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30 August, 2019

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NIMISH UPENDRABHAI PATEL

Krishnarpan" Samir Estate, Gotri-Sevasi Road, Sevasi, Vadodara – 391101

To
The Corporate Finance Department
Securities and Exchange Board of India,
Plot No.C4-A, 'G' Block, Bandra-Kurla Complex,
Bandra (East),
Mumbai – 400 051

Dear Sir / Madam,


Ref.: Request for informal guidance in the form of interpretative letter under Paragraph 4 and 5 (ii) of the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in connection with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018

This is to request an interpretative letter under Paragraph 5(ii) of the Securities and Exchange Board of India (Informal Guidance), 2003 (the "Scheme") to interpret SEBI Regulations as mentioned in the captioned matter on the basis of submissions below:

1. Factual Background

- 1.1. Shri Dinesh Mills Limited ('SDM' or 'the Company') is a company incorporated under the provisions of Vadodara State Companies Act Samvat 1975 (now subsumed under the Companies Act, 2013) and having its registered office at P.O. Box No. 2501, Padra Road, Vadodara – 390020. The Company is primarily engaged in the business of manufacturing and supplying Paper Maker's felts. The shares of the Company are listed on Bombay Stock Exchange ('BSE') Limited.
- 1.2. The Company had allotted warrants to its promoters / promoter group on preferential basis on **20th February 2019** in the following manner:

Name of the Allottees	No. of warrants Allotted
Bharatbhai Upendrabhai Patel	1,25,000
Nimishbhai Upendrabhai Patel	1,25,000
Aditya Bharatbhai Patel	1,25,000
Nishank Nimishbhai Patel	1,25,000
Total	5,00,000


SEBI/IW/P/20190904/0000072839

- 1.3. The warrants are convertible at the option of holder within a period of 18 months from the date of allotment in one or more tranches. The promoters/members of the promoter group have received 1,00,000 equity shares on preferential basis

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pursuant to conversion of 1,00,000 warrants of SDM on 30th March 2019 in the following manner:

Sr. No	Name of Promoters/members of the Promoter Group	No. of warrants converted into shares on 30 th March 2019
1.	Bharatbhai Upendrabhai Patel	25,000
2.	Nimishbhai Upendrabhai Patel	25,000
3.	Nishank Nimishbhai Patel	25,000
4.	Aditya Bharatbhai Patel	25,000
	Total	1,00,000

- 1.4. Pursuant to the allotment of the equity shares on conversion of 1,00,000 warrants, the shareholding of the members of the 'Promoter and Promoter Group' of SDM as on 30th June 2019 stood as follows:

Sr. No	Name of Promoters/members of the Promoter Group	Total No. of shares held as on 30 th June, 2019		No. of shares underlying outstanding warrants	Shareholding (%) assuming full conversion of warrants
		No. of Equity shares	%		
1.	Bharatbhai Upendrabhai Patel	6,95,088	13.37%	1,00,000	14.20%
2.	Nimishbhai Upendrabhai Patel	6,68,852	12.86%	1,00,000	13.73%
3.	Nishank Nimishbhai Patel	4,04,490	7.78%	1,00,000	9.01%
4.	Aditya Bharatbhai Patel	3,92,443	7.55%	1,00,000	8.79%
5.	Arushaben Nimishbhai Patel	83,085	1.60%	-	1.48%
6.	Roopaben Bharatbhai Patel	54,554	1.05%	-	0.97%
7.	Minal Shekhar Desai	34,640	0.67%	-	0.62%
8.	Ranak Kamlesh Laskari	34,060	0.65%	-	0.61%
9.	Jemika Karna Parikh	21,160	0.41%	-	0.38%
	Total	23,88,372	45.93%	4,00,000	49.79%

- 1.5. Further, the promoters /members of the promoter group have received additional 1,00,000 equity shares on preferential basis pursuant to conversion of 1,00,000 warrants of SDM on 10th August 2019 in the following manner:

Sr. No	Name of Promoters/members of the Promoter Group	No. of warrants converted into shares on 10 th August 2019
1.	Bharatbhai Upendrabhai Patel	25,000
2.	Nimishbhai Upendrabhai Patel	25,000
3.	Nishank Nimishbhai Patel	25,000
4.	Aditya Bharatbhai Patel	25,000
	Total	1,00,000

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- 1.6. Pursuant to the allotment of the equity shares on conversion of 1,00,000 warrants, the shareholding of the members of the 'Promoter and Promoter Group' of SDM as on 30th August 2019 stood as follows:

Sr. No	Name of Promoters/ members of the Promoter Group	Total No. of shares held as on 30 th August, 2019		No. of shares underlying outstanding warrants	Shareholding (%) assuming full conversion of warrants
		No. of Equity shares	%		
1.	Bharatbhai Upendrabhai Patel	7,20,088	13.59%	75,000	14.20%
2.	Nimishbhai Upendrabhai Patel	6,93,852	13.09%	75,000	13.73%
3.	Nishank Nimishbhai Patel	4,29,490	8.10%	75,000	9.01%
4.	Aditya Bharatbhai Patel	4,17,443	7.88%	75,000	8.79%
5.	Arushaben Nimishbhai Patel	83,085	1.57%	-	1.48%
6.	Roopaben Bharatbhai Patel	54,554	1.03%	-	0.97%
7.	Minal Shekhar Desai	34,640	0.65%	-	0.62%
8.	Ranak Kamlesh Laskari	34,060	0.64%	-	0.61%
9.	Jemika Karna Parikh	21,160	0.40%	-	0.38%
	Total	24,88,372	46.95%	3,00,000	49.79%

- 1.7. As a part of overall succession planning between the promoter families, it is desired by the Promoters / members of the Promoter Group to transfer their current shareholding as well as all the shares received pursuant to conversion of warrants to their respective Trusts i.e. Bharatbhai Upendrabhai Patel Family Trust ('BUPFT' or 'Acquirer Trust 1'), Nimishbhai Upendrabhai Patel Family Trust ('NUPFT' or 'Acquirer Trust 2'), Aditya Patel Family Trust ('APFT' or 'Acquirer Trust 3') and Nishank Patel Family Trust ('NPFT' or 'Acquirer Trust 4') (hereinafter collectively referred to as Acquirer Trusts).
- 1.8. The Promoters/members of the Promoter Group are evaluating to migrate their shareholding in the Company to Acquirer Trusts as per the below steps:

Step 1 – Conversion of outstanding warrants into equity shares

Promoters / members of Promoter group shall receive 3,00,000 equity shares (viz. 75,000 equity shares each) on conversion of the remaining 3,00,000 warrants of the Company. Pursuant to the above transaction, shareholding of promoters/ members of the promoter group of SDM shall be as below:

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Sr. No	Name of Promoters/ members of Promoter Group	Total No. of shares after conversion of all the warrants	
		No. of Equity shares	%
1.	Bharatbhai Upendrabhai Patel	7,95,088	14.20%
2.	Nimishbhai Upendrabhai Patel	7,68,852	13.73%
3.	Nishank Nimishbhai Patel	5,04,490	9.01%
4.	Aditya Bharatbhai Patel	4,92,443	8.79%
5.	Arushaben Nimishbhai Patel	83,085	1.48%
6.	Roopaben Bharatbhai Patel	54,554	0.97%
7.	Minal Shekhar Desai	34,640	0.62%
8.	Ranak Kamlesh Laskari	34,060	0.61%
9.	Jemika Karna Parikh	21,160	0.38%
	Total	27,88,372	49.79%

Step 2 – Off-market transfer of shares by way of gift between family members

Mr. Bharatbhai Patel shall receive equity shares from his family members by way of gift in the following manner:

Sr. No	Name of persons	Relationship with Mr. Bharatbhai Patel	No. of equity shares
1.	Aditya Bharatbhai Patel	Son	4,92,443
2.	Roopaben Bharatbhai Patel	Spouse	54,554
3.	Jemika Karna Parikh	Daughter	21,160
	Total		5,68,157

Mr. Nimishbhai Patel shall receive equity shares from his family members by way of gift in the following manner:

Sr. No	Name of persons	Relationship with Mr. Nimishbhai Patel	No. of equity shares
1.	Nishank Nimishbhai Patel	Son	5,04,490
2.	Arushaben Nimishbhai Patel	Spouse	83,085
	Total		5,87,575

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Pursuant to the above transaction, the shareholding of Promoters and members of the Promoter group of SDM shall be as below:

Sr. No	Name of Promoters/ members of Promoter Group	Total No. of shares held by promoters/members of promoter group	
		No. of equity shares	%
1.	Bharatbhai Upendrabhai Patel	13,63,245	24.34%
2.	Nimishbhai Upendrabhai Patel	13,56,427	24.22%
3.	Minal Shekhar Desai	34,640	0.62%
4.	Ranak Kamlesh Laskari	34,060	0.61%
	Total	27,88,372	49.79%

Step 3 – Migration of shares held by Mr. Bharatbhai and Mr. Nimishbhai to BUPFT, NUPFT, APFT and NPFT

Shares held by Mr. Bharatbhai shall be migrated to BUPFT & APFT and shares held by Mr. Nimishbhai shall be migrated to NUPFT & NPFT respectively by filing application under Regulation 11(3) of the Takeover Regulations for seeking exemption from making an open offer pursuant to Regulation 3 of the Takeover Regulations in the following manner:

Name of Transferor	Name of acquirer Trust	Number of shares to be acquired	Percentage shareholding
Mr. Bharatbhai Patel	BUPFT	8,70,802	15.55%
	APFT	4,92,443	8.79%
Mr. Nimishbhai Patel	NUPFT	8,51,937	15.21%
	NPFT	5,04,490	9.01%

- 1.9. The aforesaid shares shall be transferred either by way of off-market transfer or through block deal window.
- 1.10. BUPFT, NUPFT, APFT and NPFT ('Acquirer Trusts') controlled by the Trustees who are members of the Promoter / Promoter Group. Further, beneficiaries of the Trusts are also members of the Promoter / Promoter Group.

2. Legal Framework

2.1. Provisions under the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 ('PIT Regulations')

2.1.1. Regulation 4(1) of Chapter II of the PIT Regulations is reproduced as under:

"4(1) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information.

.....

Provided that the insider may prove his innocence by demonstrating the circumstances including the following:

(i) the transaction is an off-market inter se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision

..... ”

(ii) the transaction was carried out through block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision

..... ”

2.1.2. The PIT Regulations defines certain key terms as under:

“(d) “Connected person” means -

(i)

ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,-

.....

(j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent of the holding or interest

(g) “insider” means any person who is:

- i) a connected person; or*
- ii) in possession of or having access to unpublished price sensitive information;*

(l) “trading” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly

2.1.3. Minimum Standards for Code of Conduct for Listed Companies to Regulate, Monitor and Report Trading by Designated Persons in Schedule B of PIT Regulations lays down the following:

“10. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to

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grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act... ..”

- 2.1.4. As per guidance note on SEBI (Prohibition of Insider Trading) Regulations, 2015, certain clarifications have been given regarding contra trade transactions as under:

“Guidance:

Buy back offers, open offers, rights issues, FPOs, bonus, [exit offers]etc. of a listed company are available to designated persons also, and restriction of ‘contra-trade’ shall not apply in respect of such matters... ..”

2.2. Provisions under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), 2011 (‘Takeover Regulations’)

- 2.2.1. In terms of Regulation 3(2) of the Takeover Regulations, an acquirer, together with the persons acting in concert, holding 25% or more of the voting rights but less than the maximum permissible non-public shareholding (75%), may acquire additional shares or voting rights entitling them to exercise 5% or less voting rights in any financial year without making a public announcement of an open offer (“**Regulation 3(2)**”). The explanation to Regulation 3(2) further stipulates that gross acquisitions have to be considered for calculating the aforesaid creeping acquisition limit of 5%, i.e. acquisitions considered irrespective of any intermittent fall in shareholding or voting rights, in a single financial year. Regulation 3(2) is reproduced below:

“Substantial acquisition of shares or voting rights.

3. (1)

(2) No acquirer, who together with persons acting in concert with him, has acquired and holds in accordance with these regulations shares or voting rights in a target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights, unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations:

Provided that such acquirer shall not be entitled to acquire or enter into any agreement to acquire shares or voting rights exceeding such number of shares as would take the aggregate shareholding pursuant to the acquisition above the maximum permissible non-public shareholding.

(w)

Explanation. — For purposes of determining the quantum of acquisition of additional voting rights under this sub-regulation,—

(i) gross acquisitions alone shall be taken into account regardless of any intermittent fall in shareholding or voting rights whether owing to disposal of shares held or dilution of voting rights owing to fresh issue of shares by the target company.

(ii) in the case of acquisition of shares by way of issue of new shares by the target company or where the target company has made an issue of new shares in any given financial year, the difference between the pre allotment and the post-allotment percentage voting rights shall be regarded as the quantum of additional acquisition.....”

2.2.2. Regulation 10(1) of the Takeover Regulations sets out the transactions pursuant to which there is exemption from the obligation to make an open offer under Regulation 3 and Regulation 4 of the Takeover Regulations (**‘Regulation 10(1)’**). The relevant extract of Regulation 10(1) is 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;*
 - (ii) persons named as promoters in the shareholding pattern filed by the target company in terms of the [listing regulations or as the case may be, the listing agreement] or these regulations for not less than three years prior to the proposed acquisition;*
-”*

2.2.3. Regulation 11 of the Takeover Regulations is reproduced below:

“11.(1) 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.

... ..”

11(3) For seeking exemption under sub-regulation (1), the acquirer shall, and for seeking relaxation under sub-regulation (2) the target company shall file an application with the Board, supported by a duly sworn affidavit, giving details of the proposed acquisition and the grounds on which the exemption has been sought

... ..”

2.3. Provisions under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018 ('ICDR Regulations')

"Lock-in

167 (1) The specified securities, allotted on a preferential basis to the promoters or promoter group and the equity shares allotted pursuant to exercise of options attached to warrants issued on a preferential basis to the promoters or the promoter group, shall be locked in for a period of three years from the date of trading approval granted for the specified securities or equity shares allotted pursuant to exercise of the option attached to warrant, as the case may be:

Provided that not more than twenty per cent. of the total capital of the issuer shall be locked-in for three years from the date of trading approval

Provided further that equity shares allotted in excess of the twenty per cent shall be locked-in for one year from the date of trading approval pursuant to exercise of options or otherwise, as the case may be...."

"Transferability

168. (1) Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011, specified securities held by promoters and locked-in in terms of sub regulation (1) of Regulation 167, may be transferred among the promoters or the promoter group or to a new promoter or persons in control of the issuer:

Provided that the lock-in on such specified securities shall continue for the remaining period with the transferee.

(2) The specified securities allotted on a preferential basis shall not be transferable by the allottees till the trading approval is granted for such securities by all the recognised stock exchanges where the equity shares of the issuer are listed... .."

2. Definitions

(oo) "promoter" shall include a person:

- i) who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or*
- ii) who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or*
- iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act*

(pp) "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).....*
- iv) in case the promoter is an individual:*
 - A) any body corporate in which twenty per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member;*
 - B) any body corporate in which a body corporate as provided in (A) above holds twenty per cent. or more, of the equity share capital; and*
 - C) any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. of the total capital;*
 - v) all persons whose shareholding is aggregated under the heading "shareholding of the promoter group":*

3. Interpretation / Clarification Sought

In light of the above, the members of the SDM Promoter and Promoter Group respectfully request for an interpretative letter on:

PIT Regulations

- 3.1. Whether the proposed inter-se off-market transfer of shares between insiders as mentioned in Para 1.8 - Step 2 above within a period of six months post receipt of shares by the same Promoters/members of the Promoter group pursuant to conversion of warrants as per Para 1.8 – Step 1 above will violate provisions regarding contra trade of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and attract any penal provisions?
- 3.2. Further, if the Promoters/members of the Promoter group who had acquired shares through inter-se off market transfer of shares or through block deal window mechanism between Promoters/members of the Promoter group, wants to transfer shares to the Acquirer Trusts within 6 months, whether the proposed transfer to the Acquirer Trusts within 6 months would violate the provisions regarding contra trade as provided in the SEBI (Prohibition of Insider Trading) Regulations, 2015? (Transaction as mentioned in Para 1.8 – Step 3 above)

Takeover Regulations

- 3.3. Whether the equity shares acquired by the members of the Promoter and Promoter Group of SDM as per Para 1.8 – Step 2 and the Acquirer Trusts as per Para 1.8 - Step 3 above, pursuant to the exemption under Regulation 10(1)(a) and Regulation 11(1) of the Takeover Regulations respectively in the financial year 2019-20 consume or reduce the creeping acquisition limit of 5% in the same financial year 2019-20 in terms of Regulation 3(2) of the Takeover Regulations?

ICDR Regulations

- 3.4. Whether the specified securities held by promoters /members of the promoter group and locked-in as per Regulation 167(1) of ICDR Regulations can be transferred to Acquirer Trusts as per Regulation 168 (1) of ICDR Regulations?

4. Our Interpretation

PIT Regulations

- 4.1. A Promoter being key managerial personnel is supposed to be privy of unpublished price sensitive information at all times as he is involved in day to day affairs of the Company. Accordingly, he will be an insider as per the regulations.
- 4.2. Trading has been given an exhaustive definition in the regulation. As per the definition, any buying and selling is considered as trading and does not specifically exclude inter se transfer amongst the members of promoters / promoter group.
- 4.3. In terms of the PIT Regulations, the Code of Conduct of a company has to specify the period, which in any event shall not be less than 6 months, within which a designated person who is permitted to trade shall not execute a contra trade. Further, the compliance officer would be empowered under the Code of Conduct to grant relaxation from strict application of such contra trade restriction for reasons to be recorded in writing.
- 4.4. An inter-se transfer between promoters/members of the promoter group or transfer of shares to the Acquirer Trusts does not bring any change in the shareholding pattern of the promoters and public. We believe that the proposed inter se transfer is done in good faith and will not give any undue advantage to the promoters/ members of the promoter group or have any impact on the public shareholding pattern.
- 4.5. Off-market inter-se transfers between insiders who are in possession of the same unpublished price sensitive information and where both the parties had made a conscious and informed trade decision is a specific ground for demonstrating innocence, as per proviso to Regulation 4(1) of PIT Regulations. Therefore, there should not be any contravention of PIT regulations on off-market inter-se transfer between insiders.
- 4.6. Transaction carried out through block deal window mechanism between persons who are in possession of the unpublished price sensitive information and where both the parties had made a conscious and informed trade decision is a specific ground for demonstrating innocence, as per proviso to Regulation 4(1) of PIT Regulations. Therefore, there should not be any contravention of PIT regulations on transaction carried out through block deal window mechanism between persons in possession of unpublished price sensitive information.

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- 4.7. Considering the above, there should not be any contravention of provisions regarding contra trade as per PIT regulations for shares received by promoters/ members of the promoter group pursuant to conversion of warrants and the proposed off-market transfer of shares / transfer of shares through block deal window amongst insiders (i.e. promoters/ members of the promoter group as well as the Acquirer Trusts) within six months or vice-versa specifically when compliance officer has granted relaxation to execute such transaction.

Takeover Regulations

- 4.8. Where the members of the promoter and promoter group acquires additional shares through conversion of warrants in financial year 2019-20 utilizing the creeping acquisition limit of 5% computed on a gross acquisition basis, subsequent transaction which is exempt under regulation 10(1)(a) and regulation 11(1) of the Takeover Regulations should not have any implications under Takeover Regulations.
- 4.9. Further, in case where the transaction which is exempt under regulation 10(1)(a) and regulation 11(1) of the Takeover Regulations is undertaken first, subsequent transaction of acquiring additional shares through conversion of warrants in same Financial year (viz. 2019-20) should only be considered for consuming the creeping acquisition limit of 5% as the previous transactions are exempt under regulation 10(1)(a) and regulation 11(1) of the Takeover Regulations.
- 4.10. Reliance can be placed on interpretative letter issued in case of Adani Properties Private Limited wherein it has been stated that transactions exempt under takeover regulations would not be counted towards computing acquisitions on a gross basis. The said interpretative letter is enclosed as Annexure 1 for your ready reference.
- 4.11. Accordingly, only receipt of shares on conversion of warrants should be considered for the purpose of the creeping acquisition limit of 5% of the voting rights computed on a gross acquisition basis as provided under Regulation 3(2) of the Takeover Regulations.

ICDR Regulations

- 4.12. As per Regulation 168(1) of ICDR Regulations, specified securities held by promoters/ members of the promoter group and locked-in in terms of sub regulation (1) of Regulation 167, may be transferred among the promoters or the promoter group or to a new promoter or persons in control of the issuer.
- 4.13. As per Regulation 2(oo) of ICDR Regulations, Promoter shall include a person:
- i) who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or*

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- ii) who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or*
iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act

- 4.14. In the instant case, pursuant to the proposed transfer of shares to the Acquirer Trusts, the Acquirer trusts (through its trustees) would have control over the affairs of Shri Dinesh Mills Limited.
- 4.15. Even otherwise, the Acquirer Trusts should fall within the definition of 'promoter group' under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as the trustees and ultimate beneficiaries of the Acquirer Trusts are promoters and members of the promoter group family of the Target Company.
- 4.16. Considering the above, Acquirer Trusts should be considered as part of 'new promoter' or 'promoter group' or 'person in control of the issuer' and consequently, there shall not be any contravention of provisions of SEBI ICDR Regulations on transfer of locked-in securities to the acquirer Trusts. However, the balance lock-in period shall continue in the hands of the Acquirer Trusts.

5. Application under the scheme

The Scheme permits any acquirers/ potential acquirers of the voting rights in a listed company to make a request for informal guidance. The SDM Promoter and Promoter Group (acting through Mr. Nimishbhai Patel), being the potential acquirers of the Equity shares under the Takeover Regulations, is making this request for informal guidance under Paragraph 4 of the Scheme.

6. Request for Confidentiality

- 5.1. In accordance with Paragraph 11 of the Informal Guidance Scheme, we request that this letter and its contents be kept confidential for the maximum period possible, i.e. until 90 days after the response to this letter has been tendered.

7. Compliance with Paragraph 6 of the Informal Guidance Scheme

- 6.1. In accordance with Paragraph 6 of the Informal Guidance Scheme, this request for informal guidance is accompanied with a demand draft for Rs. 25,000/- (Rupees Twenty-Five Thousand Only) dated 29th August, 2019 issued by HDFC Bank in favour of Securities and Exchange Board of India, payable at Mumbai.
- 6.2. All material facts, circumstances and legal provisions which in our opinion are relevant for the purposes of determination of this request are stated herein.

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We seek your considered informal guidance to this effect and we will extend our full co-operation in case you require any further information. Any request for further information / clarification may be addressed to:

Contact Person	Address	Contact Details
Shrujal Parikh	Dhruva Advisors LLP B3, 3rd Floor, Safal Profitaire, Near Auda Garden, Corporate Road, Prahladnagar, Ahmedabad - 380015	Cell: +91 9879353945 Direct: +91 79-61343416 Fax: +91 79-61343434 E-mail: shrujal.parikh@dhruvaadvisors.com

We are enclosing herewith letter of authority to represent us in connection with this application as Annexure 2.

Thanking You.

Yours faithfully,



Nimish Patel

Encl: Annexure – 1 and 2



Deputy General Manager
Corporation Finance Department
Policy Cell
Tel.: 2644 9373
Email: amitt@sebi.gov.in

M/s. Adani Properties Private Limited
Shikhar, Near Adani House
Mithakhali, Six roads, Navrangpura
Ahmedabad-380009

Dear Sir,

Sub: Request for "Interpretative Letter" under the SEBI (Informal Guidance) Scheme, 2003 {Scheme} by Mr Pranav V Adani in the matter of M/s. Adani Properties Limited {Target Company} under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Takeover Regulations}.

1. This has reference to your letter dated August 07, 2015 requesting for Interpretative letter under the Scheme.
2. You have, *inter alia*, represented as follows-
 - (i) The target company is a public limited company whose shares are listed on Bombay Stock Exchange Limited and National Stock Exchange.
 - (ii) Adani Enterprises limited ("AEL") is a company listed on BSE and NSE Limited. AEL holds 68.99% shares of the target company. Consequent to a composite scheme of arrangement, the entire shareholding of AEL in the target company was cancelled.
 - (iii) In lieu of such cancellation, the target company allotted proportionate equity shares to the shareholders of AEL i.e. 18,596 shares for every 10,000 equity shares held by such equity shareholders.
 - (iv) The acquisition of equity shares of target company by the shareholders of AEL was an exempt transaction in terms of regulation 10(1)(d)(ii) of Takeover Regulations.
 - (v) The promoters and promoter group of the target company is considering to acquire additional equity shares of the target company in the FY. 2015-16.
3. In view of the above, you have sought interpretive letter from SEBI on the following :-
 - (a) Whether the equity shares allotted by the target company to the members of promoter and promoter group, pursuant to a composite scheme of arrangement

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बंदरा कुर्ला कॉम्प्लेक्स, बंदरा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in

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Annexure: 1

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

26749
CFD/PC/AT/IG/...../OW/2015
September 18, 2015





अनुवर्ती :
Continuation :

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

consume or reduce, and the case may be, the creeping acquisition limit of 5% in terms of Regulation 3(2) computed on a gross basis, available to the promoter and promoter group in the financial year 2015-16.

- (b) Whether the members of the promoter and promoter group can acquire additional shares through market purchases in the financial year 2015-16 under the creeping acquisition limit of 5% of the voting rights, without triggering the open offer requirements stipulated under regulation 3(2) of Takeover Regulations, after allotment by the target company pursuant to the Composite Scheme, which acquisition is exempted under regulation 10(1)(d)(ii) of Takeover Regulations.
4. We have considered the submission made by you in your letters under reference and without necessarily agreeing with your analysis, our views on the issues are as under:
- a. In the instant case, the acquisition under the Composite Scheme of Arrangement is already exempt under regulation 10(1)(d)(ii) of takeover Regulations. Thus, an exempt acquisition would not be counted towards computing acquisitions on a gross basis.
- b. Accordingly, the promoter and promoter group can acquire further 5% under the creeping acquisition limit irrespective of the shares acquired under the Scheme of Arrangement.
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 questions referred.
6. Vide your letter dated August 07, 2015, you have requested for confidentiality in respect of your interpretative letter. Acceding to your request, it has been decided that the interpretative letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.
7. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to Takeovers 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,


Amit Tandon



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Annexure-2

COMMERCIAL CO-OP BANK LTD
1ST FLOOR, WINDSOR PLAZA
ALKAPURI
YADODARA - 390 007
GU/SOS/AUTH/AV/361/2013



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NIMISH UPENDRABHAI PATEL
"Krishnarpan" Samir Estate, Gotri-Sevasi Road, Sevasi, Vadodara - 391101

LETTER OF AUTHORITY

We, the undersigned, do hereby appoint Mr. Dinesh Kanabar, Mr. Vishal Gada, Mr. Zeel Gala, Mr. Jay Parmar, Mr. Shrujal Parikh, Mr. Raj Chheda and Mr. Jainik Shah ('Authorized Representatives'), to represent us in connection with an application for interpretative letter, dated 30th August 2019, made by Mr. Nimish Upendrabhai Patel to the Securities and Exchange Board of India ('SEBI'), under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 for interpreting Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, and to do any act, deed or thing in relation thereto, under our instruction, including:

- a. appearing on our behalf before any officer or authority under SEBI;
- b. assisting in drafting replies and submissions and produce or cause to be produced documents, accounts, evidence, etc. in connection with the same;
- c. responding to any queries raised by any officer or authority under SEBI;
- d. applying for inspection of and receiving, retaining copies of documents, orders and other papers, which may be required in connection with such proceedings.

All explanations and statements made by the Authorized Representatives shall be binding on us.

This authority shall hold good and will remain in force until it is duly terminated.

Date:

Nimish Patel