



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

DEPUTY GENERAL MANAGER
INTEGRATED SURVEILLANCE DEPARTMENT

SEBI/HO/ISD/OWIP/2019/25981/2019
01 October 2019

Ms. Surbhi Arora
Company Secretary
Apollo Tricoat Tubes Ltd.
36, Kaushambhi, Near Anand Vihar Terminal
Delhi - 201010

Madam,

**Sub: Request for Informal Guidance under Securities and Exchange Board of India
(Informal Guidance) Scheme, 2003**

1. This has reference to your letter dated 07 August 2019 requesting guidance by way of an 'interpretative letter' under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ('the Scheme').
2. In your letter under reference, you have, *inter alia*, represented as under:
 - a. The shares of the company were earlier listed on Delhi Stock Exchange which subsequently got listed on the bourse of BSE Limited on 28 July 2014.
 - b. During the period, Mr. Manoj Gupta, Mr. Vijay Kumar, Mr. Kanav Gupta and Mr. Saurabh Jindal (hereinafter the 'Initial Promoters') were the then Promoters of the company and were holding 30,97,900 equity shares representing 16.75% of the total shareholding of the company till March 2016.
 - c. On 21 January 2016, the Initial Promoters entered into a Share Purchase Agreement (SPA) with Mr. Saket Agarwal selling their entire shareholding of 30,97,900 fully paid-up equity shares (representing 16.75% of the then share capital of the company) transferring the control of the company to Mr. Saket Agarwal.
 - d. Pursuant to this, Mr. Saket Agarwal made an open offer in terms of Regulation 3(1) and (4) of SEBI (SAST) Regulations, 2011. On completion of open offer, the shareholding of Mr. Saket Agarwal increased from 20.54% to 39.04%. Mr. Saket Agarwal was also appointed as the Managing Director on 27 August 2016.

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
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- e. Subsequently, the company was renamed as 'Best Steel Logistics Limited' and Mr. Saket Agarwal was shown as the Promoter of the company in the shareholding pattern filed with BSE Limited for the quarter ending June 2016.
- f. On 29 January 2018, the Board of directors of the company approved the preferential allotment of 72 lakh equity shares to Mr. Rahul Gupta which increased his shareholding from 4.49% to 31.25% of the paid-up share capital of the company. This triggered the obligation to make open offer in terms of Regulation 3(1) of SEBI (SAST) Regulations, 2011. Besides this, the company also allotted 43 lakh warrants convertible into equal number of equity shares to Mr. Rahul Gupta.
- g. On completion of the aforesaid open offer, the shareholding of Mr. Rahul Gupta along with Mr. Sameer Gupta; his person acting in concert, got increased to 31.25%. Subsequently, Mr. Rahul Gupta was appointed as the Managing Director and Ms. Megha Gupta was appointed as director. Simultaneously, Mr. Saket Agarwal tendered his resignation w.e.f. 02 June 2018. The new management of the company renamed the company to 'Apollo Tricoat Tubes Limited' (ATTL) on 21 August 2018.
- h. Later, on 18 October 2018, Mr. Rahul Gupta entered into a Share Purchase Agreement with Lakshmi Metal Udyog Limited (belonging to Rahul Gupta group) for selling 14.10% of the fully diluted share capital of the company. Due to increase in shareholding of Lakshmi Metal Udyog beyond 25%, another open offer was made by Lakshmi Metal Udyog with Mr. Rahul Gupta and others as PACs vide Letter of Offer dated 29 December 2018.
- i. In the Letter of Offer dated 27 March 2018 made by Mr. Rahul Gupta along with his PAC, it was clearly provided that Saket Agarwal is an erstwhile Promoter and intends to be categorized in Public Category (refer page no. 61). On the said date, Mr. Saket Agarwal held 25.54% in the equity share capital of the company.
- j. In the letter of offer dated 29 December 2018 made by Lakshmi Metal Udyog Ltd., it was reiterated that Saket Agarwal is an erstwhile Promoter and intends to be categorized in Public Category (refer page no. 11). On the said date, Mr. Saket Agarwal held 17.94% in the equity share capital of the company.
- k. Mr. Saket Agarwal is not acting as a Promoter and is not interested in the management and control of the company. This is also evident from the fact that he ceased to be director in the company ever since 12 June 2018 and his shareholding has also declined over the period from 23.77% in June 2018 to 13.34% in June 2019. He has no role in any decision making of the company or have access to any information pertaining to the business operations of the company.
- l. Even though he is not acting as a Promoter of the company since May 2018 and is neither in the management of the company, (much more than six months), he is restrained to



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adhere to trading window closure requirements as he cannot be classified as a public shareholder due to the provisions of the SEBI (LODR) Regulations. Hence, he is restricted from freely dealing in the shares of the company.

- m. You have quoted regulation 9 (4) of the PIT Regulations that lists the class of persons who shall be identified as designated persons. Additionally, you have quoted regulation 31 (A) of the SEBI (LODR) Regulations, which requires that all such promoters/persons belonging to the Promoter group seeking re-classification of status as public shall not together, hold more than 10% of the total voting rights in the listed entity.
3. In light of the above submissions, you have sought clarification in the form of an interpretative letter with regard to the following queries:
- a. Whether a person who is merely continuing to be named as promoter owing to the provision of LODR but not acting as a promoter of the company and exercises no control, has no role in the management and not holding any position in the company will be identified as a 'non-designated persons' for the purpose of regulation 9 (4) of the PIT Regulations.
- b. If this non-designated person executes trade during trading window closure, whether it will tantamount to violation of clause 4 of the Schedule B of the PIT Regulations.
4. We have considered the submissions made by you in your letter under reference and without necessarily agreeing with your analysis, our view is as under:
- a. Regulation 9 (4) of the PIT Regulations reads as follows:
"The board of directors or such other analogous authority shall in consultation with the compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include:-
- (i) ...
(ii) ...
(iii) *All promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries;*
(iv) ...
(v)"
- b. The PIT Regulations identify promoters as designated persons. Hence, a person identified as a Promoter is required to comply with the code of conduct requirements as required by other designated persons.



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- c. Mr. Saket Agarwal, by virtue of being named as a Promoter and on account of continuing to hold greater than 10% of the total voting rights in ATTL shall be identified as a designated person for the purpose of compliance with ATTL's code of conduct.
 - d. Resultantly, any trade by Mr. Saket Agarwal during trading window closure would tantamount to violation of clause 4 of the Schedule B of the PIT 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 interpretation. Further, this letter does not express a decision of the Board on the question 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 SEBI (Prohibition of Insider Trading) Regulations, 2015 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,

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Amar Navlani