



Deputy General Manager  
Corporation Finance Department

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

SEBI/HO/CFD/DCR1/OW/P/2016/00000 21397/1  
July 29, 2016

M/s. DMK Holdings Pvt. Ltd.  
"Pan Parag House"  
24/19, The Mall,  
Kanpur - 208001

Dear Sir,

**Sub:** Request for informal guidance by way of "Interpretive Letter" under the SEBI (Informal Guidance) Scheme, 2003 ("Scheme") in relation to Reg. 10(1)(a)(iii) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Regulations) in the matter of M/s. Kothari Products Limited (Target Company)

1. This has reference to your letter dated June 17, 2016 (received by SEBI on June 22, 2016) on the captioned subject.
2. In respect of the same, you have, inter-alia, represented as under:

2.1 Target Company is listed on the NSE and BSE. The shareholding pattern of target company as on March 31, 2016 is as under:

Sr. No.	Category of shareholder	Number of shares	% of shareholding
	<b>A. Promoter and Promoter group</b>		
i.	Deepak Kothari	16576596	55.55
ii.	Mitesh Kothari (HUF)	1828098	6.13
iii.	Mitesh Kothari	609570	2.04
iv.	Urvi Kothari	54643	0.18
v.	Avinash Gupta	2250	0.01
vi.	Reeta Dilip Shah	6750	0.02
vii.	Sadhna V. Kothari	4500	0.01
viii.	Dham Securities Pvt. Ltd.	3299998	11.06
	<b>Total (Promoters) &amp; Promoter group Holding</b>	<b>22,382,405</b>	<b>75.00</b>
	<b>B. Public</b>	<b>7,461,460</b>	<b>25.00</b>
	<b>Total</b>	<b>29,843,865</b>	<b>100.00</b>

2.2 Shri Deepak Kothari is the Chairman and Managing Director of the Company, presently holding 55.55% of the total paid up capital of the company and is one of the promoters and shown as such in at least last three years shareholding pattern submitted by the company with Stock Exchanges.



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

2.3 Due to restructuring plan of his shareholding Shri Kothari wishes to transfer his aforesaid holding to M/s DMK Holdings Pvt. Ltd (DMK) at current market price (one of his group company)

2.4 DMK is not having any shares presently in the target company. The shareholding pattern of DMK as on March 31, 2016 is as under:

Sr. No.	Name of shareholder	Number of shares	% of shareholding
i.	Deepak Kothari	668000	33.33
ii.	Arti Kothari	668000	33.33
iii.	Mitesh Kothari	668000	33.34
	<b>Total</b>	<b>2,004,000</b>	<b>100.00</b>

2.5 Entire equity capital of this company is being held by the aforesaid persons in the same ratio as mentioned above since its incorporation in 2005. Accordingly this company is being shown regularly in the list of related parties in the Annual Reports of the target company.

3. In view of above, you have sought interpretive letter from SEBI confirming, whether the **proposed transfer** of shares from Shri Deepak Kothari to DMK will qualify for exemption under Reg. 10(1)(a)(iii) of Takeover Regulations as it's a transfer of shares amongst a company and persons holding not less than 50% of the equity shares of such company i.e. DMK

4. We have considered the submissions made by you in your letter under reference. Without necessarily agreeing with your analysis, our view is as under:

4.1 Based on the facts submitted, inter-se transfer among the transferor i.e. Sh. Deepak Kothari and DMK would not be exempted from the obligation to make open offer in terms of regulation 3 and 4 of Takeover Regulations as Sh. Deepak Kothari is holding only 33.33% shares in DMK. The said holding is less than the fifty percent threshold as stated in Regulation 10(1)(a)(iii) of Takeover Regulations.

5. 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 questions referred.

6. 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 Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 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 faithfully,

  
Amit Tandon