

Saldhar Investments and Trading Company Private Limited

NKM International House, 178 Backbay Reclamation, B C Marg, Mumbai 400 020.

Telephone (022) 22838302 / 22838304 Email: apmaniar@apcotex.com CIN: U67120MH1979PTC021881



SEBI/IW/P/2015131 / 0000066701

Date: 10th December, 2015

To

The Chief General Manager,

Corporation Finance Department,

Division of Corporate Restructuring,

Securities and Exchange Board of India,

SEBI Bhavan, Plot No C4-A,

'G' Block, BandraKurla Complex,

Bandra (East), Mumbai 400 051.

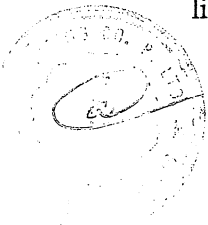
Dear Sir,

Re: Request for Informal Guidance by way of no action letter under the SEBI (Informal Guidance) Scheme, 2003, in relation to an amalgamation of promoter group companies of Apcotex Industries Limited and inter-se transfer of shares of Apcotex Industries Limited by the Promoters to the promoter group companies.

We submit the following facts for your consideration and your opinion, with respect to the provisions of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011 ('SAST Regulations').

1. BACKGROUND

- 1.1 Apcotex Industries Ltd ('Apcotex') is an Indian company engaged in the business of manufacturing performance emulsion polymers. The equity shares of Apcotex are listed on National Stock Exchange ('NSE') and Bombay Stock Exchange ('BSE').



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- 1.2 The list of individuals / entities constituting the Promoters and the promoter group of Apcotex is annexed as **Schedule 1** hereto (as per the listing agreement filings made by Apcotex).
- 1.3 As can be observed from Schedule 1, there are certain companies which hold shares in Apcotex. The key companies which form part of the promoter group are:
- Saldhar Investments and Trading Company Private Limited ('Saldhar') which owns 5.46% stake in Apcotex and is classified as a 'promoter' for over 3 years. The shareholders of Saldhar are also promoters of Apcotex.
 - Dhumraketu Investments and Trading Company Private Limited ('Dhumraketu') which owns 16% stake in Apcotex and is classified as a 'promoter' for over 3 years. The shareholders of Dhumraketu are also promoters of Apcotex.
 - Trivikram Investments and Trading Company Limited ('Trivikram') owns 19.07% stake in Apcotex and is classified as a 'promoter' for over 3 years. The shareholder of Trivikram is Titan Trading and Agencies Limited ('Titan'). However, it may be noted that the shareholders of Titan are also promoters of Apcotex.
 - In a nutshell, Saldhar, Dhumraketu and Trivikram and their shareholders are directly or indirectly promoters of Apcotex.
- 1.4 The shareholding pattern of Saldhar, Dhumraketu, Trivikram and Titan is annexed at **Schedule 2.A** pictorial representation of the structure is also enclosed at **Schedule 3**.

2. PROPOSED CONSOLIDATION

- 2.1 With a view to consolidate the holdings and streamline the promoter holding company structure, it is proposed to amalgamate Titan, Trivikram and Dhumraketu into Saldhar through a Scheme of Amalgamation which will require approval of the High Court.



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2.2 The key elements of the Scheme of Amalgamation are as under:

- Titan, Trivikram and Dhumraketu would be merged into Saldhar with effect from Appointed Date of 1st January, 2016 (which falls in Financial Year [FY]2015-16). The process of amalgamation is likely to be completed and approved by the High Court within a period of 5 to 6 months (sometime during FY 2016-17).
- In consideration of the amalgamation of Dhumraketu into Saldhar, Saldhar will issue shares to the shareholders of Dhumraketu (i.e. the Promoters). Thus, pursuant to this amalgamation, the shareholders of Dhumraketu (which are substantially the same as the shareholders of Saldhar) will become shareholders of Saldhar.
- In consideration of the amalgamation of Trivikram into Saldhar, Saldhar will not issue shares to the shareholder of Trivikram (i.e. Titan) as Titan is also being amalgamated with Saldhar. Hence, Saldhar will issue shares to the shareholders of Titan. Thus, pursuant to this amalgamation, the shareholders of Titan (who, as mentioned above, are promoters of Apcotex) will become shareholders of Saldhar.
- Accordingly:
 - Pursuant to the Scheme of Amalgamation, Saldhar's shareholding in Apcotex will increase from 5.46% to 40.53%, as the shares held by Dhumraketu and Trivikram in Apcotex will be transferred and vested in Saldhar.
 - Shareholders of Dhumkrekту and Titan will become shareholders of Saldhar.
- A pictorial representation of the structure post the Scheme of Amalgamation is enclosed at **Schedule 4**.

2.3 Further, the individual Promoters (all of whom have been classified as part of the "promoters" or "promoter group" for over 3 years) are proposing to transfer all /



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part of the shares held by them in Apcotex to Saldhar. Such inter-se transfer is likely to be done on the floor of stock exchange through the block deal window during FY 2016-17.

3. IMPLICATIONS OF SCHEME OF AMALGAMATION OF PROMOTER GROUP COMPANIES UNDER SAST REGULATIONS

3.1 Pursuant to the Scheme of Amalgamation of Dhumraketu, Trivikram and Titan into Saldhar, the shares held by Dhumraketu and Trivikram in Apcotex would be transferred to and vested in Saldhar. Thus, Saldhar's stake in Apcotex would increase from 5.46% to 40.53%.

3.2 Under Regulation 10(1)(d)(iii) of the SAST Regulations, an acquisition pursuant to a Scheme of Amalgamation wherein the Target (i.e. Apcotex) is not directly involved as a transferor / transferee company would not trigger any open offer obligations under Regulation 3 if:

- the component of cash and cash equivalents in the consideration paid being is less than 25% of the consideration paid under the Scheme of Amalgamation; and
- after implementation of the Scheme of Amalgamation, persons directly or indirectly holding at least 33% of the voting rights in the combined entity are the same as the persons who held the entire voting rights before the implementation of the Scheme of Amalgamation.

3.3 The proposed Scheme of Amalgamation would fulfil the aforesaid conditions as under:

- The entire consideration for the amalgamation would be discharged by Saldhar by issue of its shares. No portion of the consideration would be discharged in the form of cash/cash equivalents. Hence, the first condition stands fulfilled.
- Post-merger, since Saldhar will issue shares to the shareholders of Dhumraketu, such shareholders will hold more than 33% in Saldhar. However, concurrent to



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the amalgamation of Trivikram with Saldhar, the shareholder of Trivikram (i.e. Titan) will also be amalgamated into Saldhar. Thus, Saldhar will not issue any shares to Titan, but to Titan's shareholders. Thus, post-merger, Titan will not hold shares in Saldhar, but Titan's shareholders (i.e. the Promoters, who are currently indirect shareholders of Trivikram) will hold more than 33% stake in Saldhar. Hence, the second condition also stands fulfilled.

- 3.4 Hence, we understand that the present case of acquisition of shares by Saldhar in Apcotex would squarely fall under the exemption provided under Regulation 10(1)(d)(iii) of the SAST Regulations.

4. IMPLICATIONS OF INTER-SE PROMOTER TRANSFER FROM INDIVIDUAL PROMOTERS TO PROMOTER GROUP COMPANY UNDER SAST REGULATIONS

- 4.1 In order to further consolidate their holdings into Saldhar, apart from the Scheme of Amalgamation, the individual Promoters are proposing to transfer all / part of the shares held by them in Apcotex to Saldhar. This is likely to happen sometime in FY 2016-17.

- 4.2 At the time of such inter-se transfer of shares, Saldhar would hold approximately 40.53% in Apcotex (pursuant to the aforesaid Scheme of Amalgamation).

- 4.3 By virtue of Regulation 10(1)(a)(ii) of the SAST Regulations, such inter-se transfer from the individual Promoters to Saldhar would be exempt from the open offer obligations under Regulation 3 since this would be inter-se transfer of shares amongst qualifying persons, being persons named as promoters in the shareholding pattern filed by the Target (Apcotex) for atleast 3 years prior to the proposed



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acquisition (all the Promoters and Saldhar would fulfil this criteria and, hence, would be qualifying persons).

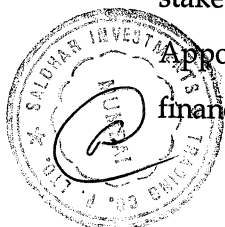
5. IMPLICATIONS OF CREEPING ACQUISITION UNDER SAST REGULATIONS

- 5.1 Saldhar's holding in Apcotex would increase from 5.46% to over 40% by FY2016-17 (being the year in which the Scheme of Amalgamation is approved by the High Court) pursuant to the Scheme of Amalgamation [exempt under Regulation 10(1)(d)(iii)] and the inter-se transfer [exempt under Regulation 10(1)(a)(ii)].
- 5.2 Since the increase in stake is a result of acquisitions which are exempt under Regulation 10 and are between Promoters / promoter group, separately Saldhar would be permitted to acquire upto 5% stake in Apcotex in FY 2016-17 under the creeping route from the open market under Regulation 3(2) of SAST Regulations.

6. CLARIFICATIONS SOUGHT

Based on the above facts, we seek your no action letter with respect to the following:

1. Confirmation that the transfer and vesting of shares of Apcotex in Saldhar pursuant to the Scheme of Amalgamation of Dhumraketu, Trivikram and Titan into Saldhar would be exempt from open offer obligations by virtue of Regulation 10(1)(d)(iii) of the SAST Regulations.
2. A. Confirmation that the acquisition of shares of Apcotex by Saldhar from the individual Promoters would be exempt from open offer obligations by virtue of Regulation 10(1)(a)(ii) of the SAST Regulations.
3. Confirmation that Saldhar would be permitted to separately acquire up to 5% stake in Apcotex from the open market in FY2015-16 (being the financial year in which the Appointed Date for the Scheme of Amalgamation falls) and in FY 2016-17 (being the financial year in which the Scheme of Amalgamation is approved by the Courts and it



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acquires shares through inter-se Promoter transfer) through creeping acquisition under Regulation 3(2) of SAST Regulations.

REQUEST FOR CONFIDENTIALITY

Given the sensitivities involved in a transaction of this nature, we request you to keep this request and your response confidential and not be made available to the public in accordance with applicable SEBI Regulations.

If any additional information is required in relation to the clarifications as sought above, we request you to kindly communicate at the following address:

**NK Mehta International House
178, Backbay Reclamation
Babubhai M. Chinai Marg,
Mumbai - 400 020**

We thank you in advance for your time in considering this application and look forward to hearing from you and receiving your interpretive letter in relation to the above.

We have already submitted demand draft bearing No. 455853 dated 06/11/2015 of Rs. 25,000/- drawn on HDFC Bank Ltd, Churchgate Industry House Branch vide our letter dated November 5, 2015 towards the fees as specified under the SEBI (Informal Guidance) Scheme, 2003 (Copy attached herewith as **Schedule 5**).

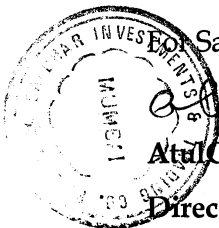
Yours Truly

For Saldhar Investments and Trading Company Private Limited


Atul Choksey

Director

Encl: a/a



Saldhar Investments and Trading Company Private Limited

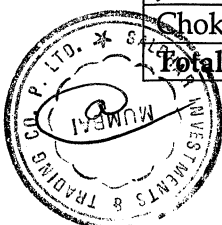
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Schedule 1

LIST OF SHAREHOLDERS FORMING PART OF PROMOTERS / PROMOTER GROUP OF APCOTEX INDUSTRIES LIMITED (AS ON SEPTEMBER 30, 2015)

Name of the individuals/entities forming part of Promoter and Promoter Group of Apcotex	Number of Equity shares owned	% Shareholding of Apcotex
Trivikram Investments and Trading Company Limited	3953976	19.0663
Dhumraketu Investments and Trading Company Private Limited	3319114	16.005
Atul Champaklal Choksey	1335400	6.4394
Saldhar Investments and Trading Company Private Limited	1133088	5.4638
Parul Atul Choksey	541540	2.6113
Abhiraj Atul Choksey (HUF)	349728	1.6864
Abhiraj Atul Choksey	169888	0.8192
Devanshi Anant Jalan	146000	0.704
Abhiraj Trading and Investment Private Limited	116468	0.5616
Apco Enterprises Limited	112352	0.5418
Rita Ashok Parekh	106380	0.513
Bhuvantray investments and Trading Company Private Limited	99784	0.4812
Aquamarine Trading and Investments Private Limited	98800	0.4764
Amit Champaklal Choksey	68910	0.3323
Namrata Amit Choksey	57076	0.2752
Ankita Amit Choksey	54088	0.2608
Gauriputra Investments and Trading Company Private Limited	52400	0.2527
Priti Amit Choksey	47134	0.2273
Amit Champaklal Choksey HUF	41140	0.1984
Biyash Abhiraj Choksey	36000	0.1736
HMP Minerals Private Limited	19324	0.09
Ankur Girish Choksey	13600	0.0656
Prashant Girish Choksey	13200	0.0637
Girish Champaklal Choksey	10000	0.0482
Sunita Girish Choksey	9200	0.0444
Forest Hills Trading and Investments Pvt. Ltd.	8600	0.0415
Haridwar Trading and Investments Pvt. Ltd.	8600	0.0415
Girish Champaklal Choksey	7800	0.0376
Devaki Ashok Parekh	6400	0.0309
Atul Champaklal Choksey HUF	5000	0.02
Janaki Ashok Parekh	4800	0.0231
Choksey Chemicals Pvt. Ltd.	276	0.0013
Total	11946066	57.60



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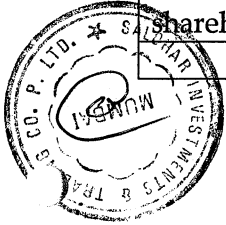
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Schedule 2

DETAILS OF SHAREHOLDING PATTERN OF RELEVANT COMPANIES

Name of the shareholder	Titan	Trivikram	Dhumraketu	Saldhar
Mr. AtulChoksey	22.58%	-	49%	47.50%
Mrs. ParulChoksey	16.62%	-	49%	47.55%
AtulChoksey HUF	11.69%	-	-	-
Mr. AbhirajChoksey	39.38%	-	-	-
Ms. DevanshiJalan	9.69%	-	-	-
AbhirajChoksey HUF	0.02%	-	-	-
Dhumraketu	0.02%	-	-	4.95%
Saldhar	-	-	2%	-
Titan (alongwith nominee shareholders)	-	100%	-	-
Total	100%	100%	100%	100%



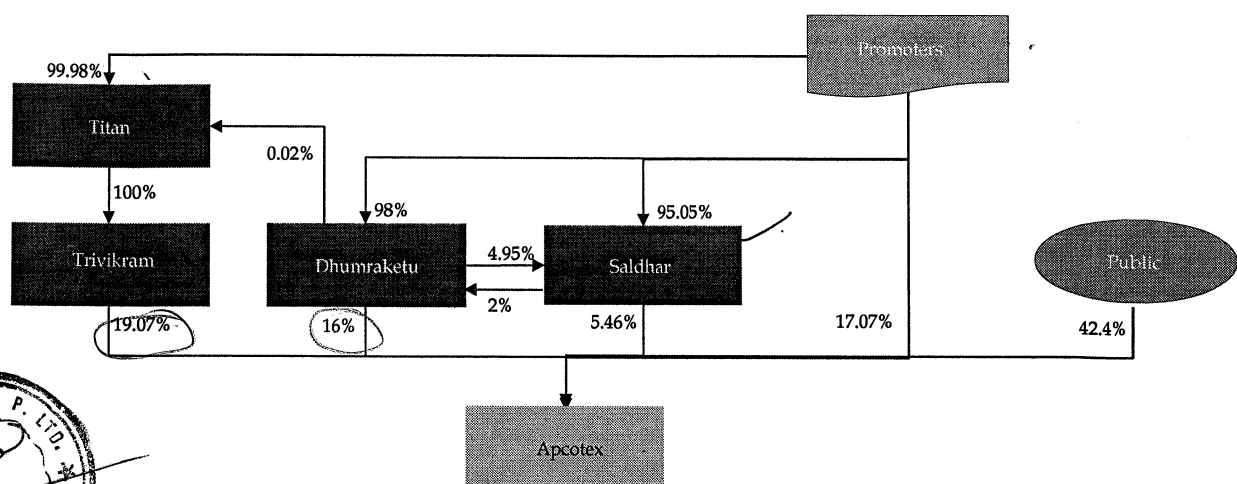
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Schedule 3

PICTORIAL REPRESENTATION OF THE SHAREHOLDING PATTERN OF APCOTEX LIMITED AS ON SEPTEMBER 30, 2015



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Schedule 4

PICTORIAL REPRESENTATION OF THE INDICATIVE SHAREHOLDING PATTERN OF APCOTEX INDUSTRIES LIMITED POST SCHEME OF AMALGAMATION

