
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 ACQUISITIONS OF SHARES AND VOTING RIGHTS IN –

TARGET COMPANY	KDDL Limited
ACQUIRERS	RKS JS Family Trust UDS JS Family Trust ASP Saboo Family Trust

1. Background –

- 1.1. KDDL Limited (the “**Target Company**”/ “**KDDL**”) was incorporated on January 8, 1981 under the Indian Companies Act, 1956 and has its registered office at Plot no. 3, Sector-III, Parwanoo – 173 220 (HP).
- 1.2. The Target Company is engaged in the business of manufacturing watch components, precision engineering components and press tools. The equity shares of the Target Company are listed on BSE since 1988 and NSE since 2005.

2. The Application –

- 2.1. An common application dated August 17, 2021 followed by a revised application dated August 27, 2021, seeking exemption from the applicability of Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the “**Takeover Regulations**”) in the matter of proposed acquisitions of shares in the Target Company was received by SEBI from RKS JS Family Trust, UDS JS Family Trust and ASP Saboo Family Trust (the “**Proposed Acquirers/Acquirer Trusts**”). Subsequent to the receipt of the above-mentioned applications, further clarifications and submissions have been received from the Acquirer Trusts. Accordingly, the above-mentioned applications and subsequent replies thereto shall be collectively referred to hereafter as the **Application**.
- 2.2. As stated above, the proposed acquisitions are to be carried out by three Trusts, namely, RKS JS Family Trust, UDS JS Family Trust and ASP Saboo Family Trust. In this respect, it is gathered from the Application that RKS JS Family Trust, UDS JS Family Trust and ASP Saboo Family Trust have been instituted as irrevocable determinate trusts under the Indian Trusts Act, 1882 by way of Trust Deeds dated January 27, 2021. The Settlers, Trustees and beneficiaries of the aforementioned Proposed Acquirers are as under –

Table - 1

RKS JS Family Trust			
Name of Settlor	Name of Trustees	Name of Beneficiaries	Relationship of Beneficiaries with the Settlor
Mr. Rajendra Kumar Saboo	Mr. Rajendra Kumar Saboo Mrs. Usha Devi Saboo	Mr. Rajendra Kumar Saboo	Self
		Mrs. Usha Devi Saboo	Wife - Immediate Relative
		Mr. Jai Vardhan Saboo	Son – Immediate Relative
		Ms. Shivani Saboo	Grand Daughter – Lineal Descendant
		Children of Shivani Saboo	Lineal Descendant

UDS JS Family Trust			
Name of Settlor	Name of Trustees	Name of Beneficiaries	Relationship of Beneficiaries with the Settlor
Mrs. Usha Devi Saboo	Mr. Rajendra Kumar Saboo	Mr. Rajendra Kumar Saboo	Husband - Immediate Relative
	Mrs. Usha Devi Saboo	Mrs. Usha Devi Saboo	Self
		Mr. Jai Vardhan Saboo	Son – Immediate Relative
		Ms. Shivani Saboo	Grand Daughter – Lineal Descendant
		Children of Shivani Saboo	Lineal Descendant

ASP Saboo Family Trust			
Name of Settlor	Name of Trustees	Name of Beneficiaries	Relationship of Beneficiaries with the Settlor
Mr. Rajendra Kumar Saboo	Mr. Rajendra Kumar Saboo	Mrs. Usha Saboo	Wife – Immediate Relative
	Mrs. Usha Devi Saboo	Mrs. Anuradha Saboo	Son’s Wife - Immediate relative
		Mr. Pranav Saboo	Grand Son – Lineal Descendant
		Mrs. Satvika Saboo Suri	Grand Daughter – Lineal Descendant

- 2.3. It has been submitted by the Acquirer Trusts that the total issued equity share capital of the Target Company, was INR 12,91,13,440 divided into 1,29,11,344 equity shares of INR 10 each. The subscribed and paid up Equity Share Capital of the Target Company was INR 12,73,70,640 divided into 1,27,37,064 equity shares of INR 10 each.
- 2.4. It has been further submitted that, as on December 31, 2021, the Target Company has a public shareholding of 53.13% and the non-public shareholding of 46.87% was entirely held by the promoters and the promoter group.
- 2.5. The distribution of the promoter shareholding, as submitted by the Proposed Acquirers, is provided hereunder:

Table - 2

Sl. no.	Promoter	Percentage Holding
1	Rajendra Kumar Saboo	14.97%
2	Usha Devi Saboo	1.33%
3	Rajendra Kumar Saboo (HUF)	0.61%
4	Yashovardhan Saboo (HUF)	0.43%
5	Yashovardhan Saboo	15.33%
6	Anuradha Saboo	3.43%
7	Asha Devi Saboo	0.16%
8	Satvika Saboo	1.19%
9	Pranav Shankar Saboo	6.27%
10	Vardhan Properties & Investments Private Limited	0.28%
11	Dream Digital Technology Private Limited	0.23%
12	Swades Capital LLC	2.54%
13	Saboo Ventures LLP	0.08%

2.6. In this regard, it has been proposed by the Acquirer Trusts that they would acquire Equity Shares representing 16.28% of the paid-up equity share capital of the Target Company by way of gift from Mr. Rajendra Kumar Saboo and Ms. Usha Devi Saboo (the “**Sellers**”) who are a part of the promoter and members of the promoter group of the Target Company. The details of the said acquisitions are as under:

Table -3

Acquirer Trust	Name of Seller	Shareholding	
		No. of shares	Shareholding & Voting Rights (%)
RKS JS Family Trust	Rajendra Kumar Saboo	14,00,058	10.99%

ASP Saboo Family Trust	Rajendra Kumar Saboo	5,05,001	3.96%
UDS JS Family Trust	Usha Devi Saboo	1,69,800	1.33%
	Total	20,74,859	16.28%

- 2.7. It has been submitted by the Acquirer Trusts that pursuant to the acquisition of shares and voting rights, the Acquirer Trusts along with other promoters and members of the promoter group shall directly hold voting rights of the Target Company, and post-acquisition the overall shares held by the promoter and members of the promoter group of the Target Company shall continue to be 46.87 %.
- 2.8. The shareholding of the Target Company before and after the proposed acquisitions is as under:

Table -4

Name of the Shareholder	Pre-transaction shareholding % (as on December 31, 2021)	Post-transaction shareholding %
Promoters:	14.97	0.01
Rajendra Kumar Saboo ("Seller 1")		
Usha Devi Saboo ("Seller 2")	1.33	0
Rajendra Kumar Saboo (HUF)	0.61	0.61
Yashovardhan Saboo (HUF)	0.43	0.43
Yashovardhan Saboo	15.33	15.33
Anuradha Saboo	3.43	3.43
Asha Devi Saboo	0.16	0.16
Satvika Saboo	1.19	1.19
Pranav Shankar Saboo	6.27	6.27
Vardhan Properties & Investments Private Limited	0.28	0.28
Dream Digital Technology Private Limited		
Swades Capital LLC	0.23	0.23
Saboo Ventures LLP	2.54	2.54
	0.08	0.08
Acquirer Trusts:		
RKS JS Family Trust	0	10.99
UDS JS Family Trust	0	1.33
ASP Saboo Family Trust	0	3.96

Total Promoter Shareholding	46.87	46.87
Total Public Shareholding	53.13	53.13

The respective percentages in the tables have been rounded off to two decimal places

2.9. Further, the Acquirer Trusts, vide the Application have relied on the following grounds for exemption from the Takeover Regulations, 2011:

- a. The Acquirer Trusts and the Transferors are part of the promoter group of the Target Company. The Trustees/Settlers are the transferors.
- b. The Transferors and persons acting in concert with the Transferors are directly in control of the Acquirer Trusts, hence, there will be no change in control and management of the Target Company after the proposed acquisitions.
- c. The proposed acquisitions are only a part of the internal re-alignment of holdings within the Saboo family and is non-commercial. It will not prejudice the interests of the public shareholders.
- d. There will be no reduction in the holding of the public shareholders in the Target Company.

2.10. Furthermore, vide the Application, the Acquirer Trusts, have confirmed compliance with the Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017. In this regard, it has been submitted by them that –

- a. 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.
- b. The beneficial interest of the beneficiaries of the Acquirer Trusts have not been and will not in the future, be transferred, assigned or encumbered in any manner including by way of pledge / mortgage.
- c. In case of dissolution of the Acquirer Trusts, the assets will be distributed only to the beneficiaries of the trusts or to their legal heirs.
- d. The Trustees will not be entitled to transfer or delegate any of their powers to any person other than one or more of themselves.
- e. Any change in the trustees / beneficiaries and any change in ownership or control of shares or voting rights held by the Acquirer Trusts shall be disclosed within 2 days to the concerned stock exchanges with a copy endorsed to SEBI for its record.

- f. 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.
- g. 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 transfer to the Acquirer Trusts.
- h. The Acquirer 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.
- i. The Acquirer 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.
- j. The proposed acquisitions are in accordance with the provisions of the Companies Act, 2013 and other applicable laws.
- k. 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 acquisitions.
- l. There is no layering in terms of trustees / beneficiaries in case of the Acquirer Trusts.
- m. The Trust Deeds do 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.
- n. Only individual promoters or their immediate relatives or lineal descendants are Trustees and beneficiaries of the Acquirer Trusts.

3. Consideration –

3.1. Before proceeding with the consideration of the Application and the prayer made therein, I find it appropriate to place hereunder the relevant provisions of the Takeover Regulations, 2011 for the facility of reference:

“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:

3.2. 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 are noted:

- a. The Application submitted is in respect of the proposed acquisition of shares and voting rights in the Target Company i.e. KDDL Limited. The proposed acquisitions as detailed above, which are to be made by the Proposed Acquirers will attract the provisions of Regulation 3(2) of the Takeover Regulations, 2011.
- b. The proposed acquisitions are in furtherance of an internal reorganisation within the Promoter Family and are intended to streamline succession and promote welfare of Promoter Family. The proposed acquisitions would be non-commercial transactions which would not affect or prejudice the interests of the public shareholders of the Target Company in any manner.
- c. There will be no change in control of the Target Company pursuant to the proposed acquisitions, as stipulated under the SEBI Circular dated December 22, 2017.
- d. The pre-acquisition and post-acquisition shareholding of the promoters and promoter group in the Target Company will remain the same.

3.3. 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.

4. Order –

4.1. 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 Acquirers, viz. **RKS JS Family Trust, UDS JS Family Trust and ASP Saboo Family Trust** from complying with the requirements of Regulation 3(2) of the Takeover Regulations, 2011 with respect to the acquisitions in the Target Company, i.e. **KDDL Limited**, by way of the proposed acquisitions as mentioned in the Application.

4.2. The exemption so granted is subject to the following conditions:

- a. The statements / averments made or facts and figures mentioned in the Application and other submissions by the Proposed Acquirers are true and correct.
- b. The proposed acquisitions shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.
- c. On completion of the proposed acquisitions, 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.
- 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 provisions of the SEBI Circular dated December 22, 2017.
- e. 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 transferor. In such case, the Trust Deed shall be suitably modified and expeditiously reported to SEBI.

4.3. 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.

- 4.4. The application dated August 17, 2021 and revised application dated August 27, 2021, read with other submissions, received from RKS JS Family Trust, UDS JS Family Trust and ASP Saboo Family Trust are accordingly disposed of.

Sd/-

Place: Mumbai

S.K. MOHANTY

Date: March 28, 2022

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA