

KARUN CARPETS PRIVATE LIMITED

(CIN : U65100PB1985PTC049210)

Corp. Office : 801-803, Tower-B, Global Business Park, M.G. Road, Gurugram 122 002, Haryana

Phone : 0124-2803379 upto 83 Email : sect@eicl.in

KCPL/SL/CO/2022

August 1, 2022

The Chief General Manager
Corporation Finance Department,
Division of Corporate Restructuring,
Securities and Exchange Board of India
SEBI Bhawan, Plot No C-4-A
"G" Block, Bandra Kurla Complex
Mumbai – 400051

Dear Sir/ Madam,

Subject: Request for Informal Guidance by way of "No-action Letter" under the Securities Exchange Board of India (Informal Guidance) Scheme, 2003 in relation to Scheme of Amalgamation of promoter company of Greaves Cotton Limited ["Target Company"]

We submit the following facts for your consideration and your opinion, with respect to the provisions of SEBI [Substantial Acquisition of Shares and Takeovers] Regulations, 2011 ["SAST Regulations"].

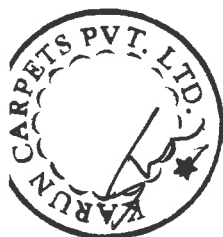
A. Background

1. The Target Company is engaged in the business of manufacturing of engine, engine applications and trading of power tillers, spares related to engines, electric vehicles and infrastructure equipment etc. The equity shares of Target Company are listed on the National Stock Exchange of India Limited and BSE Limited ["Stock Exchanges"].
2. Karun Carpets Private Limited ["KCPL"] is classified as a Promoter for over 3 years and holds 12,86,14,955 equity shares representing 55.55% of the total paid up equity capital of the Target Company as on March 31, 2022.
3. The shareholders of KCPL comprise of the following:

Name of shareholders	Relation	Current %shareholding
Karan Thapar	-	57.53%
Karam Thapar	Son of Karan Thapar	3.63%
Devika Thapar	Daughter of Karan Thapar	2.91%
DBH Global Holdings Limited ["DBHG"]	100% owned by Karan Thapar	35.93%
Others	-	0.01%
Total		100%

Given that entire shareholding of DBHG is held by Mr. Karan Thapar, the Thapar Family owns 99.99% shareholding of KCPL.

4. DBH Holdings (India) Private Limited ["DHPL"] is engaged in the investment activities and is a wholly owned subsidiary of KCPL. Thus, DBHG, KCPL and DHPL are all directly or indirectly owned and controlled by Thapar Family (except nominal shareholding in KCPL).



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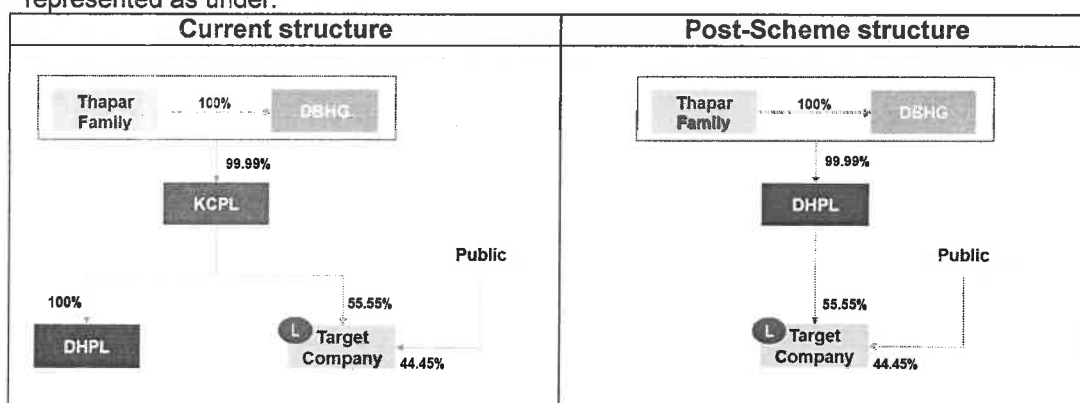
B. Proposed Consolidation

5. With a view to simplify and streamline the group structure, it is proposed to amalgamate KCPL into DHPL through a Scheme of Amalgamation [hereinafter referred to as "Scheme"] under section 230-232 of the Companies Act, 2013 ["Act"] read with applicable provisions of the Act.

6. The key elements of the Scheme are as under:

- KCPL would be merged into DHPL w.e.f. Appointed Date of 1st April 2022
- Once the Scheme becomes effective, KCPL shall stand dissolved pursuant to proposed Scheme and the entire balance sheet, including, without any limitation to all assets, liabilities & properties (including shares, scrips, bonds, units etc) of KCPL shall get transferred to DHPL. Thus, 55.55% stake held by KCPL in the Target Company shall get transferred to DHPL once the Scheme becomes effective
- In consideration of amalgamation of KCPL into DHPL, DHPL will issue shares to the shareholders of KCPL based on a share swap ratio issued by an independent valuer
- Pursuant to the Scheme, Thapar Family will continue to hold 99.99% shareholding in DHPL. Further, there will be no direct change in the percentage shareholding of promoter and promoter group of the Target Company, which will remain as 55.55%.

Copy of Scheme is enclosed at **Schedule 1**. Further, current and post Scheme structure is represented as under:



7. The Board of Directors of KCPL and DHPL have passed resolutions approving the Scheme on May 18, 2022. Further, the Target Company has made the disclosure of such amalgamation to the Stock Exchanges on May 18, 2022.

8. The Scheme has been filed with the National Company law Tribunal, Chandigarh on May 24, 2022 and we are awaiting for the hearing.



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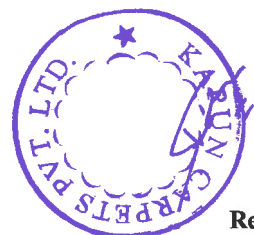
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C. Implications of the Scheme under SAST Regulations

9. Pursuant to the Scheme, the shares held by KCPL in the Target Company would be transferred to and vested in DHPL. Thus, DHPL would acquire 55.55% stake in Target Company post Scheme.
10. Under Regulation 10(1)(d)(iii) of the SAST Regulations, an acquisition pursuant to a scheme of amalgamation wherein the Target Company is not directly involved as a Transferor/ Transferee company, would not trigger any open offer obligations under Regulation 3 if:
 - the component of cash and cash equivalents in the consideration paid being is less than 25% of the consideration paid under the scheme of amalgamation; and
 - after implementation of the scheme of amalgamation, persons directly or indirectly holding at least 33% of the voting rights in the combined entity are the same as the persons who held the entire voting rights before the implementation of the scheme of amalgamation.
11. The proposed Scheme would fulfil the aforesaid conditions as under:
 - The entire consideration paid for the amalgamation would be discharged by DHPL by issue of its shares. No portion of the consideration would be discharged in the form of cash/ cash equivalents. Hence, the first condition stands fulfilled.
 - The shareholders holding 100% stake (and voting rights) in KCPL, directly and indirectly, pre-merger, will continue to hold 100% stake (and voting rights) in DHPL, directly and indirectly post-merger. Thus, the second condition stands fulfilled. Further, pursuant to the Scheme, Thapar Family holding, directly and indirectly, 99.99% stake in DHPL pre-merger will continue to hold 99.99% shareholding and voting rights in DHPL post-merger. The pre and post Scheme shareholding pattern of KCPL and DHPL is enclosed at **Schedule 2**.
12. It is important to note that there shall be no change in control of Thapar Family in the Target Company pursuant to the Scheme.
13. It is pertinent to mention that similar guidance has been given by your good office in the followings matters:
 - Ramkrishna Forgings Limited
 - PPAP Automotive Limited
 - Force motors Limited
 - Apcotex Industries Limited
14. Hence, we understand that the present case of acquisition of shares by DHPL in Target Company should squarely fall under the exemption provided under Regulation 10(1)(d)(iii) of the SAST Regulations.

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D. Clarification sought

15. i. Based on the above facts, we seek your no-action letter with respect to the confirmation that the transfer and vesting of shares of the Target Company into DHPL, pursuant to the Scheme of Amalgamation of KCPL into DHPL, would be exempt from open offer obligations by virtue of Regulation 10(1)(d)(iii) of SAST Regulations.

ii. Further, whether the Target Company will need to comply with the procedural compliances in terms of Regulation 29 of SAST Regulations and under SEBI (Prohibition of Insider Trading) Regulations

E. Requisite Fees

16. The prescribed fee of INR 25,000 along with applicable GST is being enclosed herewith. Copy is attached as **Schedule 3**.

F. Request for confidentiality

17. Given the sensitivities involved in a transaction, we request your good office to keep the information shared by us in this informal guidance application, confidential and request to not to be made available to the public in accordance with applicable SEBI guidelines.

If any additional information is required in relation to the clarifications as sought above, we request you to kindly communicate at the following address:

Mr. Suresh Kumar Jain/ Ms. Shalini Chawla
Karun Carpets Private limited
801-803, Tower-B, Global Business Park,
Gurugram-122002 (Haryana)

We thank you in advance for your time in considering this application and look forward to hearing from you and receiving your interpretive letter in relation to the above.

Thanking You,

Yours faithfully
For Karun Carpets Private Limited


Shalini Chawla
Authorised Signatory



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