



**General Manager
Corporation Finance Department
Compliance and Monitoring Division -I**

**भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India**

SEBI/HO/CFD/CMD1/OW/2020

June 10, 2020

**Mirza International Limited
14/6, Civil Lines,
Kanpur- 208001**

Kind attention: Ankit Mishra, Company Secretary

Dear Sir,

Sub: Request for Informal Guidance by way of Interpretive Letter under the SEBI (Informal Guidance) Scheme, 2003 in the matter of Mirza International Limited

1. This has reference to your letter dated March 12, 2020, requesting an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 (Scheme).
2. In your letter under reference you have, *inter alia*, represented as under:
 - a. The equity shares of Mirza International Limited ('the Company'), are listed on BSE and NSE.
 - b. Mr. Rashid Ahmad Mirza who is a promoter and the Managing Director of the company, is holding 11.27% shares of the company as on December 31, 2019. The consolidated shareholding of the family of Mr. Rashid Ahmad Mirza comprising himself, his spouse Ms. Yasmin Mirza and his son Mr. Shuja Mirza is 24.1%.
 - c. Mr. Rashid Ahmad Mirza desires to gift some of his shares to two of his married daughters who are living independent lives and do not have any part or involvement in the management of the Company. At present, the daughters do not hold any shares of the Company and therefore, their name does not form part of the *Promoter & Promoter Group* category as per shareholding pattern filed by the Company with Stock exchanges as per Regulation 31 of SEBI (LODR) Regulations, 2015 ('Regulations').
 - d. Subsequent to the transfer of some of the shares from the Managing Director to his daughters, the names of the daughters would be included in the shareholding pattern of the company under the '*Promoter & Promoter group*' category.
 - e. The daughters of the Managing Director desire their names to be reclassified from the '*Promoter & Promoter group*' category to '*Public category*' as they do not have any involvement in the management of the Company and both are married and living separate lives and that they desire not to be bound by the restriction of trading window applicable on the '*Promoter & Promoter group*' merely by falling under the definition as such.

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.टी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



अनुवर्ती:

Continuation :

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**Securities and Exchange
Board of India**

3. On the basis of the above, you have sought guidance under the Scheme on whether the married daughters of Managing Director/Whole Time Director holding more than 10% of the total voting rights in the listed entity, living separate lives and not being involved in the management of the Company, can be re-classified from the 'Promoter and Promoter Group' to 'Public' category under regulation 31A of LODR Regulations.
4. Without necessarily agreeing with your analysis given in your above mentioned letter, our views on the query raised by you are as follows:

The following provisions of the following Regulations may be applicable to the case under question:

Regulation 2(1) (pp) of SEBI (ICDR) Regulations, 2018:

Promoter group" includes:

- i) the promoter;*
- ii) an immediate relative of the promoter (i.e. any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and*
- iii)*

Regulation 31A(3) of SEBI (LODR) Regulations, 2015:

(b) the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not:

- (i) together, hold more than ten percent of the total voting rights in the listed entity*
- (ii) exercise control over the affairs of the listed entity directly or indirectly,*
- (iii)*

Regulation 31A(6) of SEBI (LODR) Regulations, 2015:

In case of transmission, succession, inheritance and gift of shares held by a promoter/ person belonging to the promoter group:

- (a) immediately on such event, the recipient of such shares shall be classified as a promoter/ person belonging to the promoter group, as applicable.*
- (b)*

By virtue of the definition of 'promoter group' under the ICDR, the daughters of the promoters are immediate relatives and are a part of the promoter group irrespective of the fact that they are married and living a separate life or that they do not have any involvement in the management of the Company. Moreover, by virtue of Regulation 31A (6) of SEBI (LODR) Regulations, 2015, in case of gift of shares held by a promoter/ person belonging to the promoter group, immediately on such event, the recipient of such shares shall be classified as a promoter/ person belonging to the promoter group, as applicable.



The conditions for re-classification of promoter group to public and the procedure thereof are specified under regulation 31A of the SEBI (LODR) Regulations. Regulation 31A(3)(b)(i) specifies that promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not together hold more than 10% of the total voting rights in the listed entity. However, as stated by the applicant company, the married daughters would hold more than 10% of the total voting rights of the company after the gift of shares by the promoter/MD. Therefore, by virtue of Regulation 31A(3)(b)(i) of SEBI (LODR) Regulations, 2015, the daughters of the promoter are not eligible to seek re-classification from the promoter group to public.

5. 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 question referred.

Yours sincerely,


Pradeep Ramakrishnan