpose of Clause 40A
2. For definitions of Promoter and Promoter Group, refer to Clause 40A.
3. Public shareholding

Vikash Kumar Tiwari  
Company Secretary & Compliance Officer

[Click here for Shareholding belonging to the category "Promoter and Promoter Group"](#)

[Click here for Shareholding belonging to the category "Public" and holding more than 1% of the Total No. of Shares](#)

[Click here for Shareholding belonging to the category "Public" and holding more than 5% of the Total No. of Shares](#)

[Click here for Details of Locked-in Shares](#)

[Click here for Details of Depository Receipts \(DRs\)](#)

[Click here for Holding of Depository Receipts \(DRs\), where underlying shares held by 'promoter/promoter group' are in excess of 1% of the total number of shares.](#)



## Shareholding Pattern

R SYSTEMS INTERNATIONAL LTD.

Scrip Code : 532735

Quarter ending : September 2013

Shareholding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category 'Public' and holding more than 5% of the total number of shares of the company

Sl. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	No. of Shares	Shares as % of Total No. of Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	Bhavook Tripathi	4541731	35.86	0	0.00	0	0.00	35.40
	<b>Total</b>	<b>4541731</b>	<b>35.86</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>35.40</b>