भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange Board of India

Deputy General Manager
Corporation Finance Department
Division of Corporate Restructuring
Tel: 022-26449616

CFD/DCR/TO/DA/17619/12
August 3,2012

Alok Industries Ltd
Peninsula Towers
Peninsula Corporate park
G K Marg, Lower Parel
Mumbai 400 013

Dear Madam,

Sub.:-Request for informal guidance under the SEBI (Informal Guidance) Scheme, 2003 regarding interpretation of regulation 3(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

1. This has reference to your letter dated June 8 ,2012 and email dated June 26, 2012 seeking an interpretative letter under SEBI (Informal Guidance) Scheme, 2003.

Your Submissions

2. You have represented as under-

   i. Alok Industries Ltd (AIL) incorporated on March 12,1986, is listed on NSE and BSE and is one of the leading integrated textile manufactures.

   ii. The paid up capital of AIL as on the date of letter is 826,269,357 equity shares of ₹10/- each.

   iii. The promoter /promoter group of ATL have acquired 12,500,000 (1.25 crore) equity shares from secondary market since April 1,2012 amounting to 1.51% of the current equity share capital. As on date, promoter /promoter group of ATL holds aggregate 275,116,518 equity shares which is approximately 33.30% of total paid up equity share capital.

   iv. AIL is proposing a qualified institutional placement (QIP) for an amount aggregating up to INR 750 crores which ,assuming a price of ₹18 per share, would entail an issuance of 416,666,666 equity shares. Pursuant to QIP, the paid up equity share capital of AIL would increase to 1,242,936,023 equity shares and consequently the promoter /promoter group holding (which aggregates to 275,116,518 equity shares) would reduce from 33.30% to 22.13% of the total paid up equity share capital.

   v. With the objective to prevent the dilution of promoter /promoter group shareholding, AIL is considering a simultaneous preferential allotment to its promoter /promoter group in accordance with SEBI (ICDR) Regulations, 2009. The preferential allotment would be undertaken at the same meeting as the allotment of equity shares pursuant to the QIP , after which the equity share capital of AIL would aggregate to 1,320,436,023 equity shares.

सेबी भवन, प्लॉट सं. सी 4-ए, ''जी'' ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. • दूरभाष: 2644 9000 • फैक्स: 2644 9019 to 2644 9022
वेब :www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051. • Tel.: 2644 9000 • Fax: 2644 9019 to 2644 9022
Web:www.sebi.gov.in

vi. The preferential allotment to the promoter /promoter group would be to the extent permitted u/r 3(2) of Takeover Regulations.

Clarification sought:

3. In light of the above submissions, the guidance is sought on whether-

   a. The acquisition of 12,500,000 equity shares undertaken by the promoter /promoter group within this financial year amounting to 1.51% of the current equity share capital, would comprise 1.51% of the 5% limit available under regulation 3(2) of the Takeover Regulations and whether the balance of the creeping acquisition limit i.e. 3.49% can be acquired u/r 3(2) of the Takeover Regulations on the basis of the enhanced equity share capital i.e. assuming full subscription to the QIP and the proposed preferential allotment; OR

   b. The creeping acquisition limit of 5% of the paid up equity share capital, that can be acquired by the promoters /promoter group u/r 3(2) of the Takeover Regulations, is to be computed on the basis of enhanced equity share capital of AIL at the end of the financial year i.e. 1,320,436,023 equity shares of ₹ 10/-each as on March 31,2013 (assuming full subscription to the QIP and the proposed preferential allotment), and would include all acquisitions undertaken by the promoter /promoter group within the financial year.

Our views

4. The regulation 3(2) of the Takeover Regulations provides for exemption from making a public announcement provided the following conditions are satisfied:

   a. The shareholding of the Acquirer is between 25% and the "maximum permissible non-public share holding limit"
   b. Pursuant to the acquisition, the shareholding of the Acquirer should not breach the maximum non-public shareholding limit.
   c. For calculating the 5% creeping acquisition limit, as specified under regulation 3(2) of the Takeover Regulations, only gross acquisitions shall be taken into account. Any intermittent fall in shareholding owing to disposal of shares by the acquirer or dilution of shareholding on account of fresh issue of share capital shall be ignored.
   d. The difference between the pre-allotment and post-allotment voting rights shall be taken in to account for calculating the acquisition limit under regulation 3(2) of the Takeover Regulations, in case the acquisition has taken place by way of issue of new shares of the target company or where the target company has issued new shares during a financial year.

5. It is confirmed by you that each share carried one voting right and there are no differential voting rights in respect of any class of shares .

6. The creeping limit would be calculated as difference between the pre and post acquisition voting rights of the acquirer at the time of acquisition. In the instant case, the promoter /promoter group have acquired 12.5 million equity shares of the TC representing 1.51% of paid up capital /voting capital since April 1, 2012. Hence, the promoter /promoter group have availed/exhausted 1.51% of 5% creeping limit available in a financial year under regulation 3(2) of Takeover Regulations.

7. You have also submitted that AIL is proposing for undertake preferential allotment at the same meeting as the allotment of equity shares pursuant to the QIP. Thus, the remaining 3.49% limit in terms of regulation 3(2) of Takeover Regulations would be reckoned with respect to the enhanced post allotment equity share capital i.e. considering share capital after the proposed QIP and preferential allotment subject to fulfillment of other conditions mentioned therein.

8. This position is based on the representation made to the Division in your letter and email under reference. Different facts or conditions might require a different result. This letter does not express decision of the Board on the questions referred.

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

10. You have sought confidentiality treatment with respect to this interpretative letter. Acceding to your request, this interpretative letter will not be made available to the public for a period of 90 days from the date of issuance of the said letter.

Yours faithfully

Anindya Kumar Das