

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1) AND SECTION 11(2)(h) OF THE SEBI ACT 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 | VINATI ORGANICS LIMITED |
| ACQUIRERS | VINOD SARAF FAMILY TRUST KAVITA VINOD SARAF FAMILY TRUST |

BACKGROUND –

1. Vinati Organics Limited (“**Target Company**”) was incorporated under the Companies Act, 1956 on June 15, 1989. The Registered Office of the Target Company is at B-12 and B-13, MIDC Area Mahad District, Raigad, Maharashtra-402309. The shares of the Target Company are listed on BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).
2. An Application received on February 14, 2018 and subsequently revised on April 5, 2018 (“**Application**”) seeking exemption from the applicability of *inter alia* Regulation 3(2) and Regulation 5 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations**”) in the matter of proposed acquisition of shares and voting rights in the Target Company, was received by SEBI from Vinod Banwarilal Saraf – Trustee of Vinod Saraf Family Trust (“**Acquirer Trust 1**”) and Kavita Vinod Saraf Family Trust (“**Acquirer Trust 2**”) (collectively referred to as the “**Acquirer Trusts**”).
3. Regulation 3(2) and Regulation 5 of the Takeover Regulations states –

“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.



(2). No acquirer, who together with persons acting in concert with him, has acquired and holds in accordance with these regulations shares or voting rights in a Target Company entitling them to exercise twenty-five per cent or more of the voting rights in the Target Company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such Target 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 Target Company in accordance with these regulations:

Provided that such acquirer shall not be entitled to acquire or enter into any agreement to acquire shares or voting rights exceeding such number of shares as would take the aggregate shareholding pursuant to the acquisition above the maximum permissible non-public shareholding.

Explanation — For purposes of determining the quantum of acquisition of additional voting rights under this sub-regulation,—

- (i) Gross acquisitions alone shall be taken into account regardless of any intermittent fall in shareholding or voting rights whether owing to disposal of shares held or dilution of voting rights owing to fresh issue of shares by the Target Company.
- (ii) In the case of acquisition of shares by way of issue of new shares by the Target Company or where the Target Company has made an issue of new shares in any given financial year, the difference between the pre-allotment and the post-allotment percentage voting rights shall be regarded as the quantum of additional acquisition.

Indirect acquisition of shares or control

5. (1) For the purposes of regulation 3 and regulation 4, acquisition of shares or voting rights in, or control over, any company or other entity, that would enable any person and persons acting in concert with him to exercise or direct the exercise of such percentage of voting rights in, or control over, a Target Company, the acquisition of which would otherwise attract the obligation to make a public announcement of an open offer for acquiring shares under these regulations, shall be considered as an indirect acquisition of shares or voting rights in, or control over the Target Company.”



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

A. As on the date of application, the present shareholding in the Target Company along with the shareholding post the proposed acquisition in the Target Company, are provided below:

TABLE A – SHAREHOLDING IN THE TARGET COMPANY (SOURCE: APPLICATION)

| SR. NO. | NAME | PRESENT SHAREHOLDING | | PROPOSED SHAREHOLDING | |
|-----------|--|----------------------|----------------|-----------------------|----------------|
| | | NO. OF SHARES | % SHAREHOLDING | NO. OF SHARES | % SHAREHOLDING |
| A. | PROMOTER/ PROMOTER GROUP | | | | |
| 1. | VINOD BANWARILAL SARAF | 6950291 | 13.52 | 1000 | 0.00 |
| 2. | VINOD SARAF FAMILY TRUST ('ACQUIRER TRUST 1') | 0 | 0.00 | 6949291 | 13.52 |
| 3. | KAVITA VINOD SARAF | 6207228 | 12.08 | 1000 | 0.00 |
| 4. | KAVITA VINOD SARAF FAMILY TRUST ('ACQUIRER TRUST 2') | 0 | 0.00 | 6206228 | 12.08 |
| 5. | SUCHIR CHEMICALS PVT. LIMITED | 23750204 | 46.22 | 23750204 | 46.22 |
| 6. | VINATI SARAF MUTREJA | 605310 | 1.18 | 605310 | 1.18 |
| 7. | VIRAL SARAF MITTAL | 521183 | 1.01 | 521183 | 1.01 |
| | TOTAL | 38034216 | 74.01 | 38034216 | 74.01 |
| B. | PUBLIC SHAREHOLDING | 13356809 | 25.99 | 13356809 | 25.99 |
| C. | TOTAL (A + B) | 51391025 | 100.00 | 51391025 | 100.00 |

B. As per the Application, the proposed acquisition of shares by the Acquirer Trusts envisages the following –

- i. Vinod Banwarilal Saraf, a Promoter who holds 69,50,291 (13.52%) equity shares in the Target Company and 5,21,100 (59.95%) equity shares of M/s Suchir Chemicals Pvt. Limited ("SCPL") [also a Promoter of the Target Company having 46.22% shareholding and jointly owned by Vinod Saraf and Kavita Vinod Saraf], has settled an irrevocable Family Trust, viz. Vinod Saraf Family Trust, by executing a Trust Deed dated February 12, 2018. The Trustees and beneficiaries are the family members of the Transferors.
- ii. Kavita Vinod Saraf, also a Promoter who holds 62,07,228 (12.08%) equity shares in the Target Company and 3,48,000 (40.04%) equity shares of SCPL, has settled an irrevocable Family Trust, viz. Kavita Vinod Saraf Family Trust, by executing a Trust Deed dated February 12, 2018. The Trustees and beneficiaries are the family members of the Transferors.
- iii. Vinod Banwarilal Saraf intends to transfer 69,49,291 (13.52%) equity shares of the Target Company and 5,21,100 (59.95%) equity shares of SCPL held by him to Vinod Saraf Family Trust. Additionally, Kavita Vinod Saraf intends to transfer 62,06,228 (12.08%) equity shares



of the Target Company and 3,48,000 (40.04%) equity shares of SCPL held by her to Kavita Vinod Saraf Family Trust. The aforementioned acquisitions will thereby trigger Regulation 3(2) and Regulation 5 of the Takeover Regulations, 2011.

- iv. Apart from the above, Vinod Saraf shall transfer 2632 Class I preference shares (constituting 52.68% of preference capital of SCPL) held by him to Vinod Saraf Family Trust while Kavita Vinod Saraf shall transfer 2358 Class I preference shares (constituting 47.20% of preference capital of SCPL) held by her to Kavita Vinod Saraf Family Trust. The aforementioned preference shares carry no voting rights.

C. The Settlor, Trustees and Beneficiaries of Acquirer Trusts are as under –

| ACQUIRER TRUST 1 – VINOD SARAF FAMILY TRUST | | | |
|---|--|--|--|
| SETTLOR | TRUSTEE | BENEFICIARIES | RELATIONSHIP |
| Vinod Banwarilal Saraf | 1. Vinod Banwarilal Saraf 2. Kavita Vinod Saraf | 1. Kavita Vinod Saraf, Spouse of Vinod Banwarilal Saraf 2. Vinati Saraf Mutreja D/o Vinod Saraf 3. Viral Saraf Mittal D/o Vinod Saraf 4. Lineal Descendants of Vinati Saraf 5. Lineal Descendants of Viral Saraf | Settlor and Trustees are part of the Promoter Group. The beneficiaries and Trustee are immediate family members as well as declared Promoters of Target Company for more than 3 years. |

| ACQUIRER TRUST 2 – KAVITA VINOD SARAF FAMILY TRUST | | | |
|--|--|--|--|
| SETTLOR | TRUSTEES | BENEFICIARIES | RELATIONSHIP |
| Kavita Vinod Saraf | 1. Kavita Vinod Saraf 2. Vinod Banwarilal Saraf | 1. Vinod Banwarilal Saraf, Spouse of Kavita Vinod Saraf 2. Vinati Saraf Mutreja D/o Vinod Saraf 3. Viral Saraf Mittal D/o Vinod Saraf 4. Lineal Descendants of Vinati Saraf 5. Lineal Descendants of Viral Saraf | Settlor and Trustees are part of the Promoter Group. The beneficiaries and Trustee are immediate family members as well as declared Promoters of Target Company for more than 3 years. |

D. Grounds for seeking exemption –

- i. The proposed acquisition is pursuant to an internal reorganization within the promoter family. Family trusts are intended to streamline succession and promote welfare of promoter family. The proposed acquisition would be a non-commercial transaction which would not affect or prejudice the interest of the public shareholders of Target Company in any manner.
- ii. The proposed acquisition would not result in change in control and management of the Target Company. The trustee of acquirers through whom control would be exercised over the assets of the Acquirers, are also the members belonging to Promoter and Promoter Group of the Target Company in their personal capacity.



- iii. *There is no effective change in the exercise of voting power or in the control / management of the Target Company. The pre-acquisition shareholding and post-acquisition shareholding of promoter and members of the promoters group in the Target Company would therefore remain same. The change in the identity of persons exercising voting rights over the Target Company would only be between persons, who in their personal capacities are persons belonging to Promoter and Promoter Group of the Target Company and are the relatives of the persons transferring the shares.*
 - iv. *Only individual's promoters or their immediate relatives or lineal descendants are Trustees and beneficiaries of the Acquirers Trusts.*
 - v. *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.*
 - vi. *The Trusts are private Family Trusts. The trustees and ultimate beneficiaries are individuals from the promoter family. The structure in no way results in lack of transparency and does not in any way impact the interest of investors.*
 - vii. *The transfer to the acquirers is for efficient succession planning and for holding the controlling interest in the Target Company in one entity rather than spreading the holding amongst different individuals which may not be in the best interest of the Target Company and investors.*
5. In their reply to certain clarifications sought by SEBI through e-mail dated July 12, 2018, the Acquirer Trusts (vide a letter dated July 13, 2018) confirmed their compliance with the Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017.

CONSIDERATION –

6. I have considered the Application submitted by the Acquirers and other material available on record. From the preceding paragraphs, it is noted that the Application submitted is in respect of the proposed acquisition of shares and voting rights in the Target Company i.e. **Vinati Organics Limited**. The aforesaid acquisition is proposed to be made by Vinod Saraf Family Trust and Kavita Vinod Saraf Family Trust i.e. the **proposed Acquirers**, in the following manner –
- i. Direct acquisition of shares of the Target Company by Acquirer Trust 1 from Vinod Banwarilal Saraf and Acquirer Trust 2 from Kavita Vinod Saraf as under –



TABLE B – SHAREHOLDING IN THE TARGET COMPANY BEING ACQUIRED BY THE ACQUIRER TRUSTS

| TARGET COMPANY | | | | |
|---|--------------------------|------------------------|---------------------------|------------------------|
| ACQUIRER/TRANSFEROR | PRE – ACQUISITION | | POST – ACQUISITION | |
| | NO. OF SHARES | % OF SHARES | NO. OF SHARES | % OF SHARES |
| <i>Vinod Banwarilal Saraf ('Transferor')</i> | 69,50,291 | 13.52 | 1000 | 0.00 |
| <i>Vinod Saraf Family Trust ('Acquirer Trust 1')</i> | 0.00 | 0.00 | 69,49,291 | 13.52 |
| <i>Kavita Vinod Saraf ('Transferor')</i> | 62,07,228 | 12.08 | 1000 | 0.00 |
| <i>Kavita Vinod Saraf Family Trust ('Acquirer Trust 2')</i> | 0.00 | 0.00 | 62,06,228 | 12.08 |

- ii. Indirect acquisition of shares of the Target Company through acquisition of shares of a Promoter Company i.e. SCPL, by Acquirer Trust 1 from Vinod Banwarilal Saraf and Acquirer Trust 2 from Kavita Vinod Saraf as under –

TABLE C – SHAREHOLDING IN THE PROMOTER COMPANY BEING ACQUIRED BY THE ACQUIRER TRUSTS (SOURCE: APPLICATION AND SUBSEQUENT SUBMISSIONS)

| PROMOTER COMPANY | | | | | TARGET COMPANY | |
|--|---|------------------------------|-------------------------------|--------------------------|---------------------------|--------------------|
| | | | | | POST – ACQUISITION | |
| | | PRE – ACQUISITION | POST – ACQUISITION | | | |
| | | NO. OF SHARES | % OF SHARES | NO. OF SHARES | % OF SHARES | |
| SUCHIR CHEMICALS PVT. LIMITED | <i>Vinod Banwarilal Saraf ('Transferor')</i> | 5,21,100 | 59.95 | 0.00 | 0.00 | 2,37,50,204 |
| | <i>Vinod Saraf Family Trust ('Acquirer Trust 1')</i> | 0.00 | 0.00 | 5,21,100 | 59.95 | |
| SUCHIR CHEMICALS PVT. LIMITED | <i>Kavita Vinod Saraf ('Transferor')</i> | 3,48,000 | 40.04 | 0.00 | 0.00 | |
| | <i>Kavita Vinod Saraf Family Trust ('Acquirer Trust 2')</i> | 0.00 | 0.00 | 3,48,000 | 40.04 | |



7. In view of the aforementioned, the following is noted –
- A. The aforesaid proposed acquisitions will attract Regulation 3(2) (direct acquisition of shares as reproduced at Table B of page 7) and Regulation 5 (indirect acquisition of shares as reproduced at Table C of page 7) of the Takeover Regulations.
 - B. Pursuant to the proposed acquisitions, the Acquirer Trusts would hold shares in the Target Company.
 - C. The objective of the proposed acquisitions is to provide for a suitable succession planning structure to enable seamless inter-generational transfer of the Trust fund among the beneficiaries who are family members.
 - D. There will be no change in control of the Target Company pursuant to the proposed acquisition.
 - 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 this transaction).
 - F. There will also be no change in the public shareholding of the Target Company.
 - G. The Target Company is in compliance with the minimum public shareholding requirements under the Securities Contracts Regulation Rules, 1957 (“SCRR”).
 - 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, 2017 [as reproduced at paragraph 5 of pages 5–6 of this Order].
8. 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 –

9. 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 (“**SEBI Act**”) and Regulation 11(5) of the Takeover Regulations, hereby grant exemption to the proposed Acquirers, viz. **Vinod Saraf Family Trust** and **Kavita Vinod Saraf Family Trust**, from complying with the requirements of Regulation 3(2) and Regulation 5 of the Takeover Regulations with respect to the proposed acquisition/exercise of voting rights in respect of the Target Company, viz. **Vinati Organics Limited**, by way of proposed transactions as mentioned in the Application.
10. The exemption so granted is subject to the following conditions:
- A. The proposed acquisition shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.
 - B. 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.
 - C. The statements/ averments made or facts and figures mentioned in the Application and other submissions by the proposed Acquirers are true and correct.
 - D. 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 following Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017 –
 - i. The Trust is 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 Trust has 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 Trust, the assets will be distributed only to the beneficiaries of the trust 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 Trust 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 Trust.
- ix. The Trust shall confirm, on an annual basis, that it is 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.
- x. The Trust shall get its 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.

E. The proposed Acquirers shall also ensure that the covenants in the Trust Deeds are not contrary to the above conditions and undertakings provided by them and the transferors. In such case, the Trust Deeds shall be suitably modified and expeditiously reported to SEBI.



11. The exemption granted above is limited to the requirements of making open offer under the Takeover Regulations 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.
12. The Application received on February 14, 2018 and subsequently revised on April 5, 2018, filed by Vinod Banwarilal Saraf – Trustee of Vinod Saraf Family Trust and Kavita Vinod Saraf Family Trust, is accordingly disposed of.



Place: Mumbai
Date: September 10, 2018

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

ASSISTANT MANAGER
CORPORATION FINANCE DEPARTMENT
DIVISION OF CORPORATE RESTRUCTURING
REGISTRATIONS, APPROVALS AND CORRESPONDENCES - 1

CFD/DCR/RAC-1/1269/1/2023
January 11, 2023

Milind Wagh,
Company Secretary
Vinati Organics Limited,
Parinee Crescenzo, 11th floor, 1102,
G Block, Plot no. C-38 & C-39,
Bandra-Kurla Complex,
Bandra (East) Mumbai -51.

Sub: Compliance with order dated passed by SEBI under Regulation 11 of SEBI (SAST) Regulations, 2011 ("Takeover Regulations").

An exemption order dated September 10, 2018 has been passed in respect of Vinati Organics Limited (Target Company) under Regulation 11 of Takeover Regulations.

As confirmed by your email dated November 30, 2022; the transaction in respect of which exemption was granted by aforementioned order has not been undertaken. In this regard, it is advised that a timeline of six months from the date of this letter is granted to complete the proposed transaction, failing which the exemption granted under the order shall lapse and cease to exist.

Yours faithfully,


Kartiki Tulaskar