



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

GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
DIVISION OF CORPORATE RESTRUCTURING
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CFD/DCR/TO/IG/SA/OW/ 27912 /11

September 02, 2011

M/s Syncom formulations (India) Limited
Niraj Industrial Estate,
Off Mahakali Caves Road
Andheri (East)
Mumbai 400093

Dear Sir,

Sub: Request for Interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003- by M/s Syncom formulations (India) Limited in the matter of M/s Syncom formulations (India) Limited on applicability of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Regulations).

1. Please refer to correspondences resting with your letter dated June 29, 2011 (received on July 21, 2011) on the captioned matter.

2. In your letter and other correspondence, under reference, you have *inter alia* represented as follows:

2.1 Syncom formulations (India) Limited is the target company and its shares are listed on BSE.

2.2 The promoters holding 14,025,449 (62.88%) shares in the target Company. M/s Strand Developers Pvt. Ltd (SDPL) falls under the definitions of the qualifying promoter, being a company controlled by the qualifying promoter. However, as on date M/s Strand Developers Pvt. Ltd does not hold any shares in the target company.

2.3 Mr. Rahul Bankda, falls under the definition of qualifying promoter, being relative of the qualifying promoter within the meaning of section 6 of the Companies Act, 1956.



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- 2.4 As on date M/s Strand Developers Pvt. Ltd does not hold any shares in the target company, Mr. Rahul Bankda holds 1164569 shares in the target company for more than 3 years.
- 2.5 Shares in aggregate of 2116445 (9.49%) of the total shareholding are proposed to be transferred, by way of interse transfer from Mr.Kedarmal Bankda, Mrs.Vimla Bankda, Mr.Ankit Bankda, Mr.Vijay Bankda, Mrs.Asha Bankda, Mr.Ankur Bankda and M/s Vijya Bankda (HUF) (the transferors) to M/s Strand Developers Pvt. Ltd (2115445 shares) and Mr. Rahul Bankda (1000 shares)(the transferees).
- 2.6 The transferors have been holding 211645 (9.49%) shares in the target company for a period of 3 years. The price for the transfer of such shares by the transferor to the acquirer shall not exceed 25% of the price as calculated in terms of regulations 20(4) and 20(5) of the SAST Regulation.
- 2.7 M/s Strand Developers Pvt. Ltd is a company promoted by Mr.Ankur Bankda, Mr.Ankit Bankda, Rahul Bankda and Ms. Sulabh Bankda. Mr.Ankur Bankda and Mr.Ankit Bankda are holding 67,500(50%) shares each in M/s Strand Developers Pvt Ltd at a face value of Re.1/- and Mr. Rahul Bankda and Ms. Sulabh Bankda are holding 63,000(50%) shares of a face value of Rs. 100/- each in M/s Strand Developers Pvt. Ltd .
- 2.8 Further Mr.Ankur Bankda, Mr.Ankit Bankda, Rahul Bankda and Ms. Sulabh Bankda are the promoters of Syncom Formulations (India) Limited.
- 2.9 Mr. Rahul Bankda is also holding the position as a director of M/s Strand Developers Pvt. Ltd.
3. In view of the aforesaid submissions, you have sought interpretative letter on the following issue:
- 3.1. Whether the proposed transfer of 21,64,645 shares by the transferors in Syncom Formulations (India) Ltd, to the acquirers (the proposed transaction) will be exempt under regulation 3(1)(e) of the SAST Regulations from the applicability of the Regulations 10, 11 and 12 ,in case one of the acquirer is not holding any shares in the target company as on date of proposed transfer although they are 'qualifying promoters'.



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4. We have considered the submission and representation made by you and without necessarily agreeing with your analysis, our views on the issue are as under:

4.1 As per regulation 3(1)(e)(iii) of the Regulations, acquisition pursuant to a transfer of shares amongst the qualifying promoters is eligible for exemption from the applicability of regulation 10, 11 and 12 subject to the transferee(s) and transferor(s) comply with the following conditions.

- i. *The transferee(s) and transferor(s) are qualifying promoters/foreign collaborators in terms of provisions of Explanation to regulation 3(1) (e) (iii) (b) of the Regulations.*
- ii. *The transferees collectively as well as transferors collectively have been holding shares in the target company for a period of at least three years prior to the date of acquisition.*
- iii. *The provisions of Regulations 6, 7 and 8 have been complied within the specified time-limit by both the transferees and transferors.*
- iv. *The interse transfer price should not exceed 25% of the price determined in terms of Regulation 20(4) and 20(5), as applicable.*
- v. *The transferee should inform the stock exchanges at least 4 working days in advance of the date of proposed acquisition in case of acquisition exceeding 5% of the voting share capital of the target company in terms of the Regulation 3(3).*
- vi. *The transferee should file a report with the Board in the format specified, within 21 days of the date of acquisition along with requisite fees prescribed, in terms of the Regulations 3(4) and 3(5).*
- vii. *The conditions mentioned at points (v)-(vi) above would be required to be complied with if the transferee/transferor has satisfied the conditions at points (i)-(iv).*

4.2 It is noted that the transferors and transferees being qualifying promoters, have direct control over the target company. The transferors and one of the two transferees viz, Mr.Rahul Bankda are holding shares of the target company for more than three years. However, the second transferee viz M/s Strand Developers Pvt. Ltd is not holding any share in the target company.

4.3 As required under regulation 3(1)(e)(iii)(b) of the Regulations, the transferors as well as the transferees should hold shares in target company for 3 years or more prior to the proposed acquisition. If the transferees collectively and the transferors collectively hold shares in the target company for the last three years prior to the date of the proposed acquisition and some of the transferees which otherwise



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belong to the qualifying promoter group, are not holding shares in the target company for the last 3 years prior to the proposed acquisition, the acquisition would be exempted provided that the other conditions as mentioned in the Regulation 3(1)(e)(iii)(b) are also fulfilled.

- 4.4 In the instant case, one of the transferees ie, M/s Strand Developers Pvt Ltd, is a company promoted by the transferors and also by Mr. Rahul Bankda (the other transferee). The transferors and Mr. Rahul Bankda are holding shares in the target company for last 3 years. Hence, even though M/s Strand Developers Pvt Ltd is not holding shares in the target company for the last 3 years, the exemption under regulation 3(1)(e)(iii)(b) of the Regulations would be available in respect of the proposed transaction, if the transferees and transferors comply with all the other applicable conditions specified in 4.1.
5. This position is based on the representation made to the Division in your letter under reference. Different facts or conditions might require a different result. This letter does not express decision of the Board on the questions referred.
6. Vide your letter dated March 30, 2011 you have sought confidentiality treatment in respect of your request for the interpretive letter. Acceding to your request, it has been decided that the interpretive letter issued to you in this matter will not be available to the public for a period of 90 days from the date of issuance of this letter.
7. You may note that the above views are expressed only with respect to the clarification sought regarding SEBI (Substantial Acquisition of Shares and Takeovers) regulations, 1997 and do not affect the applicability of any Act, Rules or Regulations, Guidelines and Circulars administered by SEBI or any other authority.

Yours faithfully,


Neelam Bhardwaj