

January 23, 2021

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001,
Maharashtra, India

Scrip Code: 539562

Dear Sir/Madam,

Sub: Outcome of Board Meeting of Aarnav Fashions Limited (“Company”)

Ref.: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI LODR Regulations”)

With reference to captioned subject and in furtherance to our letter dated January 20, 2021, this is to inform that the Board of Directors of the Company has, at its held today, i.e., January 23, 2021, *inter alia* -

1. Taken on record valuation report dated January 23, 2021 issued by CA Hitendra Ranka, Registered Valuer (“**Valuation Report**”) recommending the share exchange ratios and the fairness opinion dated January 23, 2021 on the Valuation Report, issued by Vivro Financial Services Private Limited, a Category I Merchant Banker in connection with the proposed scheme of arrangement; and
2. Considered, reviewed and approved a scheme of arrangement providing for amalgamation of Gopi Synthetics Private Limited (“**Transferor Company No. 1**”), Aarnav Synthetics Private Limited (“**Transferor Company No. 2**”), Aarnav Textile Mills Private Limited (“**Transferor Company No. 3**”), Symbolic Finance and Investment Private Limited (“**Transferor Company No. 4**”) and Ankush Motor and General Finance Company Private Limited (“**Transferor Company No. 5**”) (collectively referred as “**Transferor Companies**”) with the Company, i.e., Aarnav Fashions Limited (“**AFL**” / “**Transferee Company**”) (hereinafter referred to as “**Scheme**”) in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder and in compliance with the provisions of the Income Tax Act, 1961.

The Scheme is subject to the approval of BSE, SEBI, shareholders, creditors, Hon’ble National Company Law Tribunal, Ahmedabad Bench (“**NCLT**”) and all other regulatory and necessary approvals.

The Scheme was reviewed and recommended to the Board of Directors of the Company for approval by the Audit Committee of the Company at its meeting held on January 23, 2021 and also the committee of Independent Directors at its meeting held on January 23, 2021 has recommended that the Scheme is not detrimental to the shareholders of the Company.

The disclosure with respect to the Scheme in accordance with Regulation 30 of the SEBI LODR Regulations read with the SEBI Circular - CIR/CFD/CMD/4/2015 dated September 09, 2015 is annexed herewith as **Annexure - A**.

The meeting commenced at 06:00 P.M. and concluded at 09:00 P.M.

You are requested to kindly take the same on your record and disseminate.

Thanking You,

Yours Faithfully,

For, Aarnav Fashions Limited
(Formerly Known as Kayel Securities Limited)



Nidhi Aggrawal
Company Secretary & Compliance Officer
ACS - 51021



Encl.: As above.

Annexure - A

Disclosure in terms of Regulation 30 of the SEBI LODR Regulations read with SEBI Circular - CIR/CFD/CMD/4/2015 dated September 9, 2015.

a) Name of the entities forming part of the amalgamation, details in brief such as, size, turnover etc.

The Scheme is proposed between Gopi Synthetics Private Limited (“**Transferor Company No. 1**”), Aarnav Synthetics Private Limited (“**Transferor Company No. 2**”), Aarnav Textile Mills Private Limited (“**Transferor Company No. 3**”), Symbolic Finance and Investment Private Limited (“**Transferor Company No. 4**”) and Ankush Motor and General Finance Company Private Limited (“**Transferor Company No. 5**”) (collectively referred as “**Transferor Companies**”) and the Company, i.e., Aarnav Fashions Limited (“**AFL**” / “**Transferee Company**”) in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder and in compliance with the provisions of the Income Tax Act, 1961 with appointed date – October 1, 2020.

The Scheme, *inter alia*, provides for –

- (i) the amalgamation of the Transferor Companies into the Transferee Company, by way of merger by absorption and dissolution of the Transferor Companies without winding up and consequent issuance of the New Shares (*as defined in the Scheme*) of the Transferee Company in accordance with the Share Exchange Ratio (*as defined in the Scheme*) to the respective members of the Transferor Companies in respect of the share of each Transferor Company held by the them, in accordance with the Scheme; and
- (ii) various other matters incidental, consequential or otherwise integrally connected therewith.

Brief details of the Transferor Companies and the Transferee Company are as under:

Sr. No.	Name of the Company	Net worth as on March 31, 2020 (in Rs. Lakh)	Turnover as on March 31, 2020 (in Rs. Lakh)
1	Aarnav Fashions Limited	2,081.18	3,542.37
2	Gopi Synthetics Private Limited	7,614.69	46,038.52
3	Aarnav Synthetics Private Limited	302.51	11.97
4	Aarnav Textile Mills Private Limited	1,285.39	49.43
5	Symbolic Finance and Investment Private Limited	5,020.93	142.18
6	Ankush Motor and General Finance Company Private Limited	116.82	8.56

b) Whether the transaction would fall within related party transactions, if yes whether the same is done at arm's length.

The proposed Scheme will fall within related party transactions as defined under the SEBI LODR Regulations. The transaction shall not attract compliance with the requirements of Section 188 of the Companies Act, 2013 pursuant to the clarifications provided in General Circular No. 30/2014 dated July 17, 2014.

For the purpose of the Scheme, valuation has been carried out by CA Hitendra Ranka, Independent Registered Valuer. The shareholders of the Transferor Companies will be issued equity shares of the Transferee Company based on the share exchange ratios recommended by the Independent Registered Valuer and the fairness opinion on the Valuation Report, issued by Vivro Financial Services Private Limited, a Category I Merchant Banker. In the view of the same, the transaction under the Scheme is considered to be at arm's length.

c) Area of business of the Transferor Companies and the Transferee Company

1. **Gopi Synthetics Private Limited ("Transferor Company No. 1")** is engaged in the business of processing of fabrics like shirting, ladies and kids wear. It undertakes various processing activities such as mercerizing, calendaring, desizing, bleaching, dyeing, printing, finishing, etc. on the textile grey cloth.
2. **Aarnav Synthetics Private Limited ("Transferor Company No. 2")** is engaged in the business of manufacturing and trading of textiles. It deals in the variety of textile cloths like cloth, dyed cloths, printed cloths, etc.
3. **Aarnav Textile Mills Private Limited ("Transferor Company No. 3")** is engaged in the business of trading of textiles. It also deals in variety of textile cloths like cloth, dyed cloths, printed cloths, etc.
4. **Symbolic Finance and Investment Private Limited ("Transferor Company No. 4")** is engaged in the business of trading of textiles. It also deals in variety of textile cloths like cloth, dyed cloths, printed cloths, etc.
5. **Ankush Motor and General Finance Company Private Limited ("Transferor Company No. 5")** is engaged in the business of trading of textiles. It also deals in variety of textile cloths like cloth, dyed cloths, printed cloths, etc.
6. **Aarnav Fashions Limited ("Transferee Company")** is engaged in the business of trading of various kinds of textiles.

d) Rationale for amalgamation

The amalgamation pursuant to the Scheme is proposed by the Board of Directors of the Transferor Companies and the Transferee Company with following objectives and rationale:

(i) Consolidation of Business Operations into a listed entity

The Transferor Companies and the Transferee Company are engaged in the similar business operations (i.e., Textile) and accordingly, the amalgamation of the Transferor Companies with Aarnav Fashions Limited, the Transferee Company, a listed company will enable significant consolidation of the business operations of all the companies into a single entity which will create a stronger listed company with larger capital and assets base resulting in availability of larger resources, improved credit rating, enhanced visibility and availability of finances on favourable terms.

(ii) Rationalization of Group Corporate Structure

The Transferor Companies and the Transferee Company are part of the same group and are having common promoters and accordingly, the amalgamation of the Transferor Companies into the Transferee Company pursuant to the Scheme would result in streamlining the group corporate structure. The amalgamation will further enable to reduce the number of entities within the group that require to be administered and also help realize operational synergies which would also result in simplification of structure and operations.

Further, the amalgamation of the Transferor Companies with the Transferee Company would, *inter alia*, provide the following benefits:

- Stronger base and infrastructure for future growth, benefits of scale, translating into increased business opportunities and reduced expenses;
- Simplification of management structure, elimination of duplication and multiplicity of compliance requirements, rationalization of administrative expenses, better administration and cost reduction (including reduction in administrative and other common costs);
- Improved capital allocation, optimum utilization of resources and operational efficiency resulting into greater integration and greater financial strength and flexibility for the Transferee Company;
- Improved organizational capability and leadership, arising from combination of human capital who collectively have diverse skills, talent and vast experience to compete successfully;
- Elimination of inter-company holdings and layering of investments and business operations; and
- Enhanced value for all stakeholders including shareholders, lenders, customers and employees.

e) In case of cash consideration, amount - otherwise share exchange ratio

Upon the Scheme becoming effective, the Transferee Company shall issue and allot its fully paid up equity shares to the respective shareholders of the Transferor Companies in following proportion:

Sr. No.	Share Exchange Ratio	Share Exchange Ratio for shareholders of	Description
1	56:100	GSPL	56 (Fifty Six) Equity Shares of Rs.10/- each fully paid up of AFL for every 100 (Hundred) Type A Equity Shares of Rs.10/- each fully paid up of GSPL and for every 100 (Hundred) Type B Equity Shares of Rs.10/- each fully paid up of GSPL.
2	58:100	ASPL	58 (Fifty Eight) Equity Shares of Rs.10/- each fully paid up of AFL for every 100 (Hundred) Equity Shares of Rs.10/- each fully paid up of ASPL.
3	136:100	ATMPL	136 (One Hundred and Thirty Six) Equity Shares of Rs.10/- each fully paid up of AFL for every 100 (Hundred) Type A Equity Shares of Rs.10/- each fully paid up of ATMPL and for every 100 (Hundred) Type B Equity Shares of Rs.10/- each fully paid up of ATMPL.

Aarnav Fashions Limited

(Formerly Known as Kayel Securities Limited)
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t : 079-29702983 e : aarnavfashions@gmail.com
CIN: L17100GJ1983PLC028990

Sr. No.	Share Exchange Ratio	Share Exchange Ratio for shareholders of	Description
4	363:100	SFIPL	363 (Three Hundred and Sixty Three) Equity Shares of Rs.10/- each fully paid up of AFL for every 100 (Hundred) Equity Shares of Rs.10/- each fully paid up of SFIPL.
5	3,834:100	AMGFCPL	3,834 (Three Thousand Eight Hundred and Thirty Four) Equity Shares of Rs.10/- each fully paid up of AFL for every 100 (Hundred) Equity Shares of Rs.10/- each fully paid up of AMGFCPL.

The Share Exchange Ratios for the Scheme has been determined by the Board of Directors of the Transferor Companies and the Transferee Company based on their independent judgement after taking into consideration the valuation report dated January 23, 2021 issued by CA Hitendra Ranka, Registered Valuer recommending the share exchange ratios and the fairness opinion dated January 23, 2021 on the valuation report, issued by Vivro Financial Services Private Limited, a Category I Merchant Banker.

f) Brief details of change in shareholding pattern (if any) of the listed entity

Upon the Scheme becoming effective, the following change will occur in the shareholding pattern of the Transferee Company:

Aarnav Fashions Limited (“Transferee Company”)

Particulars	Pre- Scheme		Post- Scheme	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoters & Promoter Group	40,82,745	27.21	3,06,10,727	72.47
Public	1,09,22,255	72.79	1,16,27,901	27.53
Total	1,50,05,000	100.00	4,22,38,628	100.00

For, Aarnav Fashions Limited
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Nidhi Aggrawal
Company Secretary & Compliance Officer
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