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22514
CFD/DCR1/OW/P/2019/ /1
August 29, 2019

Bhagwati Syndicate Pvt. Ltd.
"Vishwakarma', S W Block, 2nd Floor,
86C, Topsia Road (South) Kolkata-700 046
Kind Attention: Mr. Subodh Agarwalla

Dear Sir,

Sub: Request for informal guidance by way of "no action letter" under the SEBI (Informal Guidance) Scheme, 2003 with respect to Regulation 10(1)(d)(iii) of SEBI (SAST) Regulations, 2011 ("SAST") in relation to the proposed amalgamation of promoter group entities of Maithan Alloys Limited.

1. This has reference to your letter dated June 24, 2019 and also your subsequent letter dated July 30, 2019 on the captioned subject

2. You have, inter *alia*, represented as under:

3.1 Bhagwati Syndicate Private Limited (**'BSPL'/'Transferee Company'**), is a Non-Banking Financial Company duly registered with the RBI and is not listed on any of the stock exchanges. The Company is a part of Promoter Group of Maithan Alloys Limited (**the Target Company/TC**), a listed company..

3.2 Mr. Subhas Chandra Agarwalla is the Promoter of the TC and together with "persons acting in concert" with him, directly and indirectly controls TC. Mr. Subhas Chandra Agarwalla together with "persons acting in concert" with him are collectively hereinafter referred as "BMA GROUP" and they are the Promoter and Promoter Group of TC.

3.3 BMA GROUP comprises of members of Agarwalla Family and various Companies and entities jointly and severally controlled by the members of Agarwalla Family. Agarwalla Family comprises of Mr. Subhas Chandra Agarwalla and his relatives including their HUFs (if any).

3.4 Agarwalla Family also exerts directly and indirectly, 100% control over BSPL.

3.5 The individual members of Agarwalla Family, with a primary view to simplify and rationalize the holding structure; reduction in the administrative, managerial and other expenditures as well as reduction in overall number of their corporate legal entities, proposes to amalgamate 19 Companies (Transferor Companies) into BSPL (Transferee Company) (which all are directly and indirectly controlled by members of Agarwalla Family), by virtue of a Scheme of Amalgamation prepared in terms of the provisions of section 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder (hereinafter referred as proposed Scheme of Amalgamation).

3.6 Out of said 19 Transferor Companies, 11 Transferor Companies and BSPL (Transferee Company) are classified under the head of Promoter and Promoter Group (hereinafter referred as Promoter Group Companies) of the TC and disclosed in the shareholding pattern of TC. Remaining 8 Transferor Companies do not hold any shares in TC. Hence, their names do not appear in the shareholding pattern of TC. The said 19 Transferor Companies are also directly and indirectly held by the Agarwalla family.

The List of the said Transferee and 11 Transferor Companies along with their Shareholding in TC is given below:

Sl No	Name of the Company	Transferor / Transferee Company*	% of shareholding in TC
1.	Aaklavya (India) Pvt. Ltd.	Transferor Company 1	4.38
2.	Anupam Vanijya Pvt. Ltd.	Transferor Company 2	1.20
3.	Dipajyoti Resources Pvt. Ltd.	Transferor Company 3	0.57
4.	H. S. Consultancy Pvt. Ltd.	Transferor Company 4	11.20
5.	Jibralter Traders Ltd.	Transferor Company 5	3.41
6.	Jyobina Investment Ltd.	Transferor Company 6	3.85
7.	Maithan Smelters Pvt. Ltd.	Transferor Company 7	18.54
8.	Shakti Auto Finance Pvt. Ltd.	Transferor Company 14	3.67
9.	Sumee Trading Pvt. Ltd.	Transferor Company 17	4.78
10.	Summit Packaging Pvt. Ltd.	Transferor Company 18	1.60
11.	Unmukt Tracom Pvt. Ltd.	Transferor Company 19	0.92
	Sub Total (A)		**54.12**
12	Bhagwati Syndicate Pvt. Ltd.	Transferee Company	1.48
	Sub Total (B)		**1.48**
Total (A)+(B)=(C)			**55.60**

3.7 In terms of proposed amalgamation the shares held by said 11 Transferor Companies/Promoter Group Companies (i.e. from serial no 1 to 11 in above table) in TC, aggregating to 54.12% will become shareholding of BSPL (Transferee Company/Promoter Group Company). Consequently, post-amalgamation the shareholding of BSPL will increase from its current shareholding of 1.48% in TC to 55.60%. However, the overall Promoter and Promoter Group shareholding in TC shall remain unchanged at 74.99%.

3.8 In terms of Clause 10.1 of the proposed Scheme of Amalgamation, the shareholders of Transferor Companies will be issued the shares of BSPL/Transferee Company only in lieu of their respective holdings in said 19 Transferor Companies. **No portion of the consideration would be discharged in the form of cash/cash equivalents**.

3.9 It is also reiterated that pursuant to the proposed Scheme of Amalgamation, there will not be any consequential change in direct or indirect control over the TC. It is submitted that the amalgamation of the Companies involved in the Proposed Scheme of Amalgamation would result only in consolidation of shares in one entity i.e. BSPL and the overall control of the TC would continue to remain unaltered in the hands of Agarwalla Family.

3.10 Upon implementation of the proposed Scheme of Amalgamation, all the 19 Transferor Companies shall stand dissolved as these companies will be amalgamated with BSPL and *inter-se* cross shareholding being shares of Transferee Company held by Transferor Companies, will stand cancelled as per the proposed Scheme of Amalgamation.

4 In view of the above, you have sought a '*no action letter*' with respect to confirmation that transfer and vesting of shares held by Transferor Companies comprising 54.12% shares (being 1,57,56,576 equity shares) of TC in Bhagwati Syndicate Pvt. Ltd. pursuant to the proposed Scheme of Amalgamation as explained above, will be exempted from obligation to make an Open Offer under Regulation 3 and Regulation 4 by virtue of Regulation 10(1)(d)(iii) of the SEBI (SAST) Regulations, 2011.

5 We have considered the submissions made by you and without necessarily agreeing with your analysis, we are issuing a no-action letter as under:

i. As per Regulation 10(1) (d) (iii) of the SEBI SAST Regulations, 2011, any acquisition pursuant to a scheme of arrangement not directly involving the target company as a transferor company or as a transferee company, or reconstruction not involving the target company's undertaking, including amalgamation, merger or demerger, pursuant to an order of a court or a Tribunal under any law or regulation, Indian or foreign, would be exempt only if the following conditions are compiled –

A. The component of cash and cash equivalent is less than 25% of the total consideration paid in the scheme and,

B. Where after implementation of the scheme of arrangement, persons directly or indirectly holding at least thirty-three per cent of the voting rights in the combined entity are the same as the persons who held the entire voting rights before the implementation of the scheme.

ii. You have represented that the entire consideration for the said transaction would be discharged by way of issue of equity shares of Transferee Company (BSPL) to the shareholders of Transferor Companies and hence, there is no involvement of cash or cash equivalents in the aforementioned transactions.

iii. You have represented that Agarawala Family directly and indirectly (through cross holdings) have 100% control over all 19 transferor companies and BSPL and that no person outside of the Agarwalla Family holds any share of the said all said companies. You have also represented that pursuant to the scheme, the shares of the Transferee Entity would be issued to the shareholders of the Transferor Entities, (*i.e.* the members of Agarwalla Family). Thus, it appears that subsequent to the proposed scheme, the shareholding of the combined entity, *i.e.* BSPL (transferee entity) would be held by the Agarwalla family, who are presently holding (directly and indirectly), the shareholding of BSPL (the transferee entity) and also the 19 transferor entities. Further, as represented by you, there shall be no change in the direct/indirect control over voting rights in the Target Company held by Agarwalla Family.

6 In view of the above, as represented by you, it appears that the aforementioned two conditions of Regulation 10(1)(d)(iii) (A) and (B) of the SEBI SAST Regulations, 2011 would be complied

by the entities. Therefore, transfer and vesting of shares of the Target Company, Maithan Alloys Limited, by the Transferor Companies with the transferee company (BSPL) would be exempt from the open offer obligations by virtue of Regulation 10(1)(d)(iii) of SAST Regulations, subject to the approval of the Scheme of Amalgamation by the NCLT and other conditions to be complied under Regulation 10 of the SEBI (SAST) Regulations, 2011.

7 Vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that the no-action letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.

8 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.

9 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 SEBI (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,

Rajesh Gujjar