



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Deputy General Manager
Division of Corporate Restructuring
Corporation Finance Department
Phone no: 022-26449373

CFD/DCR2/OW/P/2018/20660/1
23rd July 2018

M/s India Finsec Limited
D-16, 1st Floor, Above ICICI Bank,
Prashant Vihar, Sector-14, Rohini,
New Delhi-110085

Dear Madam,

Sub: Request for Informal Guidance by way of "Interpretive Letter" under the provisions of SEBI (Informal Guidance Scheme, 2003 ("Scheme) by India Finsec Ltd.

1. Please refer to your letters dated April 07, 2018 and May 29, 2018 seeking interpretative letter under the SEBI (Informal Guidance) Scheme, 2003.
2. In your letters under reference you have, *inter alia*, represented as under-
 - a. Fidelo Foods Private Limited is the promoter of our company (M/s India Finsec Limited listed at BSE) holding 45,37050/- equity share of M/s India Finsec Limited representing 18.19% of the total paid up share capital.
 - b. Fidelo Foods Private Limited is proposing to change its status from private limited company to LLP due to some tax implications. But there will be no change in the controlling interest and the share holding pattern of Fidelo Foods Private Limited will remain intact.
 - c. Later on at the time of filing of shareholding pattern, the name will be shown as Fidelo Foods LLP in place of Fidelo Foods Private Limited.
3. Based on the above, you have sought Informal Guidance on the following issues:
 - (a) Do we required to take any prior approval of SEBI before converting Fidelo Foods Private Limited to Fidelo Foods LLP?
 - (b) If no such approval is required, then, what all other compliances are we required to comply with.
 - (c) Does it trigger open offer obligations pursuant to Regulation 3 of SEBI (SAST) Regulations, 2011?

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.), 26449000 / 40459000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



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(d) If no such open offer is required, then, what all other compliances are we required to comply with.

4. We have considered the submissions made by you in your letters under reference and our view on the queries raised by you are as follows:

With respect to above query at 3(a), (b)

a. Since the queries do not mention the applicable legal provisions, we are unable to respond on the same.

With respect to query at 3(c) & (d) above:-

b. Fidelo Foods Private Limited (FFPL) is proposed to be converted from private limited company to a LLP. Upon conversion into LLP, the name of entity shall change to Fidelo Foods LLP. The 18.19% shares held by FFPL in India Finsec Limited ("Target Company") shall be transferred to/ or acquired by Fidelo Foods LLP ("Acquirer"). It is understood that there will be no change in control in IFL and the shareholding of FFPL, which will be transferred to Fidelo Foods LLP, will remain intact in IFL.

c. Thus, after conversion of FFPL into a LLP, Fidelo Foods LLP would become one of the promoter group entities in place of FFPL holding 18.19% shares in IFL as the shareholding of FFPL would be transferred to Fidelo Foods LLP. Therefore other promoters are deemed PAC's (person acting in convert) with Fidelo Foods LLP as defined under Regulation 2(1)(q) of SEBI (SAST) Regulations, 2011.

d. In terms of the Regulation 3(1) of SEBI (SAST) Regulations, 2011 the aforesaid acquisition/transfer of shares would trigger open offer obligations, if it entitles Fidelo Foods LLP along with PACs to exercise 25% or more voting right in target company, India Finsec Ltd.

e. However, in terms of Regulation 10(1) (g) of SAST Regulations, the acquisition of shares by way of succession, transmission or inheritance are exempted from the obligation to make open offer under regulation 3 and 4 to public shareholders.



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- f. The said acquisition/transfer of shares in Target Company is pursuant to conversion of private limited company into a LLP and the ownership of business of FFPL is proposed to be transferred to Fidelo Foods LLP without any change in the nature of business and control. Therefore, the proposed conversion would fall within the meaning of the 'succession' under regulation 10(1)(g) of the SAST Regulations and would therefore, qualify for exemption from making an open offer subject to the shareholding of Fidelo Foods LLP being the same as that of FFPL in IFL with no change in control.
- g. However, upon conversion, as the LLP would form a part of the promoter group and hold shares in IFL, Fidelo Foods LLP and IFL would be under an obligation to make the necessary disclosures as specified under the SAST Regulations, PIT Regulations and any other laws wherever applicable. Further, the said exemption would be applicable subject to the compliance of other conditions as prescribed under Regulation 10 of the SAST 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 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 letters under reference with respect to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 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,


Rajesh Gujjar