



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

General Manager
Corporation Finance Department
Division of Corporate Restructuring
Tel. (Direct): 2644 9330

CFD/DCR/SKS/SG/ 12346 /10
July 15, 2010

The Company Secretary
Amtek Auto Limited
4, Bhanot Apartment
Pushp Vihar LSP
New Delhi - 110062

Dear Sir,

Sub.: Request for Interpretive Letter under the SEBI (Informal Guidance) Scheme, 2003 regarding proposed acquisition of shares by way of preferential allotment by the promoters of Amtek Auto Limited (target company) under Regulation 11(1) of SEBI (Substantial Acquisition of Shares And Takeovers) Regulations, 1997 {Takeover Regulations}

1. This has reference to your letter dated June 16, 2010 on the captioned subject matter.
2. In your letters under reference you have *inter alia* represented as follows:-
 - a. Amtek Auto Limited (AAL/target company) is a listed public limited company.
 - b. At present, the issued equity share capital of target company is 20,11,22,970 equity shares of Rs. 2/- each.
 - c. Out of total 20,11,22,970 equity shares, the promoter group of the target company currently holds 6,32,90,640 equity shares representing 31.47% of the total equity paid up share capital and voting share capital of target company.
 - d. On May 31, 2010, the target company has allotted 74,00,000 equity shares to the promoter group pursuant to conversion of warrants allotted on preferential basis as shown below:

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| Categ ory | No. of shares before allotment | % of shares before allotme nt | No. of shares allotted on conversio n of warrants | No. of shares before allotment | % of shares before allotm ent | Net impact % wise in the holdin g |
|---------------------|---|---|---|---|---|--|
| Prom oter | 5,58,90,640 | 28.85% | 74,00,000 | 6,32,90,640 | 31.47 % | (+) 2.62 |
| Non Prom oter | 13,78,32,33 0 | 71.15% | | 13,78,32,33 0 | 68.53 % | (-) 2.62 |
| Total | 19,37,22,97 0 | 100.00 | | 20,11,22,97 0 | 100.00 | |

- e. The changes in shareholding of promoter group of target company since April, 2010 are as under

| Date | No. of Shares by promoters & PACs | Paid up equity capital of the company | % of total company | % change in shareholding of promoters & PACs |
|------------|--|--|-----------------------|---|
| 01.04.2010 | 5,58,90,640 | 19,28,66,047 | 28.98% | ----- |
| 01.05.2010 | 5,58,90,640 | 19,37,22,970 | 28.85% | ----- |
| 31.05.2010 | 6,32,90,640 | 20,11,22,970 | 31.47% | 2.62% |

- f. The target company is further planning for preferential issue of warrants convertible into equity shares to the promoters of the target company in the year 2010-11. For this purpose, the company has to calculate the number of warrants that can be issued on preferential basis.
- g. In this regard, the target company want to confirm from SEBI the correctness of the below mentioned method of calculation of number of warrants that can be issued to promoters on preferential basis in a manner so that the

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proposed acquisition by the promoters is within the creeping acquisition limit of 5% for the financial year 2010-11 as per Regulation 11(1) of Takeover Regulations.

| Category | No. of shares before allotment | % of shares before allotment | No. of securities can be issued the new allotment | No. of shares before allotment | % of shares before allotment | Net impact % wise in the holding |
|---------------|--------------------------------|------------------------------|---|--------------------------------|------------------------------|----------------------------------|
| Promoters | 6,32,90,640 | 31.47% | 72,40,340 | 7,05,30,980 | 33.85% | (+) 2.38 |
| Non Promoters | 13,78,32,330 | 68.53% | | 13,78,32,330 | 66.15% | (-) 2.38 |
| Total | 20,11,22,970 | 100.00 | | 20,83,63,310 | 100.00 | |

h. The query is whether the acquisition of the proposed equity shares pursuant to conversion of warrants by the promoters as above would make them liable to make a public offer pursuant to regulation 11 of the Takeover Regulations. If yes, whether the proposed acquisition of 72,40,340 equity shares along with the earlier allotment of 74,00,000 equity shares is within the creeping limit of 5% for the financial year 2010-11 under Regulation 11(1) of Takeover Regulations or not?

3. Reference is drawn to the provisions of Regulation 11(1) of the Takeover Regulations, which states as under:-

"No acquirer who, together with persons acting in concert with him, has acquired, in accordance with the provisions of law, [15 per cent or more but less than [fifty five per cent (55%)]] of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling him to exercise more than [5] per cent of the voting rights, [in any financial year ending on 31st March] unless such acquirer makes a public announcement to acquire shares in accordance with the regulations."

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The aforementioned Regulation provides that any acquirer cannot acquire more than 5% additional voting rights in one financial year unless he makes a public announcement to acquire the shares of the target company.

4. Without necessarily agreeing with your analysis, it is observed from your submissions that pursuant to the proposed acquisition, the promoters along with PACs will acquire 5% additional voting rights in the target company. Since the proposed acquisition of shares does not exceed the creeping acquisition limit of 5%, the provisions of the Regulation 11(1) of the Takeover Regulations will not be attracted.
5. This position is based on the representation made to the Division in your letter. Different facts or conditions might require a different result. This letter does not express decision of the Board on the questions referred by you.
6. You may note that the above views are expressed only with respect to the clarification sought on Takeover Regulations and do not affect the applicability of any other law or requirements.

Yours faithfully,


SANTOSH KUMAR SHARMA