



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

GENERAL MANAGER  
CORPORATION FINANCE DEPARTMENT  
DIVISION OF CORPORATE RESTRUCTURING

CFD/DCR/TO/IG/ BV/191855/10  
January 21, 2010

M/s Khaitan & Co,  
One Indiabulls Centre, 13<sup>th</sup> Floor,  
841 Senapati Bapat Marg, Elphinstone Road,  
Mumbai – 400 013.

Dear Sir,

**Sub: Request of your client "VISA Infrastructure Limited" for "Interpretive Letter" under the SEBI (Informal Guidance) Scheme, 2003{Scheme} regarding inter se transfer of shares amongst the promoter group under Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 {Takeover Regulations} arising out of proposed transfer of 51.1% shares of VISA Steel Ltd from VISA Minmetal AG, Switzerland, to VISA Infrastructure Limited, both being promoter group companies in relation to VISA Steel Limited.**

1. This has reference to your letter dated December 16, 2009 on the captioned matter.

2. In your letter under reference , you have, inter alia, represented as follows:

2.1 M/s VISA Steel Limited (Target Company) is a company listed on the Bombay Stock Exchange and the National Stock Exchange. The present issued, subscribed and paid up share capital of the Target Company is Rs.1,100,000,000 divided into 110,000,000 equity shares of Rs. 10/- each.

2.2 M/s VISA Minmetal AG (VMAG), Switzerland is wholly owned by Mr.Visambhar Saran, his wife Mrs. Saroj Agarwal, his sons Mr.Vishal Agarwal, Mr.Vikas Agarwal and Mr.Vivek Agarwal. VMAG holds 51.1% stake in the Target Company.

2.3 M/s VISA International Ltd (VINL) is a public company incorporated under the Companies Act, 1956 and it is wholly owned by Mr.Visambhar Saran, his wife Mrs. Saroj Agarwal, his sons Mr.Vishal Agarwal, Mr.Vikas Agarwal, Mr.Vivek Agarwal and Visambhar Saran & Sons HUF along with VMAG. VMAG holds 19.42% in VINL. Also, VINL holds 21.63% stake in the Target Company. VINL had acquired the said stake in the year 1998.

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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](http://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  
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- 2.4 M/s VISA Infrastructure Limited (VISA Infra) is the demerged company from VINL and the scheme of arrangement was approved by the Hon'ble High Court of Calcutta on August 4, 2009.
- 2.5 M/s VISA Infra purports to acquire the 51.1% stake in the Target Company and 19.42% stake in VINL from VMAG.
- 2.6 The aforesaid acquisition of shares of Target Company by VISA Infra directly and indirectly will exceed the threshold of 15% specified in Regulation 10 of the Takeover Regulations and may also be considered to exceed the threshold of 5% as well as 55% mentioned in Regulation 11(1) of the Takeover Regulations. It may also be said to attract the provisions of Regulation 12 of the Takeover Regulations.
3. In view of the submissions made by you, you have sought interpretative letter on the following issues:
- 3.1 Whether or not the proposed transfer of shares of Target Company by VMAG to VISA Infra be considered as an inter se transfer of shares of Target Company amongst group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 as provided in Regulation 3(1)(e)(i) of the Takeover Regulations and consequently, whether or not the provisions contained in Regulation 10, 11 and 12 of the Takeover Regulations would be applicable to VISA Infra pursuant to the proposed transfer of 51.1% shares of Target Company by VMAG to VISA Infra?
- 3.2 Whether or not the proposed transfer of shares of Target Company by VMAG to VISA Infra be considered as an inter se transfer of shares of Target Company amongst Qualifying Promoters within the definition of qualifying promoters as defined in sub-clause (iii) of Regulation 3(1)(e) of the Takeover Regulations and be covered under Regulation 3(1)(e)(iii) of the Takeover Regulations and consequently whether or not the provisions contained in Regulation 10, 11 and 12 of the Takeover Regulations would be applicable to VISA Infra pursuant to the proposed transfer of 51.1% shares of the Target Company by VMAG to VISA Infra?
- 3.3 Whether or not the proviso appearing in Regulation 3(1)(e)(iii)(b) is applicable to Regulation 3(1)(e)(i) and 3(1)(e)(ii), besides Regulation under 3(1)(e)(iii), and in particular where the inter se transfer of shares of Target Company by VMAG to VISA Infra falls within the purview of Regulation 3(1)(e)(i) of the Takeover Regulations?



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- 3.4 In case due to any reason, VISA Infra is not entitled to exemption from the requirements of making public announcement, whether under Regulation 10 or under Regulation 11 or under Regulation 12 in connection with the proposed transfer of shares of Target Company by VMAG to VISA Infra, to avail of such exemption would VISA Infra be required to obtain exemption from the applicability of Chapter III from the Board in terms of Regulation 3(1)(e)(i) under the provisions of Regulation 4(2) of the Takeover Regulations so that nothing contained in Regulation 10, 11 and 12 of the said Regulations shall apply to it in respect of the said acquisition of shares of the Target Company?
4. We have considered the submission made by you in your letter under reference and without necessarily agreeing with your analysis, our views on the issue are as under:
- 4.1 As per regulation 3(1)(e)(i) of the Takeover Regulations, an acquisition pursuant to inter se transfer of shares amongst "Group" coming within the definition of "Group" as defined in the MRTP Act, 1969 (54 of 1969) is eligible for exemption from the applicability of the regulations 10, 11 and 12 of the Takeover Regulations subject to the following conditions:-
- i. The transferor and transferee belong to "Group" coming within the definition of "Group" as defined in the MRTP Act, 1969 (54 of 1969).
  - ii. Transferor and transferee have been shown as group in the last published annual report of the Target Company.
  - iii. The transferor as well as the transferee has complied with disclosure requirements under regulation 6, 7 and 8 of Takeover Regulations, as may be applicable.
  - iv. The transferee (acquirer) should inform the stock exchanges atleast 4 working days in advance of the date of proposed acquisition exceeding 5% of the voting share capital of the Target Company in terms of Regulation 3(3) of the Takeover Regulations.
  - v. The transferee (acquirer) shall file a report with SEBI in the specified format within 21 days of the date of acquisition along with requisite fees prescribed, in terms of Regulations 3(4) and 3(5) of the Takeover Regulations.



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- 4.2 It is found from the application that VMAG, VISA Infra and VINL form part of the group under the Monopolies and Restrictive Trade Practices Act, 1969. The aforesaid companies were also disclosed as part of the group in the last published annual report of the Target Company.
- 4.3 You have also confirmed that VMAG and VINL have duly complied with the provisions of Regulations 6, 7 and 8 of the Takeover Regulations, so far applicable to them. As far as VISA Infra is concerned, it has not acquired any shares of the Target Company and there was no occasion for it to comply with the Takeover Regulations.
- 4.4 As VMAG is proposing to transfer its 51.1% stake in the Target Company and its 19.42% stake in VINL to VISA Infra wherein both the transferor and the transferee are in the same group, such a transfer shall be exempted from the application of Regulation 10, 11 and 12 under sub clause (i) of clause 3(1)(e) of the Takeover Regulations.
- 4.5 As the proposed transaction is exempted under Regulation 3(1)(e)(i), the applicability of Regulation 3(1)(e)(iii) need not be considered.
- 4.6 With regard to the query stated in Para 3.3, the proviso appearing in Regulation 3(1)(e)(iii)(b) is applicable to Regulation under 3(1)(e)(iii) only and not Regulation 3(1)(e)(i) and 3(1)(e)(ii).
- 4.7 As the proposed transfer of shares is exempted from the applicability of Regulation 10, 11 and 12 under Regulation 3(1)(e)(i) of the Takeover Regulations, the necessity to file an application under Regulation 4(2) of the Takeover Regulations does not arise.
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 decision of the Board on the questions referred.
6. Further, you have also sought confidentiality treatment in respect of your client's request for interpretive letter. Acceding to your request, it has been decided that the interpretive letter issued to you in this matter will not be available to the public for a period of 90 days from the date of issuance of the said letter.



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7. 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, 1997 and do not affect the applicability of any Act, Rules or Regulations, Guidelines and Circulars administered by SEBI or any other authority.

Yours faithfully,

**NEELAM BHARDWAJ**