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भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

CFD/DIL-III/AT/AEA/OW/2017/26216
October 26, 2017

Star Cement Limited,
Satyam Towers, Unit 9B,
3 Alipore Road,
Kolkata – 700027.

Kind Attention: Mr. D. Thakurta, Company Secretary

Dear Sir,

Sub: Request for “Interpretive Letter” under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in the matter of Star Cement Limited with respect to provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (“the Circular”)

- 1.0 This has reference to your letter dated August 09, 2017 seeking interpretive letter under the SEBI (Informal Guidance) Scheme 2003.
- 2.0 Vide the said letter, you have, *inter alia*, represented as follows:
 - 2.1 Star Cement Ltd. (SCL) was an unlisted Company. Star Ferro and Cement Ltd. (SFCL), a company listed on BSE and NSE, was the holding company of SCL. Pursuant to a scheme of arrangement, SFCL (listed company) merged with SCL (unlisted company).
 - 2.2 Subsequent to the merger, SCL got listed on NSE and BSE on June 16, 2017, after obtaining the relaxation granted from Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 (SCRR) in terms of Rule 19(7) of the SCRR read with SEBI Circular CFD/DIL-3/CIR/2017/21 dated March 10, 2017.
 - 2.3 Post scheme, promoter group hold around 74.91% shares in SCL. Of these, 20% is locked-in for a period of 3 years (up to July 19, 2020) and 9.50% is locked-in for a period of one year (up to July 19, 2018).
 - 2.4 Promoter and promoter group want to transfer their shares amongst themselves subject to the applicability of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations) and the continuation of lock-in in the hands of the transferee.

Queries:

3. Based on the above facts, you have sought informal guidance in the form of an interpretative letter on the following:



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- i. Whether the promoters of SCL can transfer the shares amongst themselves subject to the applicability of SAST Regulations and subject to the condition of continuation of lock-in in the hands of the transferee?
- ii. Whether the gross holding provisions shall be triggered if there is a transfer among the promoters, as the promoters holding are standing at the threshold limit of 74.91% even though technically the buying and selling will take place simultaneously and the pre and post transfer shareholding of the public will remain unchanged at 25.09%?
- iii. Whether these locked in shares can be pledged?

Our Comments:

4.0 In this regard, it may be noted that we have considered the submissions made by you in your letter under reference. Without necessarily agreeing to your analysis, our views on the queries raised by you, mentioned at Paragraph Nos. 3 (i),(ii) and (iii) above, are as under:

- 4.1 SEBI Circular No. CFD/DIL-3/CIR/2017/21 dated March 10, 2017 does not contain any provision restricting inter-se transfer of locked- in securities among promoters. Accordingly, securities locked- in as per Clause (III) (A) (3) of Annexure I of the Circular may be transferred amongst the promoters subject to continuation of lock-in at the hands of the transferees, in line with the provisions of Regulation 40 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR) and the applicability of SAST and other Regulations.
- 4.2 As per Explanation (i) of Regulation 3(2) of SAST, gross acquisitions alone shall be taken into account for the purpose of determining the quantum of acquisition of additional voting rights under Regulation 3(2) of SAST. However, Regulation 3(2) shall be read along with Regulation 3(3) of SAST which provides that acquisition of shares by any person, such that the individual shareholding of such person acquiring shares exceeds the stipulated thresholds, shall also be attracting the obligation to make an open offer for acquiring shares of the target company irrespective of whether there is a change in aggregate shareholding with persons acting in concert.
- 4.3 In the absence of a provision in the SEBI Circular No. CFD/DIL 3/CIR/2017/21 dated March 10, 2017 restricting pledge of locked in shares, the shares locked- in in accordance with clause (III) (A)(3) of Annexure I of the Circular may be pledged during the period of lock-in in line with the requirements laid down in Regulation 39 of ICDR subject to the applicability of SAST and other Regulations.



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5. Vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that the interpretive 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.
6. This position is based on the representation made in your aforesaid letter under reference. Different facts or conditions might require different results. This letter expresses the Division's view on enforcement action only. Further, this letter does not express a decision of the Board on the question referred.
7. You may also note that the above position/view is expressed only with respect to the clarifications sought in your letter under reference with respect to the *SEBI Circular No. CFD/DIL-3/CIR/2017/21* dated March 10, 2017 as referred above and does not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or the laws administered by any other authority.

Yours faithfully,

Amit Tandon