



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

DEPUTY GENERAL MANAGER
DIVISION OF CORPORATE RESTRUCTURING
CORPORATION FINANCE DEPARTMENT
Phone no: 022-26449302

CFD/DCR/OW/2016/4173/1
February 16, 2016

M/s Rajshree Sugars & Chemicals Limited
The Uffizi, 338/8, Avanashi Road, Peelamedu
Coimbatore – 641 004

Dear Sir,

Sub: Request for "Interpretive Letter" under the SEBI (Informal Guidance) Scheme, 2003 {Scheme} by Rajshree Sugars & Chemicals Limited in the matter of Rajshree Sugars & Chemicals Limited {Target Company} under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Takeover Regulations}.

1. This is with reference to your letter dated January 06, 2016.
2. You have, inter alia, represented as follows:
 - a. The Target Company is listed on the National Stock Exchange and the Bombay Stock Exchange.
 - b. A Corporate debt restructuring scheme (hereinafter referred to as "CDR scheme") was approved by the empowered group of CDR Cell, Mumbai in March 2014 and accordingly, a Master Restructuring Agreement was entered into by the Target Company with its lenders on March 27, 2014.
 - c. In terms of the CDR scheme, the promoters of the Target Company were required to infuse funds amounting to Rs.12.25 crore in the Target Company in the form of equity shares. However, the funds were brought in by the promoters as non-interest bearing secured loan.
 - d. The lenders have insisted that the amount of Rs.12.25 crore brought in by the promoters as non-interest bearing secured loan be converted into equity shares by way of preferential allotment.
3. In view of the above, you have sought for interpretive guidance from SEBI on the following issue:

Whether the exemption provided under Regulation 10(2) of the Takeover Regulations is available to the Target Company for conversion of the entire

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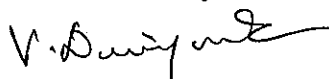
अनुवर्ती :
Continuation :

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loan amount of Rs.12.25 crore on preferential basis in one go to the promoters of the Target Company though almost two years have elapsed since signing of the Master Restructuring Agreement.

4. We have considered the submissions made by you in your letter under reference and our views are as under:
 - a. In the instant case, as represented by you, the shares are proposed to be acquired by the promoters of the Target Company by way of preferential allotment in terms of the Master Restructuring Agreement signed by the Target Company with its lenders on March 27, 2014 under the CDR Scheme. Therefore, the said acquisition would not lead to a change in control over the Target Company.
 - b. As per Regulation 10(2) of the Takeover Regulations, where acquisition of shares does not lead to change in control in the target company, pursuant to a scheme of corporate debt restructuring in terms of the Corporate Debt Restructuring Scheme, the acquisition shall be exempted from the obligation to make an open offer under regulation 3, provided that such scheme has been authorized by shareholders by way of a special resolution passed by postal ballot.
5. In the facts and circumstances as represented, the proposed acquisition would be exempt under Regulation 10(2) of the Takeover Regulations, provided the CDR scheme has been authorized by the shareholders of the target company by way of a special resolution passed by postal ballot which remains valid at the time of acquisition.
6. 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 question referred.
7. 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 the Takeover 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 sincerely,


V. Divya Veda