



To

October 21, 2020

Corporate Finance Department
Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai- 400051
Maharashtra, India

Subject: Request for informal guidance by way of “interpretative letter” under the provisions of Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 (“Scheme”) and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Code”)

Dear Sir/ Madam,

We would like to submit the following facts for informal guidance by way of an “interpretative letter” under the Scheme with respect to the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Code**”).

1. Factual Background

- 1.1 Digispice Technologies Limited is a company duly incorporated and validly existing under the laws of India, having its registered office at 622, 6th floor, DLF Tower A, Jasola District Centre, South Delhi, New Delhi – 110025 (“**Digispice**”). The equity shares of Digispice are listed on BSE Limited (Code – 517214) and National Stock Exchange of India Limited (Symbol - DIGISPICE).
- 1.2 Wall Street Finance Limited is a company duly incorporated and validly existing under the laws of India, having its registered office at Unit 622, The Summit Business Bay-Omkar Prakash Wadi, Opp. PVR cinema, Chakala, M.V. Road, Andheri (East), Mumbai 400093 (“**Wallstreet**”). The equity shares of Wallstreet are listed on BSE Limited (Code – 511147).
- 1.3 Spice Connect Private Limited is a company duly incorporated and validly existing under the laws of India, having its registered office at 622, 6th Floor, DLF Tower A, Jasola District Centre, South Delhi, New Delhi - 110025 (“**Spice Connect**”). Spice Connect holds (i) 74.35% (seventy-four point three five percent) of the issued and paid-up share capital of Digispice; and (ii) 62.43% (sixty-two point four three percent) of the issued and paid-up share capital of Wall Street. Spice Connect is a wholly owned subsidiary of Smart Global Corporate Holding Private Limited, a company duly incorporated and validly existing under the laws of India, having its registered office at A-10, Street No. 2, North Chhajapur, Shahdara, East Delhi, Delhi - 110093 (“**Smart Global**”).

E-ARTH TECHVENTURES PVT. LTD.

CIN : U72200DL2019PTC358145

Regd. Office : 512-B, Hemkunt Tower, 98, Nehru Place, New Delhi-110019

E-mail : connect@e-arthtechventures.com



- 1.4 As duly disclosed to the stock exchanges in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR**”) read with the Companies (Significant Beneficial Owners) Rules, 2018, the ultimate beneficial owners of the shares of Digispice and Wall Street held by Spice Connect are Dr. Bhupendra Kumar Modi (“**Dr. M**”), beneficially holding 39.59% (thirty-nine point five nine percent) of the issued and paid-up share capital of Smart Global, and his children, Mr. Dilip Kumar Modi (“**DM**”) and Mrs. Divya Modi Tongya (“**DT**”) holding 30.81% (thirty point eight one percent) and 29.60% (twenty-nine point six zero percent) of the issued and paid-up share capital of Smart Global, respectively. DM also directly holds 0.44% (zero point four four percent) of the issued and paid-up share capital of Digispice in his individual capacity.
- 1.5 E-Arth Techventures Private Limited is a company duly incorporated and validly existing under the laws of India, having its registered office at 512-B, Hemkunt Tower, 98, Nehru Place, New Delhi - 110019 (“**E-Arth**”), wherein 99% (ninety-nine percent) of the paid-up and issued share capital is held by DM and remaining equity share capital is held equally by Dr. M and DT (0.5% of the paid-up and issued share capital, each).
- 1.6 In terms of disclosures made under Regulation 31 of LODR, Spice Connect and Smart Global have both been declared as ‘promoters’ for Digispice as well as Wallstreet. Further, in terms of disclosures made under Takeover Code, DM has been disclosed as ‘person acting in concert’ with Spice Connect for Digispice.
- 1.7 A transaction is being proposed wherein Spice Connect shall transfer its entire shareholding in Digispice and Wallstreet to E-Arth (“**Proposed Transaction**”), as consideration for optionally convertible redeemable preference shares of E-Arth, to be issued with the following features: (i) tenure of 20 (twenty) years; (ii) no voting rights prior to conversion; (iii) non-cumulative coupon rate of 6% (with no accrual of rights in case of non-payment of coupon) and (iv) convertible or redeemable as per mutual agreement of E-Arth and Spice Connect (in its capacity as the security holder).

2. Legal framework

Regulation 10(1)(a)(iii) of the Takeover Code is reproduced as under:

“10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfilment of the conditions stipulated therefor,—

(a) acquisition pursuant to inter se transfer of shares amongst qualifying persons, being,—

(i)...

(ii)...

(iii) a company, its subsidiaries, its holding company, other subsidiaries of such holding company, persons holding not less than fifty per cent of the equity shares of such company, other companies in which such persons hold not less than fifty per cent of the equity shares, and their subsidiaries subject to

E-ARTH TECHVENTURES PVT. LTD.

CIN : U72200DL2019PTC358145

Regd. Office : 512-B, Hemkunt Tower, 98, Nehru Place, New Delhi-110019

E-mail : connect@e-arthtechventures.com



control over such qualifying persons being exclusively held by the same persons; Explanation: For the purpose of this sub-clause, the company shall include a body corporate, whether Indian or foreign."

3. **Our Interpretation**

- 3.1 Since Spice Connect is a wholly owned subsidiary of Smart Global, as far as shareholding of Spice Connect is considered, Smart Global may be considered as a pass through entity, and therefore the shareholders of Smart Global may be considered as the effective shareholders of Spice Connect. Accordingly, the entire share capital of Spice Connect may be considered as exclusively held (albeit indirectly) by Dr. M, DM and DT. The share capital of E-Arth is also held exclusively by Dr. M, DM and DT.
- 3.2 Considering Spice Connect as "*a company*" for the purpose of Regulation 10(1)(a)(iii) of the Takeover Code, and Dr. M, DM and DT as "*persons holding not less than 50% of the equity shares*" of Spice Connect (indirectly through Smart Global), E-Arth will fall within the category of "*other companies in which such persons hold not less than 50% of the equity shares*". Therefore, Spice Connect and E-Arth should be considered as "*qualifying persons*" for the purpose of Regulation 10(1)(a) of the Takeover Code, and therefore the proposed acquisition of equity shares of Digispice and Wallstreet by E-Arth from Spice Connect should be exempt from the obligations of making an open offer under Regulation 3 and/or Regulation 4 of the Takeover Code.
- 3.3 Pursuant to the Proposed Transaction, there would be no dilution (in fact, no change at all) in the public shareholding of either Digispice or Wallstreet and both Digispice and Wallstreet will continue to remain listed companies.

4. **Request for interpretative letter under the Scheme**

Based on the aforementioned facts, we seek your informal guidance in the form of an "interpretative letter" as to whether the Proposed Transaction would be exempt from the obligation to make an open offer under Regulation 3 and/or Regulation 4 of the Takeover Code, in terms of the exemption provided under Regulation 10(1)(a)(iii) of the Takeover Code.

5. **Request for confidentiality**

Given the sensitivities involved in a transaction of this nature which may be material event and/or price sensitive information, we request you to keep this request and your response confidential for the maximum period permissible under the Scheme, i.e., up to ninety(90) days, or for such number of days as you may deem fit from the date of issuance of response by your good office in accordance with paragraph 11 of the Scheme, any applicable SEBI regulations and/or the Right to Information Act, 2005.

E-ARTH TECHVENTURES PVT. LTD.

CIN : U72200DL2019PTC358145

Regd. Office : 512-B, Hemkunt Tower, 98, Nehru Place, New Delhi-110019

E-mail : connect@e-arthtechventures.com



6. **Compliance with paragraph 6 of the Scheme**

The fees of Rs. 25,000/- (Rupees Twenty Five Thousand Only) for seeking informal guidance as specified under paragraph 6 of the Scheme has been paid to SEBI Bank Account number 012210210000007 through NEFT on 20th October 2020 via UTR No. **INDBN20109166814**.

7. All material facts, circumstances and legal provisions which in our opinion are relevant for the purpose of determination of this request are stated herein. In view of the above mentioned details, we request your good office to provide us informal guidance by way of an “interpretative letter”.
8. Any request for further clarification/ information sought in relation to this letter, can be addressed to:

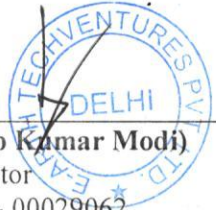
Mr. Mohit Bansal
Authorised Signatory

Mobile : 9910140066
Email : connect@e-arthtechventures.com

Thanking you.

Yours sincerely,

For and on behalf of **E-Arth Techventures Private Limited**



(Dilip Kumar Modi)
Director
DIN - 00029062

E-ARTH TECHVENTURES PVT. LTD.

CIN : U72200DL2019PTC358145

Regd. Office : 512-B, Hemkunt Tower, 98, Nehru Place, New Delhi-110019

E-mail : connect@e-arthtechventures.com