



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

General Manager

Corporation Finance Department
Division of Policy and Development
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SEBI/HO/CFD/PoD-2/OW/P/2022/56639/1

November 07, 2022

Aura Weaving Pvt. Ltd.

1st Floor, Akshay Building,
53- Shrimali Society, B/h Vadilal House,
Navrangpura, Ahmedabad-380009
Gujarat, India

Sir/Madam,

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

1. We refer to your letter dated September 07, 2022 seeking guidance by way of an interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("**Scheme**").
2. In the letter under reference you have, *inter-alia*, stated as under-
 - (a) Aura Securities Pvt. Ltd. ("**Aura**") is a part of promoter and promoter group of the Arvind Ltd. ("**Arvind/Target Company**"), a listed entity, in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR Regulations**") and holds 9,37,30,590 (35.93%) equity shares of the Target Company.
 - (b) As per the shareholding pattern of Aura, approximately 99.99% shares are being held by Sanjay Family Trust ("**SFT**"), a private discretionary trust settled by Mr. Shrenik Lalbhai and having its trustees as Mr. Sanjay Lalbhai and Mrs. Jayshree Lalbhai. Rest of the shares of Aura are being held by Mrs. Jayshree Lalbhai, Mr. Kulin Lalbhai, Mr. Punit Lalbhai and Aura Business Ventures LLP, amounting to 1 share each.
 - (c) SFT, Mr. Sanjay Lalbhai and Mrs. Jayshree Lalbhai are part of promoter and promoter group of the Target Company in accordance with the provisions of the ICDR Regulations.

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (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.

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अनुवर्ती :
Continuation :

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

- (d) Aura Weaving Pvt. Ltd. ("**Aura Weaving**") and Shruti Trade Link Pvt. Ltd. ("**Shruti**") are the wholly owned subsidiaries of Aura and also forms part of the promoter and promoter group of the Target Company in accordance with the provisions of ICDR Regulations.
- (e) In the first stage of the proposed transaction, 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. Pursuant to said transaction, approximately 99.96% of shares of Aura Weaving and Shruti would be held by STF, whereas 1 share each in the said companies would be held by Mrs. Jayshree Lalbhai, Mr. Kulin Lalbhai, Mr. Punit Lalbhai and Aura Business Ventures LLP.
- (f) In the second stage of the proposed transaction, Aura intends to transfer its 35.93% equity shareholding in the Target Company to Aura Weaving and Shruti equally i.e. 17.965% each.
- (g) After the completion of first stage of the proposed transaction, 100% shareholding of Aura, Aura Weaving and Shruti will be with same set of shareholders with SFT holding 99.9% equity shares of Aura (transferor company), Aura Weaving (transferee company) and Shruti (transferee company).
- (h) In the second stage of the proposed transaction, acquisition of equity shares of the Target Company by Aura Weaving and Shruti would result equity shareholding of all these three companies (Aura, Aura Weaving and Shruti) shall be with the same set of shareholders. Therefore, it should be squarely covered within the purview of Regulation 10(1)(a)(iii) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Regulations**") as the shareholders of Aura will also be holding more than 50% of equity shares in Aura Weaving and Shruti. Accordingly, there should not be any requirement to make an open offer with regards to the proposed acquisition of equity shares of the Target Company by Aura Weaving and Shruti.
- (i) 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 the Target Company to Aura Weaving and Shruti and control over all these three companies i.e. Aura (transferor company) and Aura Weaving and Shruti (transferee company) 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.



अनुवर्ती :
Continuation :

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3. In view of the above, you have sought an interpretative letter under the Scheme on the following questions-

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

4. We have considered the submissions made by you in your letter under reference. Without necessarily agreeing with your analysis, we are issuing interpretative letter as under:

4.1 The proposed transaction can be bifurcated in the following two stages-

- (a) In the first stage, shareholding held by Aura in Aura Weaving and Shruti would be transferred to SFT, Mrs. Jayshree Lalbhai, Mr. Kulin Lalbhai, Mr. Punit Lalbhai and Aura Business Ventures LLP.
- (b) In the second stage, shareholding held by Aura (35.93%) in the Target Company would be transferred equally to Aura Weaving (17.965%) and Shruti (17.965%).

4.2 In the second stage of the transaction, since Aura Weaving and Shruti are acquiring more than 25% shares of the target company, the acquisition shall trigger open offer under Regulation 3(1) of the Takeover Regulations. However, regulation 10 (1) (a) (iii) of the Takeover Regulations exempts obligation to make an open offer in case of inter se transfer, and reads as under:

"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,—*

.....

- (iii) a company, its subsidiaries, its holding company, other subsidiaries of such holding company, persons holding not less than fifty per cent of the equity shares of such company, other companies in which such persons hold not less than fifty per cent of the equity shares, and their subsidiaries subject to control over such qualifying persons being exclusively held by the same persons;"*

Explanation: For the purpose of this sub-clause, the company shall include a body corporate, whether Indian or foreign.

4.3 In the instant case, since the shareholders viz. SFT, Mrs. Jayshree Lalbhai, Mr. Kulin Lalbhai, Mr. Pulin Lalbhai and Aura Business Ventures LLP exercise control over Aura, Aura Weaving and Shruti, and are owning more than 50% shareholding of Aura, and would be holding more than 50% (entire) of Aura Weaving and Shruti as per the proposed transaction, the conditions stipulated in the regulation 10(1)(a)(iii) of the Takeover Regulations would be fulfilled and the acquisition shall be exempted from the obligation to make an open offer.



अनुवर्ती :
Continuation :

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5. Vide your letter under reference, you have requested for confidentiality in respect of your application. Accordingly, the interpretative letter issued to you in this matter shall not be made public for a period of 90 days from the date of issuance of this letter.
6. The above position is based on the information furnished in your letter under reference. Different facts or conditions may lead to a different result. Further, this letter does not express a decision of the Board on the question referred.
7. You may note that the above views are expressed only with respect to the clarification sought vide your letter under reference in relation to regulation 3 read with regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 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,


Yogita Jadhav