



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

CHIEF GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
DIVISION OF CORPORATE RESTRUCTURING

CFD/DCR/IG/CB/15/21/12
July 9, 2012

R SYSTEMS INTERNATIONAL LIMITED
C-40, Sector-59
NOIDA - 201307

Dear Sir,

Sub: Request for "Interpretative Letter" under the SEBI (Informal Guidance) Scheme, 2003 {Scheme} by M/s. R Systems International Limited in the matter of M/s. R Systems International Limited {Target Company} under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Takeover Regulations}.

1. This has reference to your letter dated February 24, 2012 and subsequent discussion on April 16, 2012 on the captioned subject.
2. You have, *inter alia*, represented as follows-
 - (i) The shares of M/s. R Systems International Limited ("Company") is listed on the National Stock Exchange and the Bombay Stock Exchange.
 - (ii) As of December 31, 2011, its promoters i.e. Mr Satinder Singh Rekhi, Mrs Harpreet Rekhi, RightMatch Holdings Ltd & Harpreet Rekhi Family Trust along with the promoter group were holding 45.57% of the expanded equity capital of the target company.
 - (iii) A shareholder of the target company, Mr Bhavook Triparthi ("Acquirer") made a public announcement (PA) for an open offer for acquisition of 33, 45,242 equity shares of the target company on December 15, 2011. As on that date, the Acquirer had been holding 23.82% of the equity share capital in the company.
 - (iv) The Acquirer had further acquired 9, 24,142 (7.18%) shares of the company on December 15, 2011, after the commencement of the offer period.
 - (v) The Acquirer, in the detailed public statement (DPS) dated December 22, 2011 had stated that as on the date of DPS, he held 31% of the equity share capital in the company.



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3. In view of the above, you have sought interpretive guidance from SEBI on the following queries :-
- Confirmation of the understanding that Regulation 22(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred as "Takeover Regulations, 2011") prohibits the completion of any acquisition (whether under an agreement or otherwise) of shares/voting rights/control by an acquirer for which the open offer is required to be made under the Takeover Regulations, prior to the consideration having been received by the shareholders who have tendered their shares under the open offer.
 - Confirmation of the understanding that Regulation 22(2) merely provides for an exception to the prohibition under Regulation 22(1) by permitting the acquirer to complete the acquisition contemplated under such agreement after 21 days from the date of DPS, subject to the deposit of 100% of the consideration payable under the open offer assuming full acceptances.
4. We have considered the submission made by you in your letter under reference and without necessarily agreeing with your analysis; our views on the issues are as under.
- Regulation 13(1) of Takeover Regulations stipulates that the PA mandated under regulation 3 & 4 shall be made on the date of agreeing to acquire shares or voting rights in, or control over the target company.
 - Regulation 13(2) of Takeover Regulation deals with the timing of making the public announcement. Regulation 13(2)(a) of Takeover Regulation stipulates that in the case of market purchases which would lead to increase in the voting rights of the acquirer beyond the stipulated threshold, the public announcement has to be made prior to placing the order with the stock broker.
 - Regulation 22(1) relates to an acquisition pursuant to an agreement and is not applicable in cases of transactions involving market purchases. The expression "such agreement" in regulation 22(2) endorses the above stated interpretation.
 - Regulation 22(2) provides for an exception to regulation 22(1) by permitting the acquirer to complete the acquisition contemplated in the

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agreement which triggered an open offer subject to the fulfillment of the conditions stated therein.

5. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.
6. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,

V S Sundaresan