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SEBI/HO/CFD/PoD-2/OW/P/2023/25677/1

June 23, 2023

Vidli Restaurants Limited
D-09, Eastern Business District
LBS Road, Bhandup (West)
Mumbai- 400 078

Kind attention: Dr. Vidhi V. Kamat (Managing Director)

Madam,

Sub: Your request for Informal Guidance by way of an “Interpretative Letter” under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in relation to Regulation 10 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulations”) in the matter of Vidli Restaurants Limited (“Target Company”)

1. This is with reference to your letter dated May 02, 2023 seeking guidance by way of an interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 (“Informal Guidance Scheme”).
2. In the letter under reference you have, *inter-alia*, stated as under-
 - i. The equity shares of Vidli Restaurants Limited (the Target Company) were listed and traded on the SME Platform of the BSE Limited (BSE) from February 15, 2016. Thereafter, with effect from August 23, 2022, the equity shares of the Target Company were admitted for dealings on the Mainboard Platform of the BSE.
 - ii. The shareholding of the Target Company, as mentioned in its shareholding pattern, filed under Regulation 31 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) for the quarters ended on September 30, 2022, December 31, 2022 and March 31, 2023 are as under-

OB/ATK



Name of Promoter (of the Target Company)	As on March 31, 2023		As on December 31, 2022		As on September 30, 2022	
	No. of Shares	%age holding	No. of Shares	%age holding	No. of Shares	%age holding
Dr. Vidhi V. Kamat	14,39,500	13.30	14,39,500	13.30	14,39,500	13.30
Kamats Worldwide Food Services Ltd.* (Formerly known as Conwy Hospitality Pvt. Ltd.)	37,84,500	34.96	37,84,500	34.96	37,84,500	34.96
VITS Hotels Worldwide Pvt. Ltd.	20,59,000	19.02	20,59,000	19.02	20,59,000	19.02

*Kamats Worldwide Food Services Limited, one of the promoters of the Target Company, is a wholly owned subsidiary of VITS Hotels Worldwide Private Limited, another promoter entity of the Target Company.

- iii. For more than three years, there has been no change in the equity shareholding of VITS Hotels Worldwide Private Limited and Kamats Worldwide Food Services Private Limited.
- iv. The equity shareholding of VITS Hotels Worldwide Private Limited is as under-

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Sr. No.	Name of the Shareholder	No. of Equity Shares Held	%age holding
1	Dr. Vidhi V. Kamat	9,999	99.99%
2	Dr. Vikram V. Kamat	1	0.01%
	Total	10,000	100.00%

- v. Presently, Dr. Vikram V. Kamat does not hold any equity shares or voting rights in the Target Company. However, Dr. Vikram V. Kamat, being the spouse of Dr. Vidhi V. Kamat, is her immediate relative as per Regulation 2(1)(l) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (Takeover Regulations).
- vi. As per the proposed transaction, Dr. Vidhi V. Kamat intends to gift 9,998 equity shares held by herself in VITS Hotels Worldwide Private Limited to Dr. Vikram V. Kamat. Pursuant to the proposed transaction, the shareholding in VITS Hotels Worldwide Private Limited would be as under -

Sr. No.	Name of the Shareholder	No. of Equity Shares Held	%age holding
1	Dr. Vidhi V. Kamat	1	0.01%
2	Dr. Vikram V. Kamat	9,999	99.99%
	Total	10,000	100.00%

- vii. Dr. Vikram V. Kamat would then hold 99.99% equity shareholding of VITS Hotels Worldwide Private Limited. As a result, Dr. Vikram V. Kamat would indirectly acquire control over the Target Company.

3. In view of the proposed transaction , you have sought for clarification on the following queries -

- i. *Whether the aforesaid transaction will trigger the obligation for Dr. Vikram V. Kamat to make an open offer under provisions of the SEBI SAST.*
- ii. *Whether the aforesaid transaction is eligible for exemption as per Regulation 10(1)(a)(i) of SEBI SAST from obligation to make an open offer under regulation 3, regulation 4 of the SEBI SAST and/or any other applicable provisions.*



iii. Whether Dr. Vikram V. Kamat will be promoter or persons acting in concert of the Target Company after aforesaid transaction."

4. We have considered the submissions made by you in your application. Without necessarily agreeing with your analysis, the following interpretative letter is issued:

In respect of queries at paragraphs 3(i) and (ii):

4.1. Regulation 3(1) of the Takeover Regulations specify that no acquirer shall acquire shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, entitle them to exercise twenty-five per cent or more of the voting rights in such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with the Takeover Regulations. Regulation 4 of the Takeover Regulations mandates as follows:

"Irrespective of acquisition or holding of shares or voting rights in a target company, no acquirer shall acquire, directly or indirectly, control over such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations."

4.2. Further, regulation 5(1) of the Takeover Regulations provides that for the purposes of regulation 3 and regulation 4 of the said Regulations, acquisition of shares or voting rights in, or control over, any company or other entity, that would enable any person and persons acting in concert with him to exercise or direct the exercise of such percentage of voting rights in, or control over, a target company, the acquisition of which would otherwise attract the obligation to make a public announcement of an open offer for acquiring shares under these regulations, shall be considered as an indirect acquisition of shares or voting rights in, or control over the target company.

4.3. Thus, on acquiring 9,998 equity shares in VITS Hotels Worldwide Private Limited, Dr. Vikram V. Kamat would be able to indirectly exercise 53.98% of the voting rights and control over the Target Company, thereby triggering the open offer requirements under regulations 3 and 4 of the Takeover Regulations read with regulation 5(1) thereof, unless such an obligation is expressly exempted under regulation 10 of the Regulations. Further, the proposed acquisition shall not be eligible for automatic exemption as the exemption under

regulation 10(1)(a) of the Takeover Regulations would apply only if the acquisition of shares [of a target company as per regulation 2(1)(v)] is pursuant to inter se transfer of shares amongst immediate relatives, where a spouse qualifies as an 'immediate relative' under regulation 2(1)(l) of the Takeover Regulations. For reference, the relevant provisions of regulations 10(1)(a) and 2(1)(l) & (v) are reproduced below:

"General Exemptions.

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

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

- i. immediate relatives;*
- ...”*

Regulation 2(1)(l) of the Takeover Regulations specifies the definition of "immediate relative" as under:-

"immediate relative" means any spouse of a person, and includes parent, brother, sister or child of such person or of the spouse;"

Regulation 2(1)(v) of the Takeover Regulations specifies the definition of "shares" as under-

"shares" means shares in the equity share capital of a target company carrying voting rights, and includes any security which entitles the holder thereof to exercise voting rights;..."

4.4. In the present case, the proposed transaction does not involve the transfer of shares of the Target Company (Vidli Restaurants Limited) but the shares/voting rights of Target Company are being indirectly acquired through the transfer of shares in the promoter entity of the Target Company. Thus, the transaction shall trigger the open offer obligations and would not be eligible for any automatic exemption under regulation 10 of the Takeover Regulations.

4.5. However, considering that Dr. Vikram V. Kamat is presently part of the 'promoter group' of the Target Company, it is pertinent to note that under regulation 11(1) of the Takeover



Regulations Securities and Exchange Board of India (SEBI) is empowered to grant exemption from the obligation to make an open offer for acquiring shares under the Takeover Regulations if an application is filed for seeking such exemption. The relevant extract of the regulation is reproduced as under-

"The Board may for reasons recorded in writing, grant exemption from the obligation to make an open offer for acquiring shares under these regulations subject to such conditions as the Board deems fit to impose in the interests of investors in securities and the securities market."

In respect of query at paragraph 3(iii):

- 4.6. Regulation 2(1)(s) & (t) of the Takeover Regulations read with regulation 2(1)(pp) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Dr. Vikram V. Kamat would be a 'promoter' in the Target Company. Further, the term "persons acting in concert" is only used in the context of an acquisition. In this regard, regulation 2(1)(q)(2)(iv) & (v) of the Takeover Regulations specifies inter alia that 'promoters and members of the promoter group' and 'immediate relatives' are persons acting in concert, unless the contrary is established. Hence, Dr. Vikram V. Kamat would be a person acting in concert with the others in the promoter group of the Target Company.
5. The above position is based on the information furnished in your letter under reference. Different facts or condition might lead to a different result. Further, this letter does not express a decision of the Board on the question referred.
6. You may note that the above views are expressed only with respect to the clarification sought vide your letter under reference in relation to Regulation 10(1)(a)(i) of Takeover Regulations 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,


Vimal Bhatte