

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1) AND SECTION 11(2)(h) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11(5) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011.

IN THE MATTER OF PROPOSED ACQUISITION OF SHARES AND VOTING RIGHTS IN -

TARGET COMPANY	VIDHI SPECIALTY FOOD INGREDIENTS LIMITED
ACQUIRERS	1. BIPIN MANEK FAMILY PRIVATE TRUST 2. PRAVINA MANEK FAMILY PRIVATE TRUST 3. MANEK FAMILY PRIVATE TRUST

Background -

1. Vidhi Specialty Food Ingredients Limited ("Target Company") was incorporated under the Companies Act, 1956 on January 19, 1994. The Registered Office of the Target Company is at E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400034. The shares of the Target Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").
2. An Application dated November 6, 2019 ("Application") read with email dated November 26, 2019 and letter December 31, 2019, seeking exemption from the applicability of *inter alia* Regulations 3(1) and 4 of the Securities and Exchange Board of



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India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Regulations 2011") in the matter of proposed acquisition of shares and voting rights in the Target Company, was received by SEBI from Bipin Manek Family Private Trust ("Acquirer Trust 1"), Pravina Manek Family Private Trust ("Acquirer Trust 2") and Manek Family Private Trust ("Acquirer Trust 3") (collectively referred as "Acquirer Trusts / Proposed Acquirers").

3. Regulation 3(1) and 4 of the Takeover Regulations 2011 states as under –

"Substantial acquisition of shares or voting rights.

3. (1) No acquirer shall acquire shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, entitle them to exercise twenty-five per cent or more of the voting rights in such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations.

Acquisition of control.

4. Irrespective of acquisition or holding of shares or voting rights in a target company, no acquirer shall acquire, directly or indirectly, control over such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations."



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4. In the aforementioned Application and subsequent submissions, the following was, *inter alia*, stated:

A. The shareholding of the Target Company as on September 30, 2019, is as under:

TABLE I – SHAREHOLDING IN THE TARGET COMPANY (SOURCE: BSE WEBSITE & APPLICATION)			
	NAME	NO. OF SHARES	% SHAREHOLDING
A.	PROMOTER/ PROMOTER GROUP		
1.	BIPIN MANEK	1,41,10,333	28.25%
2.	PRAVINA MANEK	1,79,90,667	36.02%
TOTAL PROMOTER HOLDING		3,21,01,000	64.27%
B.	PUBLIC SHAREHOLDING	1,78,44,000	35.73%
TOTAL		4,99,45,000	100%

B. As per the Application, email dated November 26, 2019 and letter dated December 31, 2019:

- i. The Target Company is collectively controlled by Bipin Manek and his wife Pravina Manek, who collectively hold approximately 64.27% of the total equity share capital of the Target Company.
- ii. Bipin Manek and Pravina Manek currently hold 1,41,10,333 shares (28.25%) and 1,79,90,667 (36.02%) shares respectively in the Target Company.
- iii. The Proposed Acquirers are acquiring, by way of settlement/ contribution, equity shares of the Target Company.
- iv. The Proposed Acquirers are irrevocable family trusts settled by Bipin Manek and Pravina Manek, for the sole benefit of the beneficiaries, who are either the promoters of the Target Company or their immediate relatives or their lineal



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descendants, in order to facilitate family succession of the shares of the Target Company.

v. The Acquirer Trusts have been registered vide trust deeds dated October 31, 2019 and supplementary trust deeds dated December 19, 2019.

C. The Settlor, Trustees and beneficiaries of the aforementioned Acquirer Trusts are as under -

TABLE II: DETAILS OF ACQUIRER TRUST 1			
Settlor	Trustees	Beneficiaries	Relationship
Bipin Manek	Bipin Manek Pravina Manek (wife of Bipin Manek) Mihir Manek (son of Bipin Manek)	Pravina Manek Mihir Manek Yohan Manek (grandson of Bipin Manek)	The Trustees and beneficiaries are immediate relatives / lineal descendants of the promoter / settlor

TABLE III: DETAILS OF ACQUIRER TRUST 2			
Settlor	Trustees	Beneficiaries	Relationship
Pravina Manek	Bipin Manek Pravina Manek Mihir Manek	Bipin Manek Mihir Manek Yohan Manek	The Trustees and beneficiaries are immediate relatives / lineal descendants of the promoter / settlor

TABLE IV: DETAILS OF ACQUIRER TRUST 3			
Settlor	Trustees	Beneficiaries	Relationship
Pravina Manek	Bipin Manek Pravina Manek	Vidhi Parekh (daughter of Bipin Manek) Future Children of Vidhi Parekh	The Trustees and beneficiaries are immediate relatives /lineal descendants of the promoter /settlor.



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D. The proposed acquisition involves:

- i. Settlement / contribution of equity shares of the Target Company to the Proposed Acquirers by Bipin Manek and Pravina Manek (collectively "Transferors") as mentioned below ("Acquisition"):

TABLE V - PROPOSED TRANSACTION (SOURCE: APPLICATION)				
Sr. No.	Transferor	Proposed Acquirer	No. of shares	% of total share capital
1	Bipin Manek	Acquirer Trust 1	1,15,00,000	23.03%
2	Pravina Manek	Acquirer Trust 2	1,30,00,000	26.03%
3	Pravina Manek	Acquirer Trust 3	15,00,000	3.00%
Total			2,60,00,000	52.06%

- ii. The proposed transactions are to be undertaken by way of settlement / contribution to the Proposed Acquirers and no monetary consideration would be involved.

- iii. Thereafter, the Trustees (on behalf of the respective Acquirer Trusts) will hold 52.06% of the equity share capital in the Target Company. The shareholding in the Target Company subsequent to the proposed Acquisition will be as under:

TABLE VI - PROPOSED SHAREHOLDING IN THE TARGET COMPANY (SOURCE: APPLICATION)			
	NAME	NO. OF SHARES	% SHAREHOLDING
A.	PROMOTER/ PROMOTER GROUP		
1.	ACQUIRER TRUST 1	1,15,00,000	23.03%
2.	ACQUIRER TRUST 2	1,30,00,000	26.03%



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3.	ACQUIRER TRUST 3	15,00,000	3.00%
4.	BIPIN MANEK	26,10,333	5.23%
5.	PRAVINA MANEK	34,90,667	6.99%
TOTAL PROMOTER HOLDING		3,21,01,000	64.27%
B.	PUBLIC SHAREHOLDING	1,78,44,000	35.73%
TOTAL			100

E. Grounds for seeking exemption -

- i. *The proposed acquisition is intended to streamline succession and welfare of the family members and their lineal descendants, being members of the promoter group of the Target Company.*
- ii. *Post the proposed transactions, the trustees of the Acquirer Trusts would be the legal owners of 52.06% of the total equity share capital of the Target Company. The trustees of the Acquirer Trusts shall be holding the said equity shares of the Target Company for the benefit of the beneficiaries of the Trusts. The trustees and the beneficiaries of the Acquirer Trusts are promoters and members of the promoter group of the Target Company or their lineal descendants. Therefore, the current promoters and promoter group would continue to exercise control over the Target Company even pursuant to the proposed transactions.*
- iii. *The proposed transactions are only in the nature of a transfer of equity shares within the promoters and promoter group of the Target Company, with no change in the overall promoters and promoter group shareholding in the Target Company. Pursuant to the proposed transactions, the promoters and promoter group will continue to hold an aggregate of 64.27% of the total equity share capital of the Target Company and the public shareholders will continue to hold an aggregate of 35.73% of the total equity share*



capital of the Target Company. The proposed transactions are non-commercial transactions and therefore will not affect or prejudice the interests of the public shareholders of the Target Company in any manner.

- iv. SEBI vide its circular dated December 22, 2017 ("Circular") has provided a standard format for filing of exemption applications under Regulation 11 of the Takeover Regulations in order to ensure uniformity of disclosures in such applications. Further, certain conditions and undertakings have been specified in the Circular which are to be included in the trust deeds of trusts seeking exemption for their proposed acquisitions under Regulation 11 of the Takeover Regulations. The Acquirer Trusts have confirmed and submitted that each of the Acquirer Trusts acquiring equity shares of the Target Company as part of the Proposed Transactions satisfy all these conditions and guidelines.

5. The Acquirer Trusts (vide the Application read with email dated November 26, 2019 and letter dated December 31, 2019) have confirmed compliance with the following Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017 –

- i. The Trusts are in substance, only a mirror image of the Promoters' holdings and consequently, there is no change of ownership or control of the shares or voting rights in the Target Company.
- ii. Only individual promoters or their immediate relatives or lineal descendants are Trustees and beneficiaries.



- iii. The beneficial interest of the beneficiaries of the Trusts have not been and will not in the future, be transferred, assigned or encumbered in any manner including by way of pledge / mortgage.
- iv. In case of dissolution of the Trusts, the assets will be distributed only to the beneficiaries of the trusts or to their legal heirs.
- v. The Trustees will not be entitled to transfer or delegate any of their powers to any person other than one or more of themselves.
- vi. Any change in the trustees / beneficiaries and any change in ownership or control of shares or voting rights held by Trusts shall be disclosed within 2 days to the concerned stock exchanges with a copy endorsed to SEBI for its record.
- vii. As far as the provisions of the SEBI Act and the regulations framed thereunder are concerned, the ownership or control of shares or voting rights will be treated as vesting not only with the Trustees but also indirectly with the beneficiaries.
- viii. The liabilities and obligations of individual transferors under the SEBI Act and the regulations framed thereunder will not change or get diluted due to transfers to the Trusts.
- ix. The Trusts shall confirm, on an annual basis, that they are in compliance with the exemption order passed by SEBI. The said confirmation shall be furnished to the company which it shall disclose prominently as a note to the shareholding pattern filed for the quarter ending March 31 each year, under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



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- x. The Trusts shall get their compliance status certified from an independent auditor annually and furnish the certificate to the Stock Exchanges for public disclosure with a copy endorsed to SEBI for its records.
- xi. The proposed acquisition is in accordance with the provisions of the Companies Act, 2013 and other applicable laws.
- xii. The transferors are disclosed as promoters in the shareholding pattern filed with the Stock Exchanges for a period of at least 3 years prior to transfer (except for holding on account of inheritance).
- xiii. There is no layering in terms of trustees / beneficiaries in case of Trusts.
- xiv. The Trust Deed does not contain any limitation of liability of the trustees / beneficiaries in relation to the provisions of the SEBI Act and all regulations framed thereunder.

Consideration –

6. I have considered the Application submitted by the Acquirer Trusts and other material available on record. Without reiterating the facts as stated above, the following is noted:

- A. The Application submitted is in respect of the proposed acquisitions of shares and voting rights in the Target Company i.e. **Vidhi Specialty Food Ingredients**



Limited. The proposed Acquisition as detailed at paragraph 4D above, which are to be made by the Proposed Acquirers, will attract the provisions of Regulations 3(1) and 4 of the Takeover Regulations 2011.

- B. Pursuant to the proposed acquisitions, the Proposed Acquirers will hold an aggregate of 52.06% of the paid up equity capital in the Target Company.
- C. The objective of the proposed acquisitions is to streamline succession and welfare of the Family Members and their lineal descendants, being members of the promoter group of the Target Company.
- D. There will be no change in control of the Target Company pursuant to the proposed acquisition, as stipulated under the SEBI Circular dated December 22, 2017.
- E. The pre-acquisition and post-acquisition shareholding of the Promoters in the Target Company will remain the same (except that of the transferors and the transferees in the *Acquisition*).
- F. There will also be no change in the public shareholding of the Target Company.
- G. The Target Company shall continue to be in compliance with the Minimum Public Shareholding requirements under the Securities Contracts Regulation Rules, 1957 ("**SCRR**") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- H. The Proposed Acquirers have also confirmed that they are in compliance with the Guidelines outlined in the Schedule to the SEBI Circular dated December 22,



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2017 (as reproduced at paragraph 5). Further, the Acquirer Trusts have executed amendments in the Trust Deeds in this regard.

7. Considering the aforementioned, I am of the view that exemption as sought for in the Application (read with further submissions) may be granted to the Proposed Acquirers, subject to certain conditions as ordered herein below.

Order -

8. I, in exercise of the powers conferred upon me under Section 19 read with Section 11(1) and Section 11(2)(h) of the Securities and Exchange Board of India Act, 1992 and Regulation 11(5) of the Takeover Regulations 2011, hereby grant exemption to the Proposed Acquirers, viz. **Bipin Manek Family Private Trust, Pravina Manek Family Private Trust and Manek Family Private Trust** from complying with the requirements of Regulations 3(1) and 4 of the Takeover Regulations 2011 with respect to the proposed acquisitions in the Target Company, viz. **Vidhi Specialty Food Ingredients Limited**, by way of proposed transactions as mentioned in the Application.

9. The exemption so granted is subject to the following conditions:
- The proposed acquisition shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.



- ii. On completion of the proposed acquisition, the Proposed Acquirers shall file a report with SEBI within a period of 21 days from the date of such acquisition, as provided in the Takeover Regulations 2011.
- iii. The statements / averments made or facts and figures mentioned in the Application and other submissions by the Proposed Acquirers are true and correct.
- iv. The Proposed Acquirers shall ensure compliance with the statements, disclosures and undertakings made in the Application. The Proposed Acquirers shall also ensure compliance with the provisions of the SEBI Circular dated December 22, 2017.
- v. The Proposed Acquirers shall also ensure that the covenants in the Trust Deeds are not contrary to the above conditions and undertaking provided by the transferors. In such case, the Trust Deeds shall be suitably modified and expeditiously reported to SEBI.

10. The exemption granted above is limited to the requirements of making open offer under the Takeover Regulations 2011 and shall not be construed as exemption from the disclosure requirements under Chapter V of the aforesaid Regulations; compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable Acts, Rules and Regulations.



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11. The Application dated November 06, 2019 and related correspondences, filed by Bipin Manek Family Private Trust, Pravina Manek Family Private Trust and Manek Family Private Trust are accordingly disposed of.

G. MAHALINGAM

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

Place: Mumbai

Date: March 31, 2020

