

TIDE WATER OIL CO. (INDIA) LTD.

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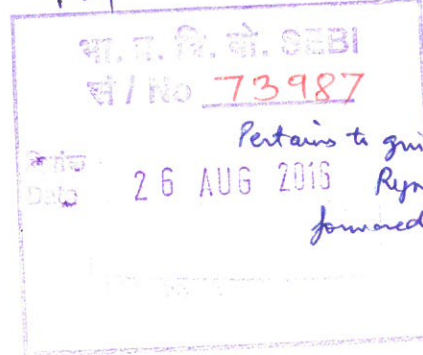
CIN : L23209WB1921PLC004357

An ISO 9001 : 2008 Company

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Date: 24th August, 2016

To,
The Securities & Exchange Board of India,
Corporation Finance Department,
Plot No. C 4 – A, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400051
Maharashtra



Sub: Request for "**Interpretive Letter**" pursuant to Para 5(ii) of the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003, seeking guidance on interpretation of provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, in respect of "Trading Plans".



SEBI/IW/P/20160827/0000073987

A. PARTICULARS OF APPLICANT

M/s. Tide Water Oil Company (India) Limited ("**TWOCIL**" hereinafter), the applicant seeking the instant "Informal Guidance" is a company listed on National Stock Exchange of India Limited & The Calcutta Stock Exchange Limited in India and seeking an Informal Guidance in the capacity of a Listed Company as per the provision of Para 4 of Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("**the scheme**" hereinafter).

B. DECLARATION

1. I say, pursuant to Para 6(I) of the scheme, that the instant application is being made under the aforesaid scheme and it is a request for an **Interpretive Letter**.
2. The instant application is accompanied with the requisite fee of Rs. 25,000/- (Twenty Five Thousand Only), pursuant to Para 6(II) of the scheme vide a Demand Draft bearing No.070429 dated 24th August, 2016 drawn on Corporation Bank in favour of "Securities and Exchange Board of India", payable at Mumbai.
3. To the best of our understanding, the "**Concerned Department**" of the Securities and Exchange Board of India ("**SEBI**" hereinafter), pursuant



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to Para 6(III) of the scheme in respect of the instant application is the **“Corporation Finance Department”**.

C. DESCRIPTION, DISCLOSURES AND ANALYSIS PURSUANT TO PARA 6(IV) OF THE SCHEME

1. M/s. Standard Greases and Specialities Pvt. Ltd. (**“SGSPL” hereinafter**) has acquired through an open offer, the shares of TWOCIL from the open market consequent to which the shareholding of SGSPL is 27.69 % of the paid up share capital of TWOCIL. SGSPL has two nominees on the Board of Directors of TWOCIL and one of the said two nominees is also a director of SGSPL. One of the aforesaid nominees who is not a director at SGSPL is the Managing Director of M/s. Tata Capital Limited. M/s Tata Capital Limited has promoted a private equity fund named M/s Tata Capital Growth Fund, which acted in concert with SGSPL in the aforesaid open offer. The said open offer stands now complete.
2. SGSPL is a joint promoter of TWOCIL, pursuant to the relevant provision of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“LODR” hereinafter**).
3. SGSPL now proposes to acquire further shares of TWOCIL in pursuance of the provisions of Regulation 4(1)(III) and Regulation 5 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (**“PIT” hereinafter**).
4. Regulation 5(1) of PIT provides that, “an insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.”
5. Regulation 5(2) of PIT provides that, “such trading plan shall:-
 - i. not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
 - ii. not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
 - iii. entail trading for a period of not less than twelve months;
 - iv. not entail overlap of any period for which another trading plan is already in existence;
 - v. set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
 - vi. not entail trading in securities for market abuse.”



6. SGSPL has given a draft trading plan which *inter alia* specifies the number of shares of TWOCIL to be purchased during the trading period as proposed in the plan subject to a maximum value per share. The instant application is for seeking guidance under the aforesaid scheme in the nature of an interpretive letter in respect of the aforesaid specification of number of shares to be purchased during the plan period subject to a maximum value per share.
7. Regulation 5(4) of PIT provides that, “the trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.”
8. OUR ANALYSIS:-

PIT enables an insider an option to engage in trading in the securities of the company in respect of which he is an insider by giving a trading plan pursuant to the provisions of PIT. As per Regulation 5(2)(v) of PIT, the plan has to either set the values of trades to be effected or the number of shares to be traded during the proposed plan period, subject only to compliance with the prescribed terms and conditions of PIT. Further, Regulation 5(4) of PIT specifically provided that, the trading plan once approved by the company shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan. The note under Regulation 5(2)(V) *inter alia* mentions that, “it is intended that while regulations should not be too prescriptive and rigid about what a trading plan should entail, they should stipulate certain basic parameters that a trading plan should conform to and within which, the plan may be formulated with full flexibility”. The said note further mentions that, “the trading plan may set out the value of securities or the number of securities to be invested or divested.” We understand that subject to the aggregate value of shares or aggregate number of shares to be traded during the plan period and subject to compliance with other applicable provisions of law, the relevant trading plan can be flexible.

9. We hereby request, an Informal Guidance under the aforesaid scheme in the form of an interpretive letter clarifying the following:-
- i. Is there any scope under the Regulation 5(2)(V) of PIT or elsewhere in PIT to add a condition of “maximum value per share not exceeding a certain amount” along with the specification of number of shares to be purchased during the trading plan period?

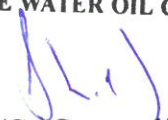


- ii. Can a plan include *inter alia* that a certain number of shares would be purchased during the trading plan period subject to “maximum value per share not exceeding a certain amount”?
- iii. Regulation 5(4) of PIT provides *inter alia* that the trading plan once approved cannot be deviated from. Would inclusion of the condition being “maximum value per share not exceeding a certain amount” along with the total number of shares to be purchased, defeat the aforesaid restriction from deviation of plan as referred in Regulation 5(4) of PIT?

D. CONFIDENTIALITY OF REQUEST

1. Request: The applicant here in above humbly request the Hon’ble Securities and Exchange Board of India, pursuant to Securities and Exchange Board of India (Informal Guidance) Scheme, 2003, that this application and any subsequent communication or correspondence related to or in connection this application receive confidential treatment for a period of 90 days.
2. Statement of basis for confidential treatment: That the said approval of the proposed trading plan depends on the guidance to be received from the Hon’ble Securities and Exchange Board of India as prayed in this application. If this application or any other document or communication or correspondence in relation to this application is made public before the actual trading plan is made public, it would severely prejudice not only TWOCIL and SGSPL but also the general public at large or ordinary investors as the public notice of intention to offer a trading plan would seriously affect the fair market mechanism.

For and on behalf of
Tide Water Oil Co. (I) Limited
TIDE WATER OIL CO. (I) LTD.


Secretary
(S. Ganguli)
Company Secretary