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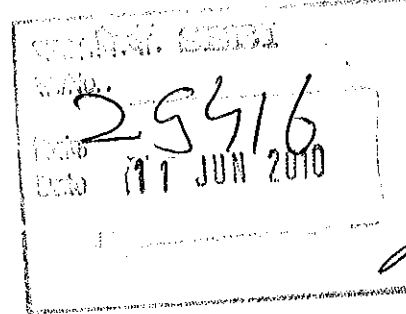
# VIVRO

## VIVRO FINANCIAL SERVICES PRIVATE LIMITED

(MERCHANT BANKER SEBI, Reg. No. INM000010122, AMBI Reg. No. AMBI/086)

Manu Mansion 16-18, Shahid Bhagatsingh Road, Opp. Old Custom House, Fort, Mumbai - 400 023  
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To  
The Corporation Finance Department,  
Division of Issues and Listing  
Securities & Exchange Board of India,  
Plot No. C4-A, 'G' Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051



Kind Attn: Ms Divya Kulshreshtha

Ref: Our Letter No. MB/AM/10-11/154 Dated 11.05.2010 filed on 12.05.2010  
Addressed to the DGM in your office Shri Sanjay Purao

Sub: Request for an Interpretive Letter -  
Securities being issued as Bonus Shares to Promoters' out of the premium  
on shares collected from non-promoters through issue of shares - whether  
said bonus shares become eligible for promoters' minimum contribution of  
20% at the time of making public offer, within one year of allotment of  
aforsaid bonus shares ?

Madam,

In the captioned connection, in compliance with the queries raised, we furnish our proper clarification for your needful consideration and to enable you to provide us your guidance and an interpretive communication. Our clarification is enclosed here and marked as Annexure - 1 forming part of this letter and accordingly, we request you to please consider the same and issue interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 at an early date and oblige.

Thanking you,

Mumbai  
9th June 2010  
Encl: As above

Yours truly

Ashok Mehta

Associate Director

VIVRO Financial Services Private Limited  
Manu Mansion, Opp. Old Custom House, Fort, Mumbai

## Case for opinion

### Background of the Company:

Swajas Air Charters Private Limited, is a company incorporated as a private limited company on July 22, 2008 with the Registrar of Companies, Tamil Nadu in Chennai. It was subsequently converted into a public limited company and the name of the Company was changed to Swajas Air Charters Limited. The fresh certificate of Incorporation consequent upon the change of name on conversion to Public Limited Company was granted by Registrar of Companies, Tamil Nadu on June 26, 2009. The Company is engaged in operating aircrafts and helicopters holding Non Scheduled Operators Permit (NSOP). The Company is a closely held public limited company.

**Regulation 32 of the SEBI (ICDR) Regulations, 2009 provides for Minimum promoters' contribution. The relevant regulation is reproduced hereunder:**

32. (1) The promoters of the issuer shall contribute in the public issue as follows:

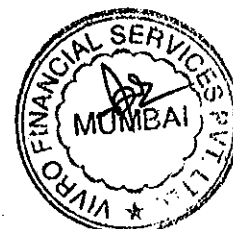
- (a) in case of an initial public offer, not less than twenty per cent. of the post issue capital;
- (b) in case of a further public offer, either to the extent of twenty per cent. of the proposed issue size or to the extent of twenty per cent. of the post-issue capital;
- (c) in case of a composite issue, either to the extent of twenty per cent. of the proposed issue size or to the extent of twenty per cent. of the post-issue capital excluding the rights issue component.

**Regulation 33 of the SEBI (ICDR) Regulations, 2009 provides for securities which are ineligible for Minimum promoters' contribution. The relevant regulation is reproduced hereunder:**

### *Securities ineligible for minimum promoters' contribution*

33. (1) For the computation of minimum promoters' contribution, the following specified securities shall not be eligible:

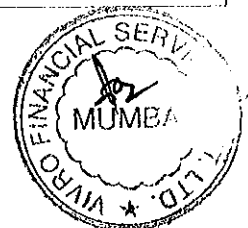
- (a) specified securities acquired during the preceding three years, if they are:
  - (i) acquired for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction; or



- (ii) resulting from a bonus issue by utilisation of revaluation reserves or unrealized profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoters' contribution;
- (b) specified securities acquired by promoters during the preceding one year at a price lower than the price at which specified securities are being offered to public in the initial public offer:
- (2) Specified securities referred to in clauses (a) and (c) of sub-regulation (1) shall be eligible for the computation of promoters' contribution, if such securities are acquired pursuant to a scheme which has been approved under sections 391-394 of the Companies Act, 1956.

The details of shares issued and allotted to promoters and others is as under:

Date on which Equity shares were allotted and made fully paid up	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash or other than Cash)	Nature of/ Reason for Allotment	Name of Allottees
22.7.2008	6,500	10	10	Cash	Subscribers to the MOA	Mr. Mahadevan Ganesh
22.7.2008	3,500	10	10	Cash	Subscribers to the MOA	Mr. R. Jayakumar
24.7.2008	643,500	10	10	Cash	Allotment to Non Promoter	Mr. Mahadevan Ganesh
24.7.2008	346,500	10	10 Cash Not Recd	Other than Cash	Allotment to Promoter & Promoter Group	Mr. R. Jayakumar
11.10.2009	350,000	10	10	Cash	Allotment to Non Promoter	Mr. Mahadevan Ganesh
11.10.2009	350,000	10	10	Cash	Allotment to Promoter & Promoter Group	Mr. R. Jayakumar



Date on which Equity shares were allotted and made fully paid up	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash or other than Cash)	Nature of/ Reason for Allotment	Name of Allottees
11.10.2009	300,000	10	10	Cash	Allotment to Promoter & Promoter Group	Mr. P. Raghuraman

**Issue for Consideration:**

Right now, the Company is in the process of issuing shares on premium to some identified investors who are not promoters. The share premium to be thus collected will be distributed as bonus shares to the shareholders. The promoters would also get their share of bonus shares. The company proposes to go public by making an Initial Public Offering of Shares. The company needs to comply with the SEBI (ICDR) Regulations, 2009 and accordingly, this communication is caused.

**Query for Informal Guidance and the need of making the query:**

Whether the bonus shares, which promoters will be getting as aforesaid, would be considered for calculating the minimum contribution of 20% to be held by the promoters if the company files IPO document to SEBI within one year of the issue of such bonus shares.

As per the ICDR regulations [33 (1) (b) reproduced earlier for your ready reference]), any shares acquired by the promoters at a price which is lower than the issue price, within a year before the filing of the document with SEBI, will not be considered for calculating promoters' minimum contribution. But whether the 'shares acquired' will also include bonus shares?

We would also like to respectfully submit that in some of the recent IPO documents, we have noticed that bonus shares issued within one year of filing of the IPO documents were reckoned as part of the minimum promoter contribution of 20% (Mandhana Industries Ltd. - Prospectus dated 6 May 2010 and Nitesh Estates Limited - Prospectus dated 3 May 2010)

Kindly advise.

