

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	ASTEC LIFE SCIENCES LTD.
ACQUIRER	CELLULAR FAMILY TRUST

**Background -**

1. Astec Life Sciences Ltd. ("**Target Company**") is a company incorporated on January 25, 1994 and has its registered office at Mumbai. The equity shares of the Target Company are listed on the BSE Limited ("**BSE**") and National Stock Exchange of India ("**NSE**").
2. An Application dated August 03, 2020 read with emails dated August 26, 2020 and September 04, 2020 ("**Application**") seeking exemption from the applicability of Regulations 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Regulations 2011**") in the matter of proposed acquisition

of shares in the Target Company was received by SEBI from Mr. Ashok Hiremath and Ms. Chitra Ashok Hiremath (Trustees) for the Cellular Family Trust ("**Acquirer Trust/ Proposed Acquirer**").

3. Regulation 3(2) of the Takeover Regulations 2011 states as under –

*"Substantial acquisition of shares or voting rights.*

*3. (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."*

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

(a) The shareholding pattern of the Target Company as on June 30, 2020, is as under:

<b>TABLE I - SHAREHOLDING IN THE TARGET COMPANY (SOURCE: BSE WEBSITE &amp; APPLICATION)</b>			
	<b>NAME</b>	<b>NO. OF SHARES</b>	<b>% SHAREHOLDING</b>
<b>A.</b>	<b>PROMOTER/ PROMOTER GROUP</b>		
1.	GODREJ AGROVET LTD	12204016	62.36
2.	ASHOK HIREMATH	1945506	9.94
<b>TOTAL PROMOTER HOLDING</b>		<b>14149522</b>	<b>72.30</b>
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>		<b>27.70</b>
<b>TOTAL</b>		<b>19570355</b>	<b>100</b>

(b) The Acquirer Trust, viz. Cellular Family Trust, registered vide trust deed dated June 12, 2019 (read with deed of amendment and restatement dated August 03, 2020), is a private family trust which has been settled under the provisions of the Indian Trusts Act, 1882 for the benefit of the family members of the promoters / promoter group.

(c) The Settlor, Trustees and beneficiaries of the aforementioned Acquirer Trust are as under -

TABLE II: DETAILS OF ACQUIRER TRUST			
Settlor	Trustees	Beneficiaries	Relationship
Ms. Chitra Ashok Hiremath	1) Mr. Ashok Hiremath 2) Ms. Chitra Ashok Hiremath	1) Mr. Ashok Hiremath 2) Ms. Supriya Hiremath (Daughter of Mr. Ashok Hiremath & Chitra Hiremath) 3) Mr. Varun Hiremath (Son of Mr. Ashok Hiremath & Chitra Hiremath) 4) Lineal Descendants of Ms. Supriya Hiremath 5) Lineal Descendants of Mr. Varun Hiremath	The trustees and beneficiaries are the transferor himself (a promoter of the Target Company) and his immediate relatives and lineal descendants.

(d) The details of the proposed acquisition are as follows:

- i. As on June 30, 2020, the promoters and the promoter group hold 72.30% equity shares in the Target company, out of which 62.36% shares are held by Godrej Agrovet Ltd. and 9.94% shares are held by Mr. Ashok Hiremath.
- ii. The Acquirer Trust proposes to acquire 9.94% shares in the Target Company from Mr. Ashok Hiremath. After the proposed acquisition, the Acquirer Trust shall hold 9.94% shares in the Target Company and shall be part of the promoter and promoter group.
- iii. There would be no alteration to the total equity share capital or voting rights of Target Company as a result of the proposed direct acquisition of

shares by the Acquirer Trust. The shareholding pattern of Target Company (pre and post the proposed Acquisition) will be as follows:

Shareholders' category	Before the proposed acquisition		After the proposed acquisition	
	Number of equity shares/ total voting rights held	% of equity shares/ total voting capital held	Number of equity shares/ total voting rights held	% of equity shares/ total voting capital held
<b>Promoter and Promoter Group other than Acquirer</b>				
GODREJ AGROVET LTD.	12204016	62.36	12204016	62.36
ASHOK HIREMATH	1945506	9.94	0	0
<b>Acquirer</b>				
CELLULAR FAMILY TRUST	0	0	1945506	9.94
<b>Total- Promoter and Promoter Group including Acquirer</b>	<b>14149522</b>	<b>72.30</b>	<b>14149522</b>	<b>72.30</b>
<b>Public</b>	5420833	27.70	5420833	27.70
<b>GRAND TOTAL</b>	<b>19570355</b>	<b>100</b>	<b>19570355</b>	<b>100</b>

- (e) Since the aforesaid transaction (i.e. acquisition of 9.94% shares of the Target Company by the Acquirer Trust from Mr. Ashok Hiremath) would attract the applicability of Regulation 3(2) of the Takeover Regulations 2011, the Acquirer Trust has sought exemption from SEBI in respect of the same.

### **Grounds for seeking exemption -**

5. The following grounds have been cited while seeking the exemption:
- (a) Pursuant to the proposed acquisition, the Acquirer Trust shall form part of the promoter group of the Target Company as the trustees and beneficiaries are the transferor himself (who is also a promoter of the Target Company) and his immediate relatives and lineal descendants.
  - (b) The proposed acquisition is only a part of internal re-alignment of holdings within the promoter's family and is non-commercial.
  - (c) The proposed acquisition would not result in any change in the overall promoter and promoter group shareholding of the Target Company. As the trustees and beneficiaries of the Acquirer Trust are the transferor himself (a promoter of the Target Company) and his immediate family members and lineal descendants, the proposed acquisition of equity shares by the Acquirer Trust from the transferor would not result in change in control and management of the Target Company.
  - (d) There will be no reduction in the holding of the public shareholders in the Target Company. The proposed acquisition will not be prejudicial to the interests of the public shareholders of the Target Company.

6. The Acquirer Trust, vide the Application read with subsequent submissions, has confirmed compliance with the following Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017 –
- i.* The Acquirer Trust is in substance, only a mirror image of the promoter's 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 Acquirer Trust has not been and shall 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 Acquirer Trust, the assets will be distributed only to the beneficiaries of the Acquirer 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 the Acquirer 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, 1992 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 transferor under the SEBI Act, 1992 and the regulations framed thereunder will not change or get diluted due to transfer to the Acquirer Trust.
- ix.* The Acquirer 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 Acquirer 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 transferor is disclosed as promoter in the shareholding pattern filed with the Stock Exchanges for a period of at least 3 years prior to the proposed acquisition.
- xiii.* There is no layering in terms of trustees / beneficiaries in case of the Acquirer Trust.



xiv. The Trust Deed does not contain any limitation of liability of the trustees / beneficiaries in relation to the provisions of the SEBI Act, 1992 and all regulations framed thereunder.

**Consideration -**

7. I have considered the Application submitted by the Acquirer Trust 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 direct acquisition of shares and voting rights in the Target Company i.e. **Astec Life Sciences Limited**. The proposed acquisition as detailed above, which is to be made by the Acquirer Trust, will attract the provisions of Regulations 3(2) of the Takeover Regulations 2011.
- (b) Pursuant to the proposed acquisition, the Acquirer Trust would directly hold the same number of shares in the Target Company as currently being directly held by the transferor, Mr. Ashok Hiremath, who is part of the promoters and promoter group of the Target Company.
- (c) The proposed acquisition is in furtherance to an internal reorganization within the promoter's family and is intended to streamline succession and promote welfare of the promoter's family. The proposed direct acquisition would be a

non-commercial transaction which would not affect or prejudice the interests of the public shareholders of the Target Company in any manner.

- (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 and promoter group in the Target Company will remain the same.
- (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 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (h) The Acquirer Trust has confirmed that it is in compliance with the Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017 (as reproduced at paragraph 6 above).

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 Acquirer, 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 SEBI Act, 1992 and Regulation 11(5) of the Takeover Regulations 2011, hereby grant exemption to the Proposed Acquirer, viz. **Cellular Family Trust** from complying with the requirements of Regulation 3(2) of the Takeover Regulations 2011 with respect to the proposed acquisition in the Target Company, viz. **Astec Life Sciences Limited**, by way of proposed transaction as mentioned in the Application.
10. The exemption so granted is subject to the following conditions:
- i. 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 Acquirer are true and correct.
  - iv. The Proposed Acquirer shall ensure compliance with the statements, disclosures and undertakings made in the Application. The Proposed

Acquirer shall also ensure compliance with the provisions of the SEBI Circular dated December 22, 2017.

- v. The Proposed Acquirer shall also ensure that the covenants in the Trust Deed are not contrary to the above conditions and undertaking provided by the transferor. In such case, the Trust Deed 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 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.
- 12. The Application dated August 03, 2020 read with other submissions, filed by Cellular Family Trust, are accordingly disposed of.

**Place: Mumbai**

**Date: October 16, 2020**

**G. MAHALINGAM**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**