



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
DIVISION OF CORPORATE RESTRUCTURING-1

SEBI/HO/CFD/DCR1/OW/P/2020/20379/1
November 25, 2020

Mr. Dillip Kumar Modi
Director
E-Arth Techventures Pvt Ltd
512-B, Hemkunt Tower
98, Nehru Place
New Delhi – 110019

Sir,

Interpretive letter under the provisions of SEBI (Informal Guidance) Scheme, 2003 in respect of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Regulations) in the matter of Digispice Technologies Limited and Wall Street Finance Limited.

1. This has reference to your letter dated October 21, 2020 on the captioned subject.
2. In respect of the same, you have, *inter alia*, represented as under:
 - 2.1 Digispice Technologies Limited (DTL / Target Company) is a company incorporated under the laws of India, having its registered office at 622, 6th floor, DLF Tower A, Jasola District Centre, South Delhi - 110025 and is currently listed on BSE and NSE.
 - 2.2 Wall Street Finance Limited (WSFL / Target Company) is a company incorporated under the laws of India, having its registered office at Unit 622, the Summit Business Bay - Omkar Prakash Wadi, Andheri (E), Mumbai - 400093 and is currently listed on BSE.
 - 2.3 Spice Connect Pvt Ltd (SCPL) is an unlisted company, incorporated under the laws of India, having its registered office at 622, 6th floor, DLF Tower A, Jasola District Centre, South Delhi – 110025. SCPL holds 74.35% of issued and paid up share capital of DTL and also holds 62.43% of issued and paid up share capital of WSFL. SCPL is a wholly owned subsidiary (WOS) of Smart Global Corporate Holding Pvt Ltd (SGCHPL), a company duly incorporated under the laws of India, having registered office at A-10, Street No.2, North Chhajapur, Shahdara, Delhi – 110093.

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.
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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- 2.4 Ultimate beneficial owners of the shares of DTL and WSFL held by SCPL are Dr. Bhupendra Kumar Modi holding 39.59% of issued and paid up share capital of SGCHPL and his children Mr. Dilip Kumar Modi and Mrs. Divya Modi Tongya holding 30.81% and 29.60% of issued and paid up share capital of SGCHPL, respectively. Mr. Dilip Kumar Modi also directly holds 0.44% of issued and paid up share capital of DTL in his individual capacity.
- 2.5 In terms of disclosures made under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, SCPL and SGCHPL both have been declared as promoters of DTL and WSFL. Further, in terms of disclosures made under Takeover Regulations, Mr. Dilip Kumar Modi has been disclosed as person acting in concert with SCPL for DTL.
- 2.6 E-Arth Techventures Pvt Ltd (E-Arth) is an unlisted company incorporated under the laws of India, having registered office at 512-B, Hemkunt Tower, 98, Nehru Place, New Delhi – 1110019, wherein 99% of the paid up capital and issued share capital is held by Mr. Dilip Kumar Modi and remaining equity share capital is held equally by Dr. Bhupendra Kumar Modi and Mrs. Divya Modi Tongya (0.5% each).
- 2.7 A transaction is being proposed wherein SCPL shall transfer its entire shareholding in DTL and WSFL 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 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 SCPL (in its capacity as the security holder).
- 2.8 Since, SCPL is a WOS of SGCHPL, as far as shareholding SCPL is considered, SGCHPL may be considered as a pass through entity and therefore the shareholders of SGCHPL may be considered as the effective shareholders of SCPL. Accordingly, the entire share capital of SCPL may be considered as exclusively held (albeit indirectly) by Dr. Bhupendra Kumar Modi, Mr. Dilip Kumar Modi and Mrs. Divya Modi Tongya. The share capital of E-Arth is also held exclusively by the same individuals.
- 2.9 Considering SCPL as 'a company' for the purpose of Reg. 10(1)(a)(iii) of Takeover Regulations and Dr. Bhupendra Kumar Modi, Mr. Dilip Kumar Modi and Mrs. Divya Modi Tongya as 'persons holding not less than 50% of equity shares' of SCPL (indirectly through SGCHPL), E-Arth will fall within the category of 'other companies in which such persons hold not less than 50% of the equity shares'. Therefore, SCPL and E-Arth should be considered as 'qualified persons' for the purpose of Reg. 10(1)(a)(iii) of Takeover Regulations, and



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therefore, the proposed acquisition of equity shares of DTL and WSFL by E-Arth from SCPL should be exempt from the obligations of making open offer under Regulation 3 and Regulation 4 of Takeover Regulations.

- 2.10 Pursuant to the proposed transaction, there would be no dilution (in fact, no change at all) in the public shareholding of either DTL or WSFL and both the said companies will continue to remain as listed companies.
3. In view of above, you have sought interpretive letter from SEBI 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 Takeover Regulations, in terms of the exemption provided under Regulation 10(1)(a)(iii) of Takeover Regulations.
4. We have considered the submissions made by you in your letter under reference. Without necessarily agreeing with your analysis, our view is as under:
- a. Regulation 10(1)(a)(iii) of the Takeover Regulations is quoted below:

Regulation 10(1)(a)(iii) of Takeover Regulations:

“(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 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 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.”

- b. SCPL holds 74.35% and 62.43% in DTL and WSFL respectively i.e Target Companies. As the proposed transaction would take place between SCPL and E-Arth, both the companies need to fulfill conditions specified for “qualifying person” under Regulation 10(1)(a)(iii) of the Takeover Regulations.
- c. As per the information provided by you, Mr. Dilip Kumar Modi is holding 99% in E-Arth and remaining shareholders of it i.e. Mr. Bhupendra Kumar Modi and Ms. Divya Modi Tongya are holding 0.5% each. It appears that, the control in E-Arth is being exclusively held by one individual i.e. Mr. Dilip Kumar Modi by virtue of his 99% holding in E-Arth. Thus, the control over the qualifying persons i.e. SCPL and E-Arth is not exclusively held by the same persons. Hence, E-Arth may not



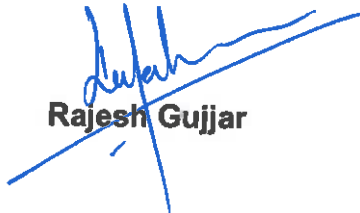
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be fulfilling the conditions specified under Regulation 10(1)(a)(iii) of the Takeover Regulations.

- d. Therefore, the proposed transaction would not be eligible for exemption from the obligation to make an open offer under Regulation 3 and / or Regulation 4 of Takeover Regulations.
5. Further, your request for confidentiality for a period of 90 days has been acceded to.
6. 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.
7. 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 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