



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

CHIEF GENERAL MANAGER

INTEGRATED SURVEILLANCE DEPARTMENT

ISD/OW/29117/2015

October 14, 2015

Visalakshi Sridhar
Manager & Chief Financial Officer
Binani Industries Limited
Mercantile Chambers, Ground floor
12, J.N. Heredia Marg, Ballard Estate
Mumbai 400001

Dear Sir,

Re: Request for informal guidance under SEBI (Informal Guidance) Scheme, 2003 regarding violation of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in case of proposed pledge by M/s Triton Trading Company pvt Ltd holding 45.55% shares of Binani Industries Limited (BIL), a listed company of Bombay Stock Exchange (BSE)

1. Please refer to the correspondence resting with your letter dated September 04, 2015 seeking guidance under the SEBI (Informal Guidance) Scheme, 2003.
2. It has inter-alia been informed by you that-
 - I. Binani Industries Ltd is a listed Company. BIL's majority shareholding is with Triton Trading Company Pvt LTD. (45.55%) and promoters' viz. Mrs. Kalpana Binani (4.04%) and Mr. Braj Binai (0.18%) and associates Miracle SEcurities Prostate Limited (1.49%) and Mrs Nidhi Singhania (0.02%). Collectively promoter and the Promoter group own 51.28% shares of BIL.
 - II. BIL has a subsidiary viz Binani Cement Limited (BCL). BIL owns 98.43% shares of BCL.
 - III. BIL and BCL have common directors i.e. Mr Braj Binani and Mr. S. Sridhar.

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (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



अनुवर्ती:
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- Triton Trading Company and BIL have common shareholders i.e. Mrs Kalpana Binani.
- IV. Based on the majority shareholding, Triton Trading Company and Promoter group controls the Board of BIL. BIL controls the Board of BCL.
- V. BIL understand that Triton Trading Company proposes to pledge its shareholding of 45.55% in BIL as a security for the credit facility ("**Proposed Pledge**") in favour of the lenders for the credit facility proposed to be availed by BCL. It is also stated in the letter that the proposed pledge may impact the share price of BIL if this transaction is published.
3. In the light of aforesaid submissions, you have sought clarification regarding your understanding that Triton Trading company, holding 45.55% shares of BIL and reasonably expected to have UPSI at the time of pledge and throughout the period of pledge, would be prohibited from dealing with any securities of BIL including the creations of proposed pledge in favour of lenders. Accordingly, you have sought clarification as to whether the Proposed Pledge by Triton Trading Company Pvt. Ltd. will be hit by the SEBI (Prohibition of Insider Trading) Regulations, 2015.
4. Our views on the issue raised by you are placed below:
- I. Your request appears to seek informal guidance in the nature of 'No-Action Letter' in respect of the transactions described in your letter under reference.
 - II. As per the submission made by you, the concerned transaction may impact the share price of BIL, if it is published. Consequently, such a transaction may be construed to be price sensitive in nature, and may thus attract the provisions of SEBI (Prohibition of Insider Trading), Regulations, 2015.
 - III. It is pertinent to point out that SEBI had released a guidance note on SEBI (Prohibition of Insider Trading) Regulations, 2015 dated August 24, 2015. The said guidance note inter alia also addresses the question of creation of pledge while in possession of UPSI.
 - IV. The guidance note on this particular matter says that Creation or invocation of Pledge is allowed when trading window is closed. However, the pledgor or pledgee may demonstrate that the creation of pledge or invocation of pledge was bona fide and prove their innocence under proviso to sub-regulation (1) of regulation 4 of the Regulations. From the facts presented by you in the letter, *bona fide* intent has not been demonstrated.
 - V. Considering the circumstances of this matter, particularly the representation made by you that disclosure of the concerned transactions may impact the share price of BIL, 'No - Action Letter' in respect of the given transaction



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cannot be issued.

- VI. This position is based on the representations and submissions made to the Department in your letter under reference. Different facts or conditions might require a different result. This letter expresses the Department's position on applicability of the respective Regulations / Guidelines as referred above only in the instant case. It does not express decision of the Board on the questions presented.
5. You may note that the above views are expressed only with respect to the clarification sought on the applicability of the respective Regulations/Guidelines as referred above and do not affect the applicability of any other law or requirements.

Yours faithfully,


Sunil Kadam