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

DEPUTY GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT

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CFD/PC/AT/KJ/OW/821/2014

January 8, 2014

M/s Rajkumar Forge Ltd.
"Shivprasad", 18,
Shivaji Co-op. Housing Society,
Off Senapati Bapat Road, Pune- 411016

Dear Sir,

Sub :- Request for "Interpretive Letter" under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 by Rajkumar Forge Limited regarding provisions of regulation 3 (2) of the Securities and Exchange Board of India (Substantial Acquisition and Takeover Regulations 2011.

1. This has reference to your letter dated July 30, 2013 requesting for " Interpretive Letter" under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003.

Your submissions:

2.1. Rajkumar Forge Limited (company or target company) presently listed on " Bombay Stock Exchange Limited" is having stock id "RJKMRFR" and Stock Code 513369. The Issued Subscribed and paid-up capital of the Company as listed on the Bombay Stock Exchange Limited is as follows:-

Fully paid up 109,39,400 Equity Shares of Rs.10/- each aggregating to Rs.1,09,394,000/-. As on 19th July, 2013 the promoters of Rajkumar Forge Limited are holding 6,896,900 equity shares viz 63.0464 % of the paid up capital of the Company. Mr. Amit Prabhakar Kore, Preeti Kore and Deepati Kore are among the Promoters of the Company.

The present holding of the above named constituents of the promoter group are as under:-

Sr.No	Name of constituent of promoter group	Face value of shares	No of shares	% to paid up capital of the Company
1	Amit Prabhakar Kore	10/-	1,00,000	0.914
2	Preeti Prabhakar Kore	10/-	32500	0.297
3	Deepati Prabhakar Kore	10/-	30,000	0.274

The above constituents of the promoter group intends to accept gifts of 1,80,000 (One Lac Eighty Thousand) equity shares each, aggregating to 4.93% of the paid up capital of the Company from their distant relative Mr. Prasad Bapurao Rampurkar, who is not one of the promoters of the Company.

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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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अनुवर्ती:
Continuation :

— 2 —

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

2.2. The post transaction/acquisition holding of the above named constituents of the promoter group are as under:-

Sr. No	Name of constituent of promoter group	Face value of shares	Existing shareholding and percentage to paid up capital	Proposed acquisition of equity shares and its percentage	Number of shares and its percentage post acquisition
1	Amit Prabhakar Kore	10/-	1,00,000 (0.91%)	1,80,000 (1.64%)	2,80,000 (2.55%)
2	Preeti Prabhakar	10/-	32,500 (0.29%)	1,80,000 (1.64%)	2,12,500 (1.94%)
3	Deepati Prabhakar	10/-	30,000 (0.27%)	1,80,000 (1.64%)	2,10,000 (1.91%)
		Total	1,62,500	5,40,000 (4.936%)	7,02,500 (6.42%)

Further, post transaction/acquisition holding of the promoter and promoter group are as under:-

Sr. No	Existing Shareholding of the promoter and promoter group	Proposed acquisition of equity shares and its percentage	Shareholding of the promoter and promoter group after proposed transaction/acquisition
1	68,96,900 (63.04%)	5,40,000 (4.94%)	74,36,900 (67.98%)

2.3. The company also undertakes and assures that on the proposed date of transaction for acquisition of the equity shares by way of gift from Mr. Prasad Bapurao Rampure, the gross acquisition by the promoter and constituents promoter group shall not exceed 5% of the paid up equity capital of the Company for the financial year 2013-2014.

B. Applicable Regulations: Regulation 3 (2) of Securities and Exchange Board of India (Substantial Acquisition and Takeover Regulations 2011 (Takeover Regulations, 2011) provides as follows:-

No acquirer, who together with person acting in concert with him, has acquired and hold in accordance with these regulations shares or- voting rights in a target company entitling him to exercise twenty five percent or more of voting rights in the target company but less than maximum permissible non-public shareholding, shall acquire with in any financial year additional shares or voting rights in such target company entitling them to exercise more than five percent of voting rights, unless the acquirer makes public announcement of an open offer for acquiring shares of such target company in accordance with these regulations.

Provided that such acquirer shall not be entitled to acquire or enter into agreement to acquire shares or voting rights exceeding such number of shares as would take the aggregate shareholding pursuant to actuation above the maximum permissible non-public shareholding.

Explanation: For purpose of determining the quantum of acquisition of additional voting rights under sub-regulation,-

(i) Gross acquisition alone shall be taken, into account regardless of any intermittent fall in shareholding or voting rights whether owing to disposal of shares held or dilution of voting rights owing to fresh issue of shares by target company.

(ii) In the case of acquisition of shares by way of issue of new shares by the target Company or where the target company has made an issue of new shares in any given financial year, the difference

9



अनुवर्ती:
Continuation :

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

- 3 -

between the pre allotment and post allotment percentage voting rights shall be regarded as the quantum of additional acquisition.

(3) For the purpose of sub-regulation (1) and sub-regulation (2) acquisition of shares by any person, such that individual shareholding of that person acquiring shares exceeds the stipulated threshold, shall also be attracting the obligation to make an open offer for acquiring shares of target company irrespective whether there is a change in the aggregate shareholding with person acting in concert.

On reading of Regulation, the Company understands that without making public offer promoters can acquire up to 5% of the paid up equity shares of the Company during the year even through off market deals.

Clarification sought by you:

3. In light of the above submissions, you have sought issuance of a "Interpretive letter" as to whether the aforesaid constituents of the promoter group together can acquire above stated shares which are not exceeding 5% of the paid up capital of the Company by way of off market deals like gift from distant relative during accounting year ending 31.03.2014.

Our Views:

4. The submissions made in your letter have been considered and without necessarily agreeing with your analysis, our views on the issue are as under:-

4.1. The promoters of Rajkumar Forge Limited are holding 6,896,900 equity shares viz 63.0464 % of the paid up capital of the Company as on July 19, 2013. It is noted that the constituents of the promoter group i.e. Amit Kore, Preeti Kore and Deepati Kore together holds 1.485% shares capital of Rajkumar Forge Ltd as on July 19, 2013. It is also noted that above mentioned constituents of the promoter group intends to accept gift of 1,80,000 (One Lac Eighty Thousand) equity shares each, aggregating to 4.93% of the paid up capital of the Company from their distant relative Mr. Prasad Bapurao Rampure, who is not one of the promoters of the Company. The applicant has also given the undertaking and assurance that on the proposed date of transaction for acquisition of the equity shares by way of gift from Mr. Prasad Bapurao Rampure, the gross acquisition by the promoter and constituents of promoter group shall not exceed 5% of the paid equity capital of the Company for the financial year 2013-2014.

4.2. It is noted Regulation 3 (2) of Takeover Regulations, 2011 as reproduced above deals with creeping acquisition of shares or voting rights.

4.3 As per Regulation 3(2) of Takeover Regulations 2011, an acquirer either alone or along with PAC, holding twenty-five per cent or more of the shares(entitling them to exercise twenty-five per cent or more of the voting rights) in the target company but less than the maximum permissible non-public shareholding, can acquire within any financial year additional shares or voting rights in such target company entitling them to exercise less than five per cent of the voting rights, without the acquirer making an open offer for acquiring shares of such target company. As per proviso to reg. 3(2), it is provided that such acquirer shall not be entitled to acquire or enter into any agreement to acquire any such number of shares or voting rights which would take his aggregate shareholding pursuant to the acquisition above the maximum permissible non-public shareholding.

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अनुवर्ती:
Continuation:

भारतीय प्रतिभूति
और विनिमय बोर्ड

**Securities and Exchange
Board of India**

- 4 -

4.4 As per explanation (1) appended to Regulation 3(2) of Takeover Regulations 2011 while calculating the limit of five percentage of shares the gross acquisitions alone will be taken into account irrespective of the intermittent fall in shareholding or voting rights. There can be intermittent fall in shareholding or voting rights either by disposal of shares or dilution of voting rights due to fresh issue of shares by the target company. The Explanation clarifies that regardless of such fall in shareholding only the gross acquisition of shares would be taken into account for calculating the additional five percentage of shares

4.5 As per Regulation 3(3) of Takeover Regulations, 2011, an acquisition of shares by any person, so that the individual shareholding of such person exceeds the stipulated thresholds under Regulation 3(1) and 3(2), shall also be attracting the obligation to make an open offer for acquiring shares of the target company irrespective of whether there is a change in the aggregate shareholding with persons acting in concert.

4.6. It can be observed, from the above provisions, that any acquirer (holding shares between 25% or more and less than the maximum permissible non-public shareholding) either individually or with PAC can further acquire, in gross, less than 5% of shares or voting rights of the target company in a financial year without making any public offer to acquire shares.

4.7. In the instant case, the three constituents of the promoter group proposed to acquire 4.93% shareholding in the Target Company. The proposed acquisition will lead to the promoter and promoter group shareholding increased from 63.04% to 67.98% with a total increase of 4.93%. The proposed acquisition is not breaching the limit of creeping acquisition of 5% in the financial year. Further the company has given the undertaking and assurance that the gross acquisition by the promoter and promoter group shall not exceed 5% in the financial year 2013-2014. Therefore, obligation to make open offer under Regulation 3 (2) will not be applicable in the given case.

4.8 In view of above, it is interpreted that under Regulation 3(2) of Takeover Regulations, 2011 the above stated constituents of the promoter group together can acquire above stated shares by way of gift in off market from the above stated distant relative during financial year ending 31.03.2014 without making open offer provided the constituents of promoters and the promoter group, either individually or with PAC, does not acquire more than 5% of shares or voting rights in gross, in the target company during financial year ending 31.03.2014.

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 a decision of the Board on the questions referred.

6. You may note that the above views are expressed by this Division only with respect to the clarifications sought on SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and do not affect the applicability of any other law or requirements.

Yours faithfully,


Amit Tandon