



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
Phone no: 022-26449373

CFD/PC/IG/CB/7899/15
March 17, 2015

M/s Welspun Enterprises Limited
Welspun House
Kamala City, Senapati Bapat marg
Lower Parel(west)
Mumbai-400013

Dear Sir,

Sub: Request for "Interpretative Letter" under the SEBI (Informal Guidance) Scheme, 2003 {Scheme} in the matter of M/s. Welspun Enterprises Limited {Target Company} under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Takeover Regulations}.

1. This has reference to your letter dated January 10, 2015 and further email dated February 09, 2015 on the captioned subject.
2. You have, *inter alia*, represented as follows-
 - a. M/s Welspun Enterprises Limited ("target company") is listed on the National Stock Exchange and the Bombay Stock Exchange.
 - b. The target company was incorporated as a step down subsidiary of Welspun Corp limited(WCL), a listed company and became its wholly owned subsidiary on March 15, 2013.
 - c. The target company was listed on July 11, 2014 pursuant to a demerger of the other business division of WCL.
 - d. Goldenarch Estates Private Limited (GEPL) is subsidiary of Krishiraj trading Limited (KTL). Welspun Infra Developers Limited (WIDL) is a subsidiary of GEPL and also belongs to the promoter group of the target company and WCL. Thus, WIDL is a step down subsidiary of KTL. GEPL has been disclosed as a person belonging to the promoter group in terms of Takeover Regulations.

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 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 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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- f. On August 28, 2014, WIDL acquired 413,276 equity shares of WEL, constituting 3.14% of equity share capital of WEL. During the period from December 03, 2014 to December 05, 2014, KTL acquired 236,704 shares of WEL from the stock market, constituting 1.8% of equity share capital of WEL.
- g. KTL and Welspun Mercantile Limited(WML), the existing promoters of the company intend to transfer their shareholding to WIDL and Welspun Fintrade Private Limited (WFTL) , in any combination as may be deemed feasible and as such we believe it is an inter-se promoter transfer.
3. In view of the above, you have sought interpretive guidance from SEBI on the following issue:
- a. **Whether the transaction for purchase of shares of WEL by WIDL and WFTL from KTL and WML can get general exemption under regulation 10(1)(a) of Takeover Regulations on the basis given below:**
- (i) WIDL is a subsidiary of KTL (exemption under regulation 10(1)(a)(iii)?
- (ii) WIDL is a subsidiary of GEPL and KTL. Both GEPL and KTL are appearing in the list of promoter entities filed by the promoters of WCL pursuant to regulation 30(2) of Takeover Regulations. It was mentioned in these disclosure requirements that subsidiaries of the entities named therein may be considered to be persons acting in concert. The target company is not required to file any annual disclosures under Takeover Regulations.
- (iii) The disclosures referred to above named WFTL as a promoter group entity.
- b. KTL had purchased KTL had purchased shares of WEL in December 2014 from the stock market, whether shale of shares by KTL to promoter group entity(ies) would not violate PIT regulations with special reference to clause 4.2 of model code of conduct given in the PIT regulations as well as the code of conduct of WEL?
4. Vide email dated February 09, 2015, the query mentioned at point 3(b) above was withdrawn by you.



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5. We have considered the submission made by you in your letter under reference and without necessarily agreeing with your analysis; our views on your query at point 3(a) above are as under:
 - a. As per Regulation 10(1)(a)(ii) of the Takeover Regulations, one of the pre-conditions for claiming exemption with regard to inter-se transfer of shares among promoters is that the entities claiming open offer exemption through inter- se transfer of shares should have been named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or Takeover Regulations for not less than three years prior to the proposed acquisition.
 - b. In the instant case, as represented by you, the target company was listed only in 2014 and therefore neither of the transferor nor the transferee held shares in the target company for a period of atleast three years.
 - c. The requirement that promoters should be named atleast for three years in the shareholding pattern filed by target company or SAST Regulations, 2011 refers to shareholding pattern of the target company. In the instant case, WEL is the target company. However the representation refers to naming of promoters in WCL which is not the target company. Therefore, on that basis, it cannot be considered, that the requirement of promoters should be named at least for three years in the shareholding pattern of target company is satisfied in the instant case
 - d. However, WIDL being a step down subsidiary of KTL, any transfer of shares between KTL and WIDL would be exempt in terms of Regulation 10(1)(a)(iii) of Takeover Regulations i.e. a transfer between a holding company and its step down subsidiary subject to fulfillment of pre-conditions specified therein.
6. In the facts and circumstances as represented, the proposed transfer of shares from KTL and WML to WFTL would not be eligible for exemption under regulation 10(1)(a)(ii) of Takeover Regulations. However, any transfer of shares between KTL and WIDL would be exempt in terms of Regulation 10(1)(a)(iii) of Takeover Regulations subject to fulfillment of pre-conditions specified therein.
7. 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.
8. 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

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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