

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	SHAKTI PUMPS (INDIA) LIMITED
PROPOSED ACQUIRER	SHAKTI SONS TRUST

Background –

1. Shakti Pumps (India) Limited (“**Target Company/SPIL**”) is a company incorporated under the Companies Act, 1956 and has its registered office at Plot no. 401-402 & 413, Industrial Area, Sector-III, Pithampur, Dist. Dhar, Madhya Pradesh- 454774. It was incorporated on April 21, 1995. The equity shares of the Target Company are listed on BSE Ltd. (“**BSE**”) and National Stock Exchange of India Ltd. (“**NSE**”).
2. An application dated June 06, 2024 was received from Mr. Dinesh Patidar, on behalf of Shakti Sons Trust, in the capacity of Trustee of Shakti Sons Trust (“**Applicant/Acquirer Trust**”) and also as promoter of Target Company seeking exemption from the applicability of regulations 3, 4 and 5 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations, 2011**”) for the proposed indirect acquisition of shares in the Target Company. Subsequently, emails dated June 24, 2024, July 15, 2024, July 30, 2024, August 29, 2024 and September 9, 2024 were received in respect of the said matter. The above-mentioned application and the emails mentioned above are hereinafter referred to as the “**Application**”.

3. The proposed acquirer vide its Application has submitted the following:

- (a) The paid up equity share capital of the Target Company is Rs. 20,03,51,000/- divided into 2,00,35,100 equity shares of Rs. 10/- each;
- (b) The Target Company has a public shareholding of 48.42%, and the non-public shareholding of 51.58% is entirely held by the promoters and the promoter group;
- (c) The shareholding pattern of Target Company, as on the date of application is as under:

Category	No. of Shares	Shareholding
Promoters	1,03,33,300	51.58%
Public	97,01,800	48.42%
Total	2,00,35,100	100.00%

(d) The promoter's shareholding in Target Company is as follows:

Name of Promoter	Relation with Mr. Dinesh Patidar	No. of Shares	Share holding
Mr. Dinesh Patidar	Self	0	0.00%
Mr. Sunil Patidar	Brother	0	0.00%
Mr. Ankit Patidar	Son	0	0.00%
Mrs. Geeta Patidar	Mother	610,800	3.05%
Mrs. Aishwarya Sharma	Daughter	385,400	1.92%
Mrs. Seema Patidar	Sister	94,000	0.47%
Mrs. Indira Patidar	Wife	3,34,000	1.67%
Mrs. Pallavi Patidar	Brother's Wife	3,41,800	1.71%
M/s. Shakti Sons Trust	Own Family Trust	37,68,100	18.81%
M/s. Shakti Brothers Trust	Brother's Trust	15,62,200	7.80%

M/s. Shakti Future Trust	Son's Future Trust	15,00,000	7.49%
M/s. Shakti Irrigation India Limited	Promoter Group Entity	932,000	4.65%
M/s. Vintex Tools Private Limited	Promoter Group Entity	805,000	4.02%
Total		1,03,33,300	51.58%

(e) The Acquirer Trust had been set up as a private family trust, *inter alia*, to carry out internal reorganisation of promoters' control and shareholding in the Target Company, in such a way, that streamlined the succession process and protected and promoted the welfare of the promoters' family;

(f) The Settlers, Trustees and beneficiaries of the Acquirer Trust are as under:

Status	Name	Relationship with Settlor
Settlor	Mr. Dinesh Patidar	Self
Trustees	1. Mr. Dinesh Patidar	
	2. Ms. Indira Patidar	Spouse of Mr. Dinesh Patidar
Beneficiaries	1. Ms. Indira Patidar	
	2. Ankit Patidar	Son of Mr. Dinesh Patidar
	3. Aishwarya Sharma	Daughter of Mr. Dinesh Patidar
	4. Master Arav Patidar	Grandson of Mr. Dinesh Patidar
	5. Ms. Adeeva Patidar	Granddaughter of Mr. Dinesh Patidar
	6. Master Arsh Sharma	Grandson of Mr. Dinesh Patidar
	7. Master Arnab Sharma	Grandson of Mr. Dinesh Patidar

(g) The proposed acquisition involves five transactions as follows:

Name of the Company	No. of Shares proposed to be transferred	% shareholding proposed to be transferred	Present Transferor	Proposed Transferee
Vintex Tools Private Limited	16,18,422	75%	Mr. Dinesh Patidar	Shakti Sons Trust
Shakti Irrigation India Limited	10,000	0.3064%	Mr. Dinesh Patidar	Shakti Sons Trust
Shakti Irrigation India Limited	55,000	1.6854%	Mr. Dinesh Patidar HUF	Shakti Sons Trust
Shakti Construction & Developers Private limited (I)	30,12,400	99.95%	Mr. Dinesh Patidar	Shakti Sons Trust
Roulex Investment & Finance Private Limited (II)	19,15,055	99.95%	Mr. Dinesh Patidar	Shakti Sons Trust

Notes:

- (I) Shakti Construction & Developers Private limited holds 9,76,250 (29.9152%) shares in Shakti Irrigation India Limited.
- (II) Roulex Investment & Finance Private Limited holds 6,50,100 (19.921%) shares in Shakti Irrigation India Limited.

(h) The aforesaid transactions would result in the indirect acquisition of shares of the Target Company by the Acquirer Trust and would trigger regulations 3(2), 4 and 5 of the Takeover Regulations, 2011.

4. Further, vide the Application, the proposed acquirer has, *inter alia*, cited the following grounds for seeking exemption:

- (a) The proposed transactions entail transfer of promoter's shareholding in group's unlisted companies to own family trust.
- (b) The proposed transactions will not lead to change in ownership, control and management of Target Company.
- (c) The proposed transactions will not lead to change in total equity shareholding of Target Company.
- (d) The proposed transactions will not lead to change in public shareholding of Target Company.
- (e) Since the Acquirer Trust is already part of promoter group of Target Company, the pre and post-acquisition direct and indirect shareholding and control over Target Company of promoters and promoter group will remain the same.
- (f) The transfer of securities to family trust shall provide more protection and continuity to existing shareholding, from any future family disputes.
- (g) The proposed transactions shall be done in such a way that further streamlines the succession process and protects and promotes the welfare of promoter's family in respect of indirect holding in Target Company.

Consideration-

5. Before I proceed with the proposal, it would be appropriate to quote the relevant provisions of the Takeover Regulations, 2011, for facility of reference:

“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.*

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:

...

“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.”

“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.

...

6. 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 are noted:

- (a) The Application submitted is in respect of the proposed indirect acquisition of shares and voting rights in the Target Company, i.e., Shakti Pumps (India) Limited. The proposed acquisition as detailed above, which is to be undertaken by the Acquirer Trust, will attract the provisions of regulations 3(2), 4 and 5 of the Takeover Regulations, 2011.

- (b) Pursuant to the proposed acquisition, the Acquirer Trust would indirectly hold the same number of shares in the Target Company as currently being indirectly held by the transferors.
- (c) The proposed acquisition is in furtherance to an internal reorganization within the promoter family and is intended to streamline succession and promote welfare of promoter family.
- (d) The proposed indirect 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.
- (e) There will be no change in the public shareholding of Target Company and the total equity shareholding of Target Company due to proposed transactions. Thus, the pre and post-acquisition shareholding of Target Company will be as follows:

Particulars	No. of Shares	Share holding
Promoter and Promoter group		
Mr. Dinesh Patidar	0	0.00%
Mr. Sunil Patidar	0	0.00%
Mr. Ankit Patidar	0	0.00%
Mrs. Geeta Patidar	6,10,800	3.05%
Mrs. Aishwarya Sharma	3,85,400	1.92%
Mrs. Seema Patidar	94,000	0.47%
Mrs. Indira Patidar	3,34,000	1.67%
Mrs. Pallavi Patidar	3,41,800	1.71%
M/s. Shakti Sons Trust	37,68,100	18.81%
M/s. Shakti Brothers Trust	15,62,200	7.80%
M/s. Shakti Future Trust	15,00,000	7.49%
M/s. Shakti Irrigation India Limited	9,32,000	4.65%

M/s. Vintex Tools Private Limited	8,05,000	4.02%
Total holdings of promoter and promoter group	1,03,33,300	51.58%
Public	97,01,800	48.42%
Total	2,00,35,100	100.00%

- (f) The proposed transactions will not involve any change in ownership, control and management.
- (g) The pre and post-acquisition shareholding of the promoters and promoter group in the Target Company will remain the same.
- (h) The Acquirer Trust, vide its application has confirmed 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 of the Trust.*
 - 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 the 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 transferors under the SEBI Act, 1992 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 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.*
- x. *The Trust 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 the proposed acquisition.*
- xiii. *There is no layering in terms of trustees / beneficiaries in case of the Trust.*
- xiv. *The Trust Deed Agreement 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.*

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 acquirer, 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 SEBI Act, 1992 and regulation 11(5) of the Takeover Regulations, 2011, hereby grant exemption to Shakti Sons Trust from requiring to comply with the requirements of regulations 3 and 4 read with regulation 5 of the Takeover Regulations, 2011 with respect to the proposed indirect acquisition in the Target Company, by way of proposed transaction/s as mentioned in the Application.
9. The exemption so granted is subject to the following conditions:
 - (a) The proposed acquisitions shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.
 - (b) On completion of the proposed acquisitions, the Acquirer Trust shall file a report with SEBI within a period of 21 days from the date of such acquisitions, as provided in the Takeover Regulations, 2011.
 - (c) The statements / averments made or facts and figures mentioned in the Application and other submissions by the Acquirer Trust are true and correct.
 - (d) The Acquirer Trust shall ensure compliance with the statements, disclosures and undertakings made in the Application. The Acquirer Trust shall also ensure compliance with the provisions of the SEBI Circular dated December 22, 2017.
 - (e) The Acquirer Trust shall also ensure that the covenants in the Trust Deed are not contrary to the above conditions and undertakings. In such case, the Trust Deed 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.

11. The exemption granted in this Order from making an open offer in respect of the proposed acquisitions shall remain valid for a period of 1 year from the date of this Order and the Acquirer shall complete the implementation of the proposed acquisitions within such period, failing which the granted exemption shall lapse and cease to exist.
12. The Application filed by Shakti Sons Trust, accordingly, stands disposed of.

PLACE: MUMBAI

DATE: SEPTEMBER 10, 2024

**ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**