



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

GENERAL MANAGER  
CORPORATION FINANCE DEPARTMENT  
DIVISION OF CORPORATE RESTRUCTURING

4479  
CFD/DCR/IG/DMS/ /11  
February 7, 2011

The General Manager & Company Secretary,  
CERA SANITARYWARE LIMITED  
Madhusudan House,  
Opp. Navrangpura Telephone Exchange,  
AHMEDABAD - 380006

Dear Sir,

**Sub: Request for "Interpretive Letter" under the SEBI (Informal Guidance) Scheme, 2003 regarding acquisition of shares by promoters under regulations 11 (1) and 11 (2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (SAST Regulations).**

1. This has reference to your letter dated December 21, 2010 in the captioned matter. In your letter under reference, you have, *inter alia*, represented as follows-
  - a. The promoter shareholding in M/S Cera Sanitaryware Limited (CSL) as on September 30, 2010 stands at 53.70 % which they intend to increase to 55 % through creeping acquisition under regulation 11 (1).
  - b. Moreover, the promoters of CSL are desirous to further increase their holding by 5 % in terms of second proviso to regulation 11 (2) by way of purchase from open market in normal segment on the stock exchange. The said acquisition shall not be through bulk deal / block deal / negotiated deal / preferential allotment.
2. In this regard, you have sought interpretive guidance from SEBI on the following queries –
  - (A) Can the promoters of Cera Sanitaryware Limited acquire additional 1.30 % (1,64,220 Shares) during the Financial Year 2010-2011 as per Regulation 11(1) so as to reach the level of 55% of the total Share Capital of the Company.
  - (B) Can the promoters further acquire 5 % additional Shares (6,32,744 Shares) as per second proviso to Regulation 11(2) thereby reaching the level of 60% of the Share Capital of the Company.



अनुवर्ती:  
Continuation :

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- (C) Can the above acquisitions as mentioned in (A) & (B) be done in the Financial Year 2010-11 or in subsequent Financial Year(s).
3. We have considered the submissions made by you in your letter under reference and without necessarily agreeing with your analysis, our view on the issue is as under:
- (A) It is noted that the present promoter shareholding in CSL is 53.70 %. Therefore, in terms of regulation 11(1) of the SAST Regulations, the promoters may acquire a maximum of 1.30 % during the financial year 2010-2011 so as to reach 55%, without making a public announcement.
- (B) Upon the aforesaid acquisition, the promoters would reach the 55% threshold and hence would become eligible for the one-time exemption provided by second proviso to regulation 11 (2). In terms of the said proviso, the promoters may acquire further 5% voting rights, subject to compliance with all the provisions of regulation 11(2) of the said SAST Regulations.
- (C) The aforesaid acquisitions would be governed by two separate and distinct regulations, viz. regulation 11 (1) and second proviso to regulation 11(2) of the SAST Regulations. Therefore, both the transactions may be undertaken in the same financial year, viz. 2010-11.
4. 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.
5. 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 regulations 11(1) and 11(2) of the said Regulations 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,

**Neelam Bhardwaj**