



**Nodal Co-ordination Cell
Informal Guidance**

Issue No.: I/4275/2026

February 6, 2026

Avenue Supermarts Limited
Anjaneya CHS Limited, Orchard Avenue,
Opp. Hiranandani School, Powai
Mumbai- 400076

Kind Attention: Ms. Ashu Gupta, Company Secretary & Compliance Officer

Madam,

Sub: Request for interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2025

Ref: Your letter dated January 02, 2026

1. In your letter under reference, you have *inter alia* represented as follows:

- 1.1. Avenue Supermarts Limited ('**applicant/ the company**') currently has two Employee Stock Option Schemes, under which specified class of stock options shall vest in favour of the eligible employees of the company and its subsidiaries, during the year 2026.
- 1.2. Employees are entitled to exercise the vested options within a period of three months from the date of vesting ('exercise period') in accordance with the terms of the respective schemes
- 1.3. For exercising the vested stock options, certain Designated Persons ('DPs') intend to avail financial assistance from banks/ financial institutions by:
 - 1.3.1. Pledging the equity shares of the company already held by them; and/or
 - 1.3.2. Pledging the equity shares that may be allotted to them upon exercise of stock options.
- 1.4. As per the Code of Conduct of the company, the trading window remains closed for DPs for a period of approximately 30 to 45 days, which will coincide with the exercise period of the aforesaid ESOP schemes.



2. In view of the above, you have sought guidance in the form of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2025 (“**Informal Guidance Scheme**”) from SEBI on the following queries:

2.1. **Query 1:** *Whether creation of pledge over the company’s shares by the Designated Persons for availing financial assistance from Banks/ Financial Institutions for exercising ESOPs and subsequent invocation/ revocation of pledge by designated persons within a period of six months would be construed as a contra trade?*

2.2. **Query 2:** *Can creation and revocation of pledge of company’s shares by Designated Persons for availing financial assistance from Banks/ Financial Institutions for exercising ESOP during trading window closure period be considered as a bona fide transaction?*

2.3. **Query 3:** *Can Designated persons create and revoke pledge on the shares of the company during trading window closure period for the purpose of raising the funds to buy house, repay home loan or to pay for medical emergency? Whether raising funds for such purposes would be considered as a bona fide transaction for getting pre-clearance by the Compliance Officer?*

3. We have considered the submissions made by you in your letter and without necessarily agreeing with your analysis, our view on the queries raised in your letter are as under:

3.1. Regulation 9(1) and Clause 4(3)(a) of Schedule B read with Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“**PIT Regulations**”) reads as under:

Regulation 9(1)- *Board of directors of every listed company and the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons] towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B (in case of a listed company) and Schedule C (in case of an intermediary) to these regulations, without diluting the provisions of these regulations in any manner.*

Clause 4(3)(a) of the Schedule B r/w Regulation 9 (1)- The trading window restrictions mentioned in sub-clause (1) shall not apply in respect of –

(a) transactions specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the Board;

.....

3.2. With respect to Query 1:

3.2.1. Reference may be made to SEBI's letter dated August 04, 2025 in the matter of informal guidance request by Welspun Corp Limited, with regard to applicability of contra trade restrictions to the transaction involving creation of pledge and subsequent revocation of pledge within a period of six months. The said letter is available on SEBI Website under the category of Enforcement→ Informal Guidance.

3.2.2. Further, in case of invocation of pledge, there is a change in beneficial ownership of shares and the same may be considered akin to sale of shares. However, invocation of pledge by itself may not be construed as contra trade provided that the designated person does not undertake any transaction involving acquisition of shares, other than via exercise of ESOP, occurring within a period of not less than six months prior to or subsequent to the invocation of pledge.

3.2.3. Therefore, creation of pledge over the company's shares by the Designated Persons for availing financial assistance from Banks/ Financial Institutions for exercising ESOPs and subsequent invocation of such pledge within a period of six months may attract contra trade restrictions based on the nature of transactions undertaken within a period of not less than six months prior or subsequent to the invocation of pledge.

3.3. With respect to Query 2 & 3:

3.3.1. In terms of Regulation 9(1), the Board of Directors of every listed company are obligated to formulate a code of conduct ('CoC') to regulate, monitor and

report trading by DPs and their immediate relatives, adopting the minimum standards set out in Schedule B to PIT Regulations, without diluting the provisions of PIT Regulations in any manner.

3.3.2. A plain reading of Clause 4(3)(a) of Schedule B read with Regulation 9 of PIT Regulations makes it clear that trading window restrictions *inter alia* do not apply to pledge of shares by DPs if done for bonafide purpose such as for raising funds and subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the Board.

3.3.3. The phrase 'such as' is generally construed as inclusive and illustrative and not exhaustive or exclusive. Thus, it may be stated that while 'pledge of shares for raising funds' is expressly recognized as exempted from trading window restrictions, the Regulations do not provide a complete list of all bona fide purposes. Accordingly, whether a transaction is bona fide or not has to be determined on a case to case basis by the compliance office in accordance with the Code of Conduct applicable to the DPs as formulated by the Company.

3.3.4. As the listed companies have been obligated to formulate the Code of Conduct to regulate, monitor and report trading by DPs, identification of transactions deemed as bonafide, may be done as per the classification as provided in the CoC formulated by the company. However, it must also be ensured that transactions classified in the CoC as bonafide, are not in violation of the PIT Regulations and provisions of other SEBI Regulations, if applicable.

3.3.5. Therefore, the compliance officer may ascertain the bonafides of the transactions with regard to creation/ revocation of pledge and decide on the pre-clearance accordingly.

4. Vide your letter under reference, you have requested for confidentiality in respect of your letter and its content. Accordingly, it has been decided that the 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.

5. This letter has been issued with the approval of the competent authority and the guidance is based on the representation made in your Application. Different facts or conditions would require a different result. This letter expresses the relevant Department's position on enforcement action only. It does not express the decision of the Board on the questions presented and does not preclude you from taking any other opinion, as deemed appropriate.
6. It may also be noted that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to the PIT Regulations and do not affect the requirements or applicability of any of the provisions of law including the Securities and Exchange Board of India Act, 1992 and the Rules, Regulations, Guidelines or Circulars framed thereunder that are administered by the Securities and Exchange Board of India or of the laws administered by any other authority.

Yours faithfully,

Pradeep Kumar

