



भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT
DIVISION OF FUNDS-1

IMD/ DoF-1/ VCF/NK/OW/9720/2012
May 2, 2012

Mr. Vivek Kumar
Unit Trust of India Investment Advisory Services Limited
Unit No.2, Block B, 1st floor,
JVPD Scheme,
Gulmohar Cross Road No.9,
Andheri (West) - 400 049

Dear Sir,

Sub:- Request for interpretive letter under the SEBI (Informal Guidance) Scheme, 2003- by Unit Trust of India Investment Advisory Services Limited on applicability of the provisions of SEBI (Venture Capital Funds) Regulations, 1996 {VCF Regulations}

1. This has reference to your letter dated February 24, 2012 seeking an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 as to whether the proposed investment by the ACA Private Equity Trust in Repco Home Finance Limited is in violation of SEBI VCF Regulations.
2. In your letter under reference you have *inter alia* represented the facts as follows:-
 - a. ACA Private Equity Trust is registered with SEBI as a Venture Capital Fund ("VCF") – Registration No- IN/VCF/08-09/136. Ascent India Fund III is a Scheme of the Trust. You have made this application on behalf of ACA Private Equity Trust
 - b. ACA Private Equity Trust is considering acquiring a stake in Repco Home Finance Limited, a housing finance company promoted by The Repatriates Co-operative Finance and Development Bank Limited ("Repco Bank") which is under the administrative control of the Ministry of Home Affairs.
 - c. Repco Home Finance Limited is not registered with RBI as an NBFC and is engaged in asset backed financing for mortgage of homes and loans against properties.

3. SEBI's views:

The submissions made in your letters have been considered and without necessarily agreeing with your analysis, our views on the issues raised in your letter under reference are as under:-

- a. As per your submissions, Repco Home Finance Limited is a Housing Finance Company which is unlisted and has filed its Draft Red Herring Prospectus for IPO and is not registered with RBI as an NBFC.



अनुवर्ती :
Continuation:

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- b. As per regulation 12(d) (i) of SEBI (Venture Capital Funds) Regulations, 1996, a Venture Capital Fund is required to make at least investment of 66.67 % in unlisted equity shares of venture capital undertakings. As per Reg. 2(n) of the VCF Regulations, venture capital undertaking, inter alia, means the domestic company which is not engaged in sectors mentioned in the negative list specified in third schedule to the VCF Regulations. Under Schedule III of the Regulations, an entity engaged in Non-banking financial services not registered as NBFC with RBI and categorised as Equipment Leasing or Hire Purchase Company, is not a venture capital undertaking.
- c. Repco Home Finance Limited, being a Housing Finance Company, is engaged in Non-Banking Financial Services which is not registered with RBI as an NBFC and therefore is not a venture capital undertaking under the Regulations.
4. In view of the above, the proposed investment by the ACA Private Equity Trust in Repco Home Finance Limited is not permissible under VCF Regulations.
5. This position is based on the representation made to the Division in your letter under reference. Different facts or conditions might require a different result. This letter does not express decision of the Board on the questions referred.
6. You may note that the above views are expressed only with respect to the clarification sought on SEBI (Venture Capital Funds) Regulations, 1996 and do not affect the applicability of any law and other SEBI Regulations, guidelines and circulars administered by SEBI or any other authority.

Yours faithfully,

Maninder Cheema