



Deputy General Manager
Integrated Surveillance Department

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

SEBI/HO/ISD/OW/P/2020/10749/1

June 04, 2020

Raghav Commercial Ltd.

14/1B, Ezra Street, World Trade Centre

Kolkata – 700001

Kind Attention: Mr. Vimal Banka, Director

Dear Sir,

Sub: Request for Informal Guidance by way of an interpretive letter under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003

Ref: Your letter dated February 07, 2020

1. This has reference to the captioned letter requesting guidance by way of an 'interpretive letter' under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 (the scheme).
2. In your letter under reference, you have inter alia, made the following submissions:
 - a) The promoter & promoter group of HEG Ltd. consisting of Individuals/HUFs/Bodies Corporate holds 59.62% stake in the Company.
 - b) RSWM Limited and other members of the Promoter & Promoter Group (hereinafter referred to as 'Erstwhile Selling Shareholders') traded/sold certain number of shares in the open market during the period 16 September 2019 to 25 September 2019.
 - c) It is being proposed to undertake inter se transfer of certain number of share of the company amongst the promoter & promoter group (i.e. between individual and non-individual insiders) by way of block deal executed on the stock exchange (hereinafter, referred to as the 'Proposed Transaction'). It is hereby clarified that the proposed inter se transfer of shares amongst the Promoter & Promoter Group shall not exceed 5%.
 - d) To reiterate, Acquirer(s) are the non-individual members of the Promoter Group.
 - e) The erstwhile selling shareholders are not parties to the aforementioned Proposed Transaction.

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.

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- f) Post the proposed transaction amongst the Promoter & Promoter Group, the overall shareholding of the Promoter & Promoter Group remains the same i.e. 59.62%.
3. In light of the aforesaid submissions, you have sought guidance in the form of an interpretive letter with respect to the following queries:
- a) Query 1: Whether provision of contra-trade apply to trades made by an individual Promoter or whether the entire Promoter & Promoter Group is considered for the same. For example - if a single Promoter has executed a trade (RSWM Limited in this case), then whether the restrictions on contra trade apply to it separately or will it apply to the entire Promoter & Promoter Group.
 - b) Query 2: Assuming the Proposed Transaction is undertaken during the period wherein trading window restrictions are applicable, then whether the trading restriction as stipulated in Clause 4 of Schedule B of PIT regulations would apply in the aforesaid Proposed Transaction (i.e. between individual promoters and non-individual promoters by way of block deal executed on the stock exchange).
 - c) Query 3: Whether the Proposed Transaction is within the limits of Regulations 3(2) of Takeover Regulations, 2011 and if yes, then whether exemption under Regulation 10 of Takeover Regulations, 2011 is required.
4. Without necessarily agreeing with the analysis given in your letter under reference, the interpretation on the above queries is as under:
- a) Query 1: Consequent to the provisions of regulation 9 of the PIT Regulations and clause 3 of Schedule B to the PIT Regulations, the contra trade restrictions apply to trades made by promoters individually and not the entire promoter group.
 - b) Query 2: In the proposed transaction, there is an inter se transfer of shares from individual promoters to non-individual promoters through the block deal window mechanism while in possession of UPSI without being in breach of regulation 3 of the PIT Regulations and both parties make a conscious and informed trade decision. Hence, this proposed transaction shall be considered to fall within the meaning of transactions specified in regulation 4 (1) (ii) and the proposed transaction shall not attract trading window restrictions subject to the proviso to regulation 4 (1) and pre-clearance by the compliance officer.



अनुवर्ती :
Continuation :

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Nevertheless, it may be noted that the circumstances (i) to (vi) of regulation 4 (1) of the PIT Regulations are for demonstrating innocence and not an exemption from the applicability of regulation 4 of the PIT Regulations.

- c) Query 3: It is evident from regulation 3(2) of Takeover Regulations, 2011 that if the gross acquisitions by the Acquirer along with PACs, holding 25% or more, (regardless of any intermittent fall) exceeds 5% within any financial year, obligation to make an open offer is triggered. As submitted by you, the transfer of shares amongst the Promoter & Promoter Group through the proposed transaction shall not exceed 5%. Hence, the obligation to make an open offer is not triggered. Accordingly, question of exemption under Regulation 10 of Takeover Regulations, 2011 from the obligation of making an open offer does not arise.

However, the applicant/company is required to ensure that all the acquisitions by the concerned parties within the financial year are to be taken into account for the above explanation to hold good. Further, the applicant/company is required to fulfill other disclosure obligations under the Takeover Regulations, 2011 or any other obligations as provided under the Regulations framed under the SEBI Act, 1992.

5. Further, vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that the letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.
6. This position is specific to the information furnished in the letters under reference. Different facts or conditions may entail different interpretation. Further, this letter does not contain any decision of the Board on the question referred.
7. It may also be noted that the above views are expressed only with respect to the clarification sought in the letters under reference with respect to the SAST/PIT Regulations and do not affect the requirements/applicability of any other law framed under SEBI Act, 1992, including the Regulations, Guidelines, Circulars etc., that are administered by SEBI or of the laws administered by any other authority.

Yours faithfully,


Amar Navlani