



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

Deputy General Manager
Corporation Finance Department
Division of Corporate Restructuring- I
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SEBI/HO/CFD/DCR1/OW/P/2016/5575
March 01, 2016

M/s. Capital Trust Limited
507, Courtyard
DLF Place, Saket
New Delhi- 110017

Dear Sir,

Sub: Request for "Interpretative Letter" under the SEBI (Informal Guidance) Scheme, 2003 {Scheme}

1. This has reference to your letters dated January 01, 2016 and February 02, 2016 seeking guidance by way of an interpretative letter under the Scheme.
2. You have, *inter alia*, represented as follows-
 - a. M/s. Capital Trust Limited ("Target Company") is a company listed on the Bombay Stock Exchange Limited ("BSE").
 - b. One of the promoters of the Target Company, Mr Yogen Khosla held 22,52,024 shares representing 30.03% of the paid up share capital of the Target Company. The other promoter, Indo Crediop Private Limited held 31,51,833 shares representing 42.02% of the paid up share capital of the Target Company.
 - c. The board of directors of the Target Company, in its meeting held on January 27, 2015 proposed to issue upto 75,00,000 warrants on a preferential basis, convertible into equity shares, within a period of 18 months to Mr. Yogen Khosla.
 - d. The Target Company received in-principle approval for issue and allotment of these warrants on May 15, 2015 with a confirmation that at no point of time, the promoter shareholding would exceed 75% of the total paid up capital of the target company.
 - e. After receipt of the in-principle approval from BSE, the Board of Directors of the Target Company allotted the said warrants to Mr Yogen Khosla on May 22, 2015.

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- f. Further, on the request of the warrant holder, the Board of Directors in its meeting held on July 28, 2015 allotted 10,00,000 shares in lieu of conversion of warrants.
- g. Pursuant to the conversion of warrants, the shareholding of Mr. Yogen Khosla increased from 30.03% to 38.26% of the paid up share capital of the Target Company.
- h. However, the other promoter, Indo Credioop Private Limited, in the meantime sold 1,13,698 shares on July 21, 2015 and 70,250 shares on July 28, 2015. Therefore, the overall promoter shareholding has decreased from 72.05% to 71.87% of the paid up share capital of the Target Company.
3. On the basis of the above, you have sought interpretive letter from SEBI as to whether the provisions of regulation 3(2) read with regulation 3(3) of SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {"Takeover Regulations"} would attract open offer obligations for the allottee, Mr. Yogen Khosla pursuant to the conversion of warrants.
4. We have considered the submissions made by you in your letters under reference and our view is that the shareholding of Mr Yogen Khosla prior to the acquisition was 30.03%, which is above the 25% limit specified in regulation 3 (2) of Takeover Regulations for triggering open offer obligations. Further, shares representing 8.23% of the paid up share capital of the Target Company were acquired by Shri Khosla, which also brings the transaction within the ambit of regulation 3 (2) of Takeover Regulations. Regulation 3 (2) of Takeover Regulations specifies that acquisition of 5% or more shares by an acquirer, together with persons acting in concert with him, who already holds more than 25% of the shares/voting rights in the target company, within a financial year, will attract the obligation to make an open offer in accordance with the Takeover Regulations. Regulation 3 (3) of the Takeover Regulations will also be applicable to Shri Khosla's acquisition of shares representing 8.23% of the paid up share capital of the Target Company. This is because sub-regulation (3) of regulation 3 of Takeover Regulations clearly stipulates that even where the change is in individual shareholding of an acquirer, irrespective of change in aggregate shareholding with persons acting in concert, the same will attract regulation 3 (2). Consequently, open offer obligations as per the Takeover Regulations will have to be complied with by such individual acquirer.



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5. 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.
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 Takeovers Regulations 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,

Amit Tandon