

ANKUR FINCON MANAGEMENT PVT. LTD.

Date: January 13, 2020

The Securities and Exchange Board of India (SEBI)  
DGM, Investment Management Department – DF 6,  
Plot C4-A, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400051

Attn: Mr. Sanjay Singh Bhati

**Sub:** Request for Informal Guidance by way of Interpretative letter under the provisions of SEBI (Informal Guidance) Scheme, 2013

**Ref:** Regulation 19F of SEBI (AIF) Regulations, 2012

We submit this letter for seeking an informal guidance in the form of an interpretative letter under the provisions of the SEBI (Informal Guidance) Scheme, 2013 ("Scheme"), in connection with the Regulation 19F of SEBI (AIF) Regulations, 2012 specifically with respect to investment in securities of companies incorporated outside of India ("SEBI Regulations")

**Background of the applicant:**

Ankur Capital Fund ("Fund") is a category 1 AIF registered as the first Angel Fund under SEBI with registration number IN/AIF1/13-14/0100. The Investment Manager of the Fund is Ankur Fincon Management Pvt. Ltd. The intention of setting up as an Angel Fund was to provide investors the option to selectively participate in the investments of the fund.

The Fund, being an Angel Fund, within SEBI (AIF) Regulations, 2012 has a separate scheme for each of its investments and files a separate scheme document with SEBI prior to investment. This is as per the requirement of Clause 19E (1) of SEBI Regulations. Investors have the option to invest or not invest in each scheme. If they wish to invest, they would confirm their approval for that scheme and if they wish to opt out of an investment, their share of investment or income/expenses, gains/losses from that scheme are not allocated to such investors.

One of the investors in the Fund is an Indian insurance company ("Investor X"). The Fund has invested in Company A, a company registered outside of India having its operations in India. A separate scheme document was filed with SEBI prior to the investment and other regulations were also complied with as per the requirement of Clause 19F (6) of SEBI Regulations.

The Investor X did not approve for the scheme to invest in Company A and the scheme document filed with SEBI also does not list the said investor as participant of that Scheme. Hence, Investor X has not contributed for their share of investment in Company A and no income/expense, gain/loss is allocated to Investor X with respect to the scheme for investment in Company A.

**Applicable provisions of the SEBI (AIF) Regulations, 2012:**

- a. 19F (6) - Pursuant to amendment by SEBI (Alternate Investment Funds) (Amendment) Regulations, 2016 with effect from January 4, 2017 an Angel Fund may also invest in the

securities of companies incorporated outside of India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and the Board from time to time.

- b. 19E (1) - The Angel Fund may launch schemes subject to filing of a term sheet with the Board, containing material information regarding the scheme, in the format and time period as may be specified by the Board
- c. 19G (3) - The Manager of the Angel Fund shall obtain an undertaking from every angel investor proposing to make investment in a venture capital undertaking, confirming his approval for such an investment, prior to making such an investment.

**Actions undertaken by the Fund:**

- a. The Fund sought investment consent from every investor prior to filing the scheme document with SEBI and investment in Company A, in compliance with the SEBI Regulations
- b. Investor X, being an insurance company, has opted not to be part of the Scheme for Investing in Company A, which is registered outside of India. Hence Investor X's share of investment, income/expense, gain/loss are not considered for the Scheme to invest in Company A.
- c. Since each Scheme is a separate vehicle within the Fund, the accounts of investment, income/expense, gain/loss are maintained separately for each scheme under the Fund.
- d. Investment in Company A was made by the Scheme after complying with relevant RBI and SEBI Regulations.

**Request for Guidance:**

In terms of Clause 5(ii) of the Scheme, we hereby request you to kindly issue an interpretative letter with your guidance on:

- a. Whether the intent of the Angel Fund Regulations is to provide the option for investors to selectively participate in each scheme of the Angel Fund.
- b. Whether every scheme of an Angel Fund is an independent vehicle with its own set of investors, who have approved to be part of such scheme
- c. Whether an investor who does not approve to participate in a particular scheme, they are ring-fenced from that scheme investment under Angel Fund Regulations.
- d. When an investor cannot participate in a scheme due to regulatory limitations, they will be ring-fenced from that scheme investment under Angel Fund Regulations. Whether by doing so, they will not be in non-compliance for their investments in other schemes where they have approved, as each scheme is independent under Angel Fund Regulations.


**Compliance with the Scheme:**

We are enclosing along with this application, a cheque bearing number 000062 dated January 13, 2020 drawn on HDFC Bank Ltd. For Rs. 25,000/- (Rupees twenty-five thousand only), in favour of Securities and Exchange Board of India, towards the fees specified in the Scheme.

All material facts and legal provisions, which, in our opinion, are relevant for the purposes of determination of this request, have been stated in the application.

We would be pleased to furnish any additional information required in support of this letter for seeking an informal interpretative guidance.

Yours faithfully,  
For Ankur Fincon Management Pvt. Ltd.

  
Rema Subramanian  
Director  
(Investment Manager of Ankur Capital Trust)



Encl: Ch. No. 000062 dated 13/01/2020 drawn on HDFC Bank for Rs 25,000/-