



R S SOFTWARE (INDIA) LTD.

CIN: L72200WB1987PLC043375

www.rssoftware.com

An ISO 9001:2015 and ISO 27001:2013 company

To

The Executive Director

Department of Legal Affairs

Securities and Exchange Board of India

SEBI Bhawan, Plot No. C4-A, G Block,

Bandra Kurla Complex,

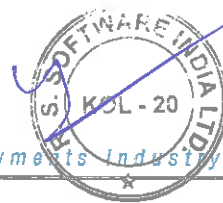
Mumbai - 400051

Dear Sirs,

Sub: Request for informal guidance by way of an Interpretive Letter under the SEBI (Informal Guidance) Scheme 2003 ("Informal Guidance Scheme") in connection to SEBI (Prohibition of Insider Trading) Regulations, 2015.

1. Background and facts of the case

- 1.1 **R S Software (India) Limited**, (hereinafter referred as '**RSS**' or '**Applicant**' or '**Company**') is a company incorporated under the erstwhile provisions of Companies Act, 1956 and listed with Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd, having its registered office at 'FMC FORTUNA' Building, 1st Floor, A-2, 234/3A, A.J.C. Bose Road, Kolkata 700020.
- 1.2 The Applicant is engaged in the business of providing Software Solutions in Payment Domain (including Products & Platforms) to its Clients across the Globe.
- 1.3 On September 4, 2012, a Trust in the name & style of 'R S Software Employee Welfare Trust' (hereinafter referred to as the Trust) was instituted with the objective of providing assistance to the employees in form of Medical facilities, scholarships, housing, and to reward performance them besides attracting talent.
- 1.4 The said Trust acquired 11,48,640 Equity shares of the company comprising of 4.47% of the total shareholding of the company during the period from October 2012 to January 2013. There was no other Investments made by the Trust save & except Fixed Deposits from time to time. The Trust continues to hold these shares as on date.
- 1.5 On 28th October 2014, SEBI notified SEBI (Share Based Employee Benefit) Regulations, 2014. In terms of these Regulations, the shares held by the Employee Benefit Trust of the Company are supposed to be sold in terms of Proviso of Regulation 3(12) of Chapter II, which states that "**The un-appropriated inventory of shares which are not backed by grants, acquired through secondary acquisitions by the Trust under Part A, Part B or Part C of Chapter II of**



Global Leader in Providing Technology Solutions to the Electronic Payments Industry

- Registered Office:** ➤ R.S. Software (India) Ltd. A-2, FMC Fortuna, 234/3A, A.J.C. Bose Road, Kolkata 700020, India
Tel: 91 33 2287 5746, 91 33 2281 0106 Fax: 91 33 2287 6256
- Computer Centers:** ➤ RS Tower, Block DN - 9, Sector - V, Salt Lake Electronics Complex, Kolkata 700091, India Tel: 91 33 6601 8899 Fax: 91 33 2367 4469
- US Offices:** ➤ 1900 McCarthy Boulevard, Suite #103, Milpitas CA 95035 Tel: 408 382 1200 Fax: 408 382 0083
➤ 555 North Point Center East, 4th floor, Alpharetta GA 30022 Tel: 678 366 5179 Fax: 678 366 5001
- UK Office:** ➤ Suite 218, Orion House, 104 - 106 Cranbrook Road, Ilford, Essex IG1 4LZ Ph: 02086363996
- Subsidiaries:** ➤ Responsive Solutions Inc., California, US
➤ R.S. Software (Asia) Pte. Limited, Singapore, Asia
➤ Paypermint Pvt. Limited



these Regulations, shall be appropriated within a reasonable period which shall not extend beyond the end of the subsequent Financial year: Provided that if such Trust is existing as on the date of notification of these Regulations are not able to appropriate the un-appropriated inventory within one year of such notification, the same shall be disclosed to the Stock Exchange(s) at the end of such period and then the same shall be sold on the recognized stock exchange(s) where shares of the company are listed, within a period of five years from the date of notification of these Regulations”.

- 1.6 It is submitted that the Promoters & Promoters Group, the Executive Director and Independent Directors of the Company are desirous of acquiring the shares held by the Company's Employee Benefit Trust through Stock Market offering from the trust, to enable the company and the Trust to be in compliance with the said provision of SEBI (Share Based Employee Benefit) Regulations 2014.
- 1.7 The current shareholding pattern of the Directors are as under –
- Mr Rajnit Rai Jain, Promoter, Executive Director & CMD holds 39.04 % of total issued equity shares of the Company.
 - Mrs Sarita Jain, Promoter & Non-Executive Director holds 1.43% of total issued equity shares of the Company.
 - Mr Rajasekhar Ramaraj, Non-Executive & Independent Director holds 0.27% of total issued equity shares of the Company.
 - Mr Richard Launder, Non-Executive & Independent Director holds 0.19% of total issued equity shares of the Company.

2. Relevant Regulations

- 2.1 In accordance with Regulation 3 (2) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 the Promoter Director holding more than 25% equity shares in the Company, can acquire up-to 5% shares without making an Open Offer
- 2.2 Pursuant to Regulation 4 (1) (ii) of SEBI (Prohibition of Insider Trading) Regulations, 2015 an Insider, trade in securities of the entity listed on the Stock Exchange, when in possession UPSI, provided it can be demonstrated that the transaction was carried out through Block Deal window mechanism.
- 2.3 Pursuant to Regulation 4 (1) (iii) of SEBI (Prohibition of Insider Trading) Regulations, 2015. an Insider, shall trade in securities of the entity listed on the Stock Exchange, when in possession UPSI provided it can be demonstrated that the transaction was carried out pursuant to Legal & Statutory Obligation.
- 2.4. Under Regulation 5 of SEBI (Prohibition of Insider Trading) Regulations, 2015. an insider is required to formulate a Trading plan.





2.5. Regulation 3(b) and Regulation 4(2)(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Security Market) Regulations, 2003 requires that no person should use of employ manipulative device contravening the provisions of the Act to purchase shares of a listed company or induce any person of artificially inflating or causing fluctuation in the price of shares.

2.6 Regulation 16(2)(C) SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015 permits independent Directors to hold up to 2% of equity shares in the company

3. Clarification Sought

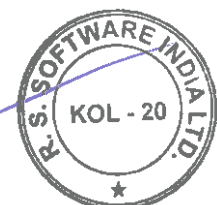
In light of the above submissions and Relevant Regulations, we most humbly request your good office to confirm our understanding and issue an informal guidance by way of interpretive letter under para 5 of the Informal Guidance Scheme, 2003 on the following:

- I. Whether shares held by the Trust, in full or part, if purchased by the Promoters & Promoters Group (including Executive Director) or Independent Directors of the Company will be within the lawful limits and not in contravention of the above Relevant Regulations.
- II. Whether these shares can be purchased by the Promoters & Promoters Group or Independent Directors by way of Block Deal through the Stock Exchange in compliance with the relevant regulations as these are being acquired on grounds of regulatory requirement.
- III. Whether there are any restrictions to the aforesaid transaction or specific compliances that the purchasers or the Company need to comply with.
- IV. Whether Regulation 5 of SEBI (Prohibition of Insider Trading) Regulations, 2015 puts any restraint on this transaction, as these are shares not acquired for trading purposes, but to meet regulatory requirements.

4. Our Understanding

4.1. Taking note of the relevant regulations, in our considered view, there is no restriction or obligation to make an open offer on purchase of these shares by Promoter & Promoters Group in a Financial year, as such acquisition of shares is less than the ceiling of 5% of total Issued Share Capital as specified in Regulation 3(2) and shall have to meet disclosure requirement under Regulation 29(1) & (2) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011.

4.2. Further in accordance with the Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there is no restriction on purchase of these Shares by Independent Directors subject to an overall ceiling on their holding in the Company not to exceed 2%.





- 4.3. We understand that the purchase of these shares by either Promoter Directors or by Independent Directors shall in no way be termed as the transactions attracting any Relevant Regulations of SEBI (Prohibition of Insider Trading) Regulations, 2015 as these are being made under Regulatory and Legal requirement through proposed block Deal mechanism.
- 4.4 We understand that the provisions of Regulation 5 of SEBI (Prohibition of Insider Trading) Regulations, 2015 with respect to limitation on time shall not apply as these are shares held by EWT and disposed of in terms of regulatory requirement and not being acquired for trading purposes.
- 4.4 We understand that the purchase of these shares by either Promoter Directors or by Independent Directors shall in no way be termed as the transactions falling within the preview of Regulation 3(b) and 4(2) (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Security Market) Regulations, 2003 considering the intent .
- 4.5 Taking note of the above, it is submitted that purchase of such shares by Promoter Directors or Independent Directors would ensure adequate protection to small shareholder as if such number of shares as held by trust is offered for sale in general; such an offering may prejudicially impact the price of shares in the market.
- 4.6 We further understand that in such cases prices shall be the effective market price and transactions would be normal Stock Exchange based transactions.

5. Request for Confidentiality

In accordance with para 11 of the Informal Guidance Scheme, we request that this letter and its contents be kept confidential for maximum period possible i.e. until 90 days after the response to this letter been tendered.

6. Compliance with Para 6 of the Scheme

In accordance with para 6, this request for informal guidance is accompanied with a Demand Draft No. 508717 for INR 25000/- (Rupees Twenty Five Thousand) dated May 15, 2019 drawn on ICICI Bank Ltd in favour of Securities And Exchange Board of India, payable at Mumbai.

All material facts, circumstances and legal provisions which in our opinion are relevant for the purposes of determining of this request are stated herein.





We would be happy to provide any further information, as may be required to process this application. In case of any additional clarifications or information in connection with the subject matter, please feel free to contact the undersigned at E-mail: Vijendras@rssoftware.co.in and Mobile: 9830905060.

Thanking you,

Yours faithfully,
R S Software (India) Ltd


Name: Vijendra Surana
Designation: CFO & Company Secretary
Date: July 03, 2019
Place: Kolkata



Encl.: As above