



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

प्रबंधक (General Manager)

निगम वित्त विभाग (Corporation Finance Department)

निगम पुनर्संरचना प्रभाग (Division of Corporate Restructuring - 2)

achals@sebi.gov.in

By Speed Post AD

SEBI/HO/CFD/DCR-2/OW/P/2020/ 19648/1

November 18, 2020

Kalindi Farms Pvt. Ltd.

Regd. Office : 54,

Okhla Industrial Estate,

Phase - III, New Delhi - 110 020

Kind attention: Mr. Abhishek Jain (Director)

Dear Sir,

Sub विषय: Request for informal guidance by way of an 'Interpretative Letter' under the SEBI (Informal Guidance) Scheme, 2003 in connection with the provisions of Regulation 10(1)(d)(iii) of SEBI (SAST) Regulations, 2011 sought by Kalindi Farms Limited

1. This has reference to letter dated September 17, 2020, seeking informal guidance by way of interpretative letter under the SEBI (Informal Guidance) Scheme, 2003 and subsequent correspondence vide e-mail dated October 20, 2020 on the captioned subject.
2. In your communication under reference, you have, inter-alia represented as follows:
 - 2.1 Kalindi Farms Private Limited ("KALINDI / Transferee Company / Applicant") is a private limited company incorporated and existing under the provisions of the Companies Act, 1956/2013.
 - 2.2 The entire shareholding (100%) of KALINDI is held by Jain Family comprising of Mr. Ajay Kumar Jain, Mrs. Vinay Kumari Jain and Mr. Abhishek Jain.
 - 2.3 KALINDI and the Jain Family are part of the Promoter and Promoter Group of PPAP Automotive Limited ("PPAP / Target Company"), a company whose shares are listed on the stock exchanges i.e. BSE and NSE. The entire Promoter and Promoter Group holding in PPAP is currently 64.52% and it was 64.29% as on June 30, 2020. Copy of Shareholding Pattern of PPAP as disclosed under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements)

सेबी भवन, प्लॉट नं. सी 4-ए, "जी" ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.

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दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

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Regulations, 2015 for the Quarter ending 30th June 2020 is annexed as Annexure A of our letter.

2.4 Out of the Promoter and Promoter Group shareholding of PPAP, KALINDI holds 13.28% and the above mentioned 3 individual shareholders of KALINDI viz. Mr. Ajay Kumar Jain (27.62%), Mrs. Vinay Kumari Jain (3.81%) and Mr. Abhishek Jain (7.16%) are also classified as "Promoter" for more than 3 years. Their consolidated/aggregate shareholding in the PPAP/Target Company is 51.87%.

2.5 Presently, KALINDI is in the process of considering a Scheme of Amalgamation and Arrangement ("Scheme") of below mentioned 10 entities ("Transferor Companies") with KALINDI i.e. the Transferee Company:

S. No.	Name	Shareholding (%age) in PPAP/Target Company as on June 30, 2020	Current Shareholding (%age) In PPAP/Target Company	Shareholder whether Classified as "Promoter" or not
1	Nikunj Foods Private Limited (CIN: U51219DL1993PTC335978)	1.03%	1.05%	Promoter
2	Advance Commotrade Private Limited (CIN: U51909DL2010PTC335979)	1.56%	1.58%	Promoter
3	Ratnakar Dealtrade Private Limited (CIN: U51909DL2010PTC335985)	1.04%	1.06%	Promoter
4	Littlestar Tradelinks Private Limited (CIN: U51909DL2010PTC335975)	1.39%	1.41%	Promoter
5	Sri Lehra Jewellers Private Limited (CIN: U51909DL1997PTC335977)	3.91%	3.98%	Promoter
6	Jagmata Commosales Limited (CIN: U51909DL2013PLC336606)	NIL	NIL	Promoter
7	Icon Vanijya Private Limited (CIN: U52190DL2010PTC336071)	NIL	NIL	Promoter



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8	Ginius Vintrade Private Limited (CIN: U52100DL2010PTC336070)	NIL	NIL	Promoter
9	Arhaan Holdings Private Limited (CIN: U74140DL2011PTC225931)	NIL	NIL	Promoter
10	Ajay Kumar Jain Holdings Private Limited (CIN: U74999DL2011PTC226440)	NIL	NIL	Promoter
	Total	8.93%	9.08%	

2.6 100% of the shareholding of all the aforesaid companies are directly or indirectly held by Mr. Ajay Kumar Jain, Mrs. Vinay Kumari Jain and Mr. Abhishek Jain. Furthermore, all the aforesaid 10 entities are included in the Promoter and Promoter Group of PPAP as reflected in Annexure A.

2.7 With a view to consolidate the entities so as to eliminate the chain holdings and attain a leaner and efficient structure from long term perspective it is proposed to merge the 10 Transferor Companies with the Transferee Company i.e. KALINDI through a Scheme of Amalgamation and Arrangement ("Scheme") under section 230 to 232 of the Companies Act, 2013 ("Act") read with applicable provisions of the Act.

2.8 All the Transferor Companies shall stand dissolved pursuant to the proposed Scheme and the entire business and whole of the undertaking of the Transferor Companies, including, without any limitation all the assets and properties of the Transferor Companies, including but not limited to all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units) shall get transferred to KALINDI. Thus the 9.08% shares held by the Transferor Companies in PPAP as listed in the table in para 5, will stand transferred to KALINDI. The same will result in an increase in the holding of KALINDI in the Promoter capacity in PPAP from 13.28% to 22.36%.

2.9 Pursuant to the Scheme, there will be no change in the shareholding percentage of the Jain Family in KALINDI, who will continue to hold 100%. Further, there will be no change in the percentage of Promoter and Promoter Group shareholding of PPAP, which will remain as 64.52%.

2.10 As per the Scheme, the entire consideration paid for the amalgamation would be discharged by KALINDI by way of issue of its shares to Mr. Ajay





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Kumar Jain, Mrs. Vinay Kumari Jain and Mr. Abhishek Jain. No portion of the consideration would be discharged in the form of cash/cash equivalent.

2.11 Hence it is our understanding that the present case of acquisition of shares by KALINDI in PPAP would fall under the exemption provided under regulation 10(1)(d)(iii) of SEBI (SAST) Regulations, 2011. Hence, we request you to confirm our understanding that the transfer of shareholding of PPAP held by the Transferor Companies to KALINDI resulting in the increase of the holding of KALINDI in the Promoter capacity in PPAP from 13.28% to 22.36%, would be exempt from open offer obligation by virtue of regulation 10(1)(d)(iii) of SEBI (SAST) Regulations, 2011.

3. In view of the above, you have sought an interpretative letter as to whether the said acquisition of shares by KALINDI in PPAP pursuant to the merger of 10 Transferor Companies with KALINDI would fall under the exemption provided under regulation 10(1)(d)(iii) of SEBI (SAST) Regulation, 2011.

4. We have considered the submissions made by you and without necessarily agreeing with your analysis, we are issuing an interpretative letter as under:

(i) As per Regulation 10(1)(d)(iii) of SEBI SAST Regulations, 2011, any acquisition pursuant to a scheme of arrangement not directly involving the target company as a transferor company or as a transferee company, or reconstruction not involving the target company's undertaking, including amalgamation, merger or demerger, pursuant to an order of a court or a tribunal or under any law or regulation, Indian or foreign, would be exempt only if the following conditions are complied with-

A. *the component of cash and cash equivalents in the consideration paid being less than twenty-five per cent of the consideration paid under the scheme; and*

B. *where after implementation of the scheme of arrangement, persons directly or indirectly holding at least thirty-three per cent of the voting rights in the combined entity are the same as the persons who held the entire voting rights before the implementation of the scheme.*

(ii) On perusal of the facts represented by you, it is observed that the proposed scheme does not directly involve the Target Company as a Transferor Company or as a Transferee Company.

(iii) You have also represented that the entire consideration for the said transaction would be discharged by way of issue of equity shares of



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Transferee Company to Jain family and hence there is no involvement of cash or cash equivalents in the aforementioned transactions.

- (iv) From the application it is gathered that the entire 100% shareholding of Transferor Company and Transferee Companies are held by Jain Family. Thus, Jain family ultimately controls both Transferor Company and Transferee Companies. Post implementation of the scheme, the 9.08% shares held by the Transferor Companies in Target Company will stand transferred to KALINDI increasing its shareholding in the Promoter capacity in Target Company from 13.28% to 22.36%. Further, Jain family would continue to hold 100% shares of KALINDI.
5. In view of the above, as represented by you, it appears that the aforementioned conditions of Regulation 10(1)(d)(iii) of SEBI SAST Regulations, 2011 would be complied by the entities. Therefore, merger of the 10 Transferor Companies with the Transferee Company i.e. KALINDI pursuant to an order of a court or a tribunal or under any law or regulation, Indian or foreign would be exempt from the open offer obligations by virtue of Regulation 10(1)(d)(iii) of SAST Regulations, 2011 subject to the other conditions being complied with under Regulation 10 of the SEBI (SAST) Regulations, 2011.
6. Vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that the intepretative letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.
7. 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.
8. 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 the SEBI (SAST) Regulation, 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.

भवदीय / Yours Sincerely,


अचल सिंह / Achal Singh