

**AURA WEAVING PRIVATE LIMITED**

(CIN : U17299GJ2021PTC122075)

Regd. Office : 1<sup>st</sup> Floor, Akshay Building, 53- Shrimali Society, B/h. Vadilal House,  
Navrangpura, Ahmedabad – 380009  
Tel. No. 079- 68268033 / 34

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7 September, 2022

To,  
The Chief General Manager,  
Corporate Finance Department,  
Division of Corporate Restructuring,  
Securities and Exchange Board of India,  
SEBI Bhavan, Plot No. C4-A,  
'G' Block, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400051



Respected Sir,

**Sub: Request for Informal Guidance by way of an Interpretative Letter under SEBI (Informal Guidance) Scheme, 2003 ('Scheme') in relation to Regulations 3 read with Regulation 10 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('Takeover Code')**

In relation to the captioned subject, facts of our case are mentioned as under:

**A. Brief Facts of the Case:**

- Arvind Limited ('Arvind') is a company incorporated under the Indian Companies Act, 1913 having its registered office at Naroda Road, Ahmedabad 380025. The equity shares of Arvind are listed on BSE Limited and the National Stock Exchange of India Limited.
- Aura Securities Private Limited ('Aura') is a part of promoter and promoter group of Arvind and is disclosed as such in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR'). It holds 9,37,30,590 equity shares i.e. 35.93% of the total paid up equity capital of Arvind. Presently, shareholding of Aura is as follows –

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*Kanishma*  
DIRECTOR/AUTHORISED SIGNATORY

**Table 1 – Equity shareholding pattern of Aura**

Sr. No.	Name of equity shareholder	No. of shares	% equity shareholding
1.	Sanjay Family Trust	1,20,28,856	99.999967%
2.	Mrs. Jayshree Lalbhai	1	0.000008%
3.	Mr. Kulin Lalbhai	1	0.000008%
4.	Mr. Punit Lalbhai	1	0.000008%
5.	Aura Business Ventures LLP	1	0.000008%
	<b>Total</b>	<b>1,20,28,860</b>	<b>100%</b>

- Sanjay Family Trust ('SFT') is a private discretionary trust settled by Late Mr. Shrenik Lalbhai on 30 July 1999 for the benefit for his family members. SFT holds 99.99% equity capital of Aura.
- The trustees of SFT are:
  - Mr. Sanjay Lalbhai; and
  - Mrs. Jayshree Lalbhai.
- SFT, Mr. Sanjay Lalbhai and Mrs. Jayshree Lalbhai are part of promoter and promoter group of Arvind by virtue of clause (pp) of Regulation 2(1) of ICDR.
- Aura Weaving Private Limited ('Aura Weaving') and Shruti Trade Link Private Limited ('Shruti') are the wholly owned subsidiaries of Aura and these are also part of promoter and promoter group of Arvind in accordance with the provisions of ICDR.
- Following is proposed:
  - Aura would transfer its entire equity shareholding in Aura Weaving and Shruti to SFT, Mrs. Jayshree Lalbhai, Mr. Kulin Lalbhai, Mr. Punit Lalbhai and Aura Business Ventures LLP in the following manner which would result in the equity shareholding pattern of Aura Weaving and Shruti as under –

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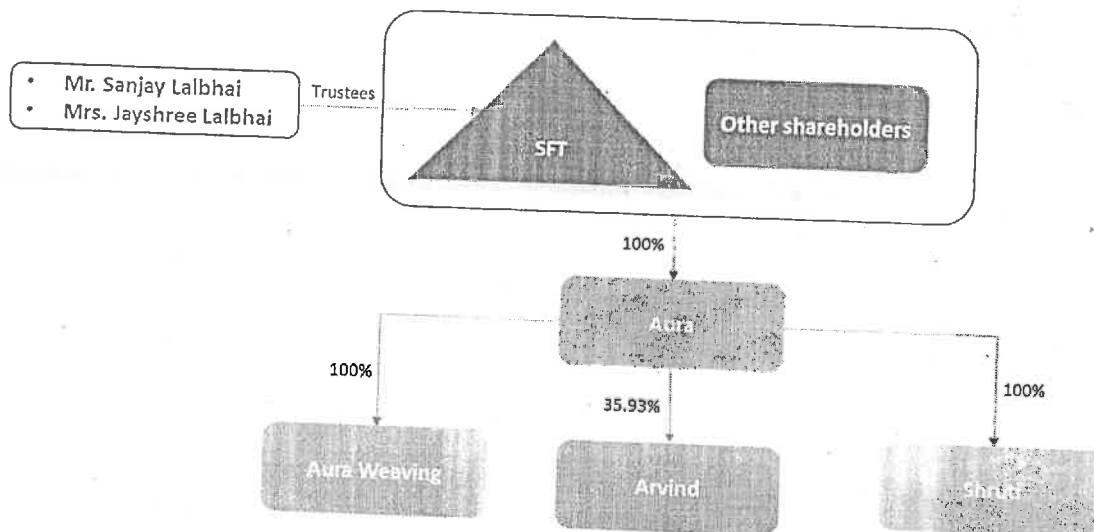
*Ranishma*  
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**Table 2 – Equity shareholding pattern of Aura Weaving and Shruti after transfer**

Sr No.	Name of equity shareholder	No. of shares	% equity shareholding
1.	Sanjay Family Trust	9,996	99.96%
2.	Mrs. Jayshree Lalbhai	1	0.01%
3.	Mr. Kulin Lalbhai	1	0.01%
4.	Mr. Pulin Lalbhai	1	0.01%
5.	Aura Business Ventures LLP	1	0.01%
	<b>Total</b>	<b>10,000</b>	<b>100%</b>

- After the proposed transfer, Aura, Aura Weaving and Shruti will have similar equity shareholding pattern.
- Thereafter, Aura also proposes to transfer its 9,37,30,590 equity shares equivalent to 35.93% equity shareholding / voting rights in Arvind to Aura Weaving and Shruti as under:
  - 4,68,65,295 equity shares to Aura Weaving; and
  - 4,68,65,295 equity shares to Shruti.

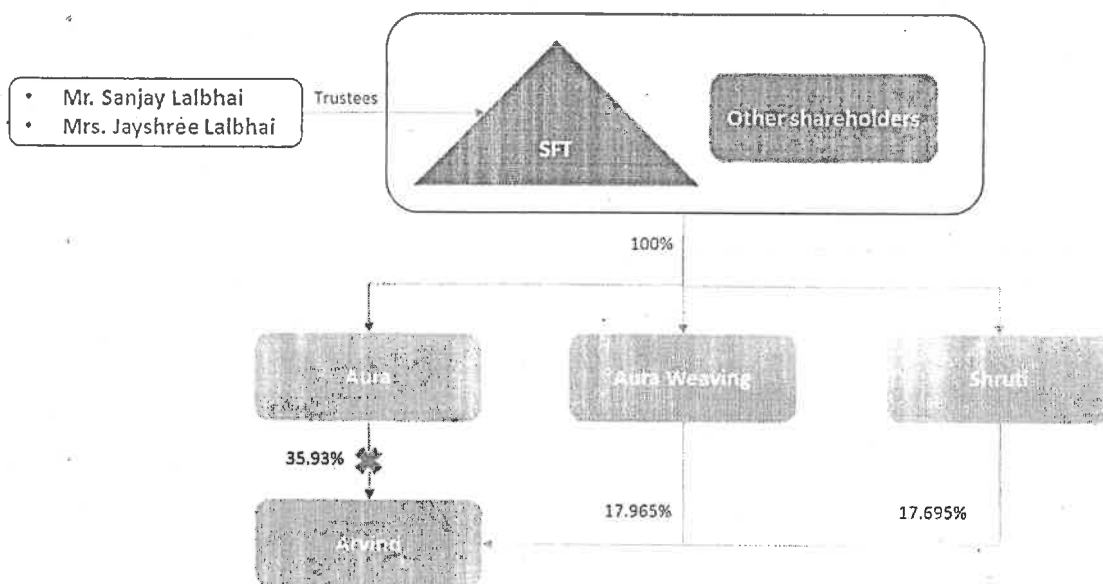
**Current Structure:**



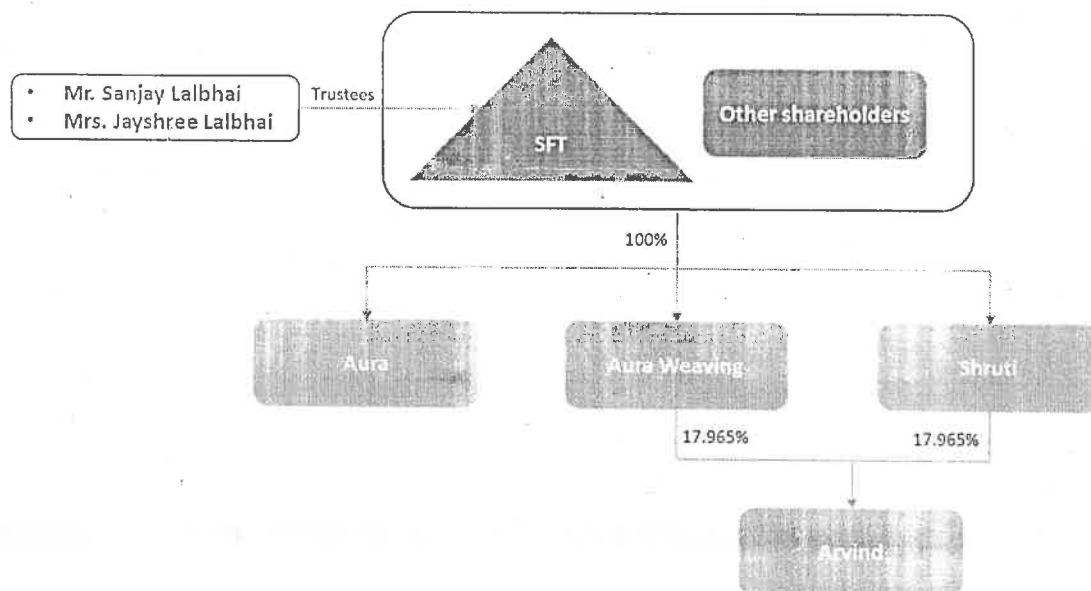
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Kanshima

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### Proposed Transaction:



### Resultant Structure:



### B. Our Interpretation:

- As per Regulation 3(2) of the Takeover Code, no acquirer, who together with persons acting in concert with him, has acquired and holds shares or voting rights of a listed company entitling them to exercise twenty-five per cent or more of the voting rights in the listed company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such listed 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 listed company in accordance with provisions of the Takeover Code.

- Further, as per Regulation 3(3) of the Takeover Code, acquisition of shares by any person, such that the individual shareholding of such person acquiring shares exceeds the stipulated thresholds, shall also be attracting the obligation to make an open offer for acquiring shares of the listed company irrespective of whether there is a change in the aggregate shareholding with persons acting in concert.
- Hence, as per Regulation 3(2) read with 3(3) of the Takeover Code, transfer of equity shares of Arvind by Aura to Aura Weaving and Shruti should trigger an open offer since such transfer will entitle Aura Weaving and Shruti to hold more than 5% of voting rights in Arvind even though aggregate shareholding of the promoter and promoter group in Arvind does not change.
- Regulation 10 of the Takeover Code provides for exemption from making an open offer under certain circumstances. As per Regulation 10(1)(a)(iii) of the Takeover Code, acquisition pursuant to inter-se transfer of shares amongst qualifying persons being a company, its subsidiaries, its holding company, persons holding not less than 50% of the equity shares of such company, **other companies in which such persons hold not less than 50% of the equity shares** and their subsidiaries subject to control over such qualifying persons being exclusively held by the same persons will be exempt from making an open offer.
- In the instant case, post transfer of equity shareholding of Aura Weaving and Shruti as represented in Table 2 above, 100% shareholding of Aura, Aura Weaving and Shruti will be with the same set of shareholders with SFT holding 99.9% equity shares of Aura (i.e. transferor company) and will acquire and hold 99.9% equity shares of Aura Weaving and Shruti (i.e. transferee companies) before the aforesaid transfer of equity shares of Arvind.
- Subsequent to that, acquisition of equity shares of Arvind by Aura Weaving and Shruti would result equity shareholding of all these three companies with the same set of shareholders. Therefore, it should be squarely covered within the purview of Regulation 10(1)(a)(iii) of the Takeover Code as the shareholders of Aura (transferor company) will also be holding more than 50% of equity shares (viz. 100% in this case) Aura Weaving and Shruti (transferee companies) particularly SFT holding 99.9% equity shares of the transferor company and the

transferee companies. Therefore, Aura, Aura Weaving and Shruti should be regarded as qualified persons within the meaning of Regulation 10(1)(a)(iii) as a reason of 99.9% common equity shareholding between the transferor and the proposed acquirer companies. Accordingly, there should not be any requirement to make an open offer with regards to the proposed acquisition of equity shares of Arvind by Aura Weaving and Shruti.

- Further, it may also be noted that in case of a family trust, control over entities held under the family trust is exercised by trustees for and on behalf of the trust. In the instant case, Aura is proposing to transfer shares of Arvind to Aura Weaving and Shruti and control over all these three companies i.e. Aura (transferor company) and Aura Weaving and Shruti (transferee companies) is exclusively held by Mr. Sanjay Lalbhai and Mrs. Jayshree Lalbhai, being trustees of SFT which is 99.9% shareholder of all these companies. Accordingly, Aura, Aura Weaving and Shruti should qualify as qualified persons within the meaning of Regulation 10(1)(a)(iii) as control over all the three is exclusively held by the same persons.
- In accordance with aforementioned reasons, we are of the belief that the proposed acquisition should be squarely covered within the purview of Regulation 10(1)(a)(iii) of the Takeover Code and accordingly, no open offer should be required to be made pursuant to acquisition of shares of Arvind by Aura Weaving and Shruti as mentioned above.

C. Clarification Sought:

1. Whether Aura Weaving and Shruti would be required to make an open offer under the Takeover Code upon acquisition of shares of Arvind from Aura?
2. Whether the above case is fit for the exemption as provided under Regulation 10(1)(a)(iii) of the Takeover Code?

D. Request for Confidentiality

In accordance with Paragraph 11 of the Scheme, the applicant company requests 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.

FOR, AURA WEAVING PVT. LTD.  
*Kanishk*  
DIRECTOR/AUTHORISED SIGNATORY

E. Compliance with Paragraph 6 of the Scheme

In accordance with Paragraph 6 of the Scheme, this request for informal guidance is accompanied with a demand draft No. 049582 for Rs. 25,000/- (Rupees Twenty Five Thousand Only) dated 07, September 2022 drawn on Securities and Exchange Board of India, payable at Mumbai.

All material facts, circumstances and legal provisions which in our opinion are relevant for the purposes of determination of this request are stated herein.

The applicant company seeks your considered informal guidance to this effect and 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
Jagdish Dalal	Arvind Limited, Naroda Road, Ahmedabad – 380 025	E-mail ID – <a href="mailto:Jagdish.dalal@arvind.in">Jagdish.dalal@arvind.in</a> Contact no – 98250 39722
Devanshu Desai	Aura Securities Private Limited, Arvind Limited Premises Naroda Road, Ahmedabad – 380 025	E-mail ID – <a href="mailto:devanshu.desai@arvind.in">devanshu.desai@arvind.in</a> Contact no – 99256 21634

Thanking You.

Yours faithfully,

For Aura Weaving Private Limited

**FOR, AURA WEAVING PVT. LTD.**

*Karishma Patel*

**DIRECTOR/AUTHORISED SIGNATORY**

Authorised Signatory

Name: Karishma Patel

Designation: Director