

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	DIXON TECHNOLOGIES (INDIA) LTD.
PROPOSED ACQUIRER	1. KSV FAMILY TRUST 2. PSV FAMILY TRUST

Background -

1. Dixon Technologies (India) Ltd. (for convenience "*Target Company*") is a company incorporated on January 15, 1993 and existing under the provisions of Companies Act, 2013. It has its registered office at B-14 & 15, Phase-II, Noida, Uttar Pradesh, 201305. The equity shares of the *Target Company* are listed on the BSE Ltd. ("**BSE**") and National Stock Exchange of India Ltd. ("**NSE**").

2. An Application dated November 15, 2022 (for convenience "*Application*") seeking exemption from the applicability of regulations 3(1) and 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (for convenience "*Takeover Regulations, 2011*") in the matter of proposed direct acquisition of shares in the *Target Company* is received from PSV Family Trust ("*Acquirer Trust 1*") and KSV Family Trust ("*Acquirer Trust 2*") (collectively known as "*Acquirer Trusts/Proposed Acquirers/Applicants*").

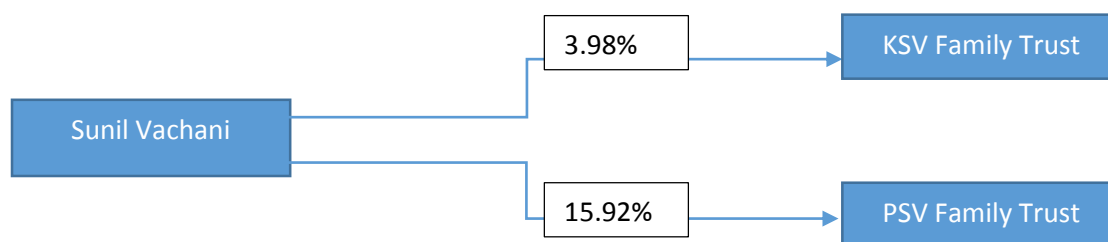
3. *Acquirer Trusts* vide its *Application* and subsequent submissions/clarifications have submitted the following:

- (a) The issued, subscribed and paid up Equity Share Capital of the *Target Company* is INR 11,86,83,870/- divided into 5,93,41,935 equity shares of INR 2/- each. The

Target Company has a public shareholding of 65.73% and the non-public shareholding of 34.27% is entirely held by the promoters and the promoter group. As on the date of *Application*, the shareholding pattern of *Target Company* is as follows:

S.No.	Name of shareholder	Percentage of Shareholding (%)
1.	Mr. Sunil Vachani	26.54%
2.	Mrs. Gayatri Vachani	6.64%
3.	Mr. Suresh Vaswani	1.07%
4.	Mr. Ravi Vachani	0.01%
5.	Mr. Kamal Vachani	0.01%
	Total Promoters' Shareholding	34.27%
6	Public Shareholding	65.73%
	Total Shareholding	100%

- (b) The *Acquirer Trusts* have been set up as private family trusts *inter alia* for providing a suitable succession planning between the members of the Mr. Sunil Vachani family.
- (c) Settlor of the *Acquirer Trusts* i.e. Mr. Sunil Vachani proposes to transfer 94,49,786 (15.92%) shares of the *Target Company*, held by him, by way of gift to the *Acquirer Trust 1* and 23,62,447 (3.98%) shares of the *Target Company* to *Acquirer Trust 2*. The Trustees and beneficiaries of the *Acquirer Trusts* are the family members of the Settlor. The transaction is portrayed as below:



- (d) The Settlers, Trustees and beneficiaries of the aforementioned *Acquirer Trusts* are as under:

PSV Family Trust (<i>Acquirer Trust 1</i>)		
Status	Name	Relationship
Settlor	Mr. Sunil Vachani	Husband of Mrs. Gayatri Vachani and father of Mr. Prithvi Vachani
Trustees	1. Mr. Sunil Vachani	
	2. Mrs. Gayatri Vachani	Mother of Mr. Prithvi Vachani
Beneficiaries	1. Mrs. Gayatri Vachani	
	2. Mr. Prithvi Vachani	Son of Mr. Sunil Vachani
	3. Children of Prithvi Vachani	Lineal descendants of Sunil Vachani

KSV Family Trust (<i>Acquirer Trust 2</i>)		
Status	Name	Relationship
Settlor	Mr. Sunil Vachani	Husband of Mrs. Gayatri Vachani and father of Ms. Karishma Vachani
Trustees	1. Mr. Sunil Vachani	
	2. Mrs. Gayatri Vachani	Mother of Ms. Karishma Vachani
Beneficiaries	1. Mrs. Gayatri Vachani	
	2. Ms. Karishma Vachani	Daughter of Mr. Sunil Vachani
	3. Children of Karishma Vachani	Lineal descendants of Sunil Vachani

- (e) The transferor i.e. Mr. Sunil Vachani is part of the 'Promoter and Promoter Group' of the *Target Company* and holds a total of 26.54% equity shares in the *Target Company*. Under the proposed acquisition, he intends to transfer a total of 19.90% of his shareholding in the *Target Company*, held by him to the *Acquirer Trusts*.
- (f) The aforesaid transaction trigger regulations 3(1) and 4 of the *Takeover Regulations, 2011*.

4. Further, vide *Application* and subsequent communications, the *Applicants* have *inter-alia* provided following grounds for seeking exemption:

- (a) The *Acquirer Trusts* are private family trust set up *inter alia* for the purposes of providing a suitable succession planning structure for ensuring seamless intergenerational transfer of the trust funds amongst the family members who have been identified as Beneficiaries.
- (b) The proposed transfer is only in the nature of *inter-se* transfer of shares within the promoter / promoter group, with no change in overall promoter / promoter group shareholding in *Target Company*.
- (c) The Trust Deed of the *Acquirer Trusts*, *inter-alia*, provides that the trustees of the *Acquirer Trusts* shall only be individuals and immediate relatives or lineal descendants of the Trustees and/or Beneficiaries.
- (d) The proposed acquisition would neither result in any increase or decrease in the shareholding of the promoter group, nor would it result in change in control and management of the *Target Company*.
- (e) The proposed acquisition is only a part of the internal re-alignment of holding within the family of Mr. Sunil Vachani and is non-commercial in nature.
- (f) The proposed acquisition is intended to streamline succession and welfare of the members of the Sunil Vachani family. Moreover, the member of the Sunil Vachani family are the only beneficiaries of the *Acquirer Trusts*.
- (g) The proposed acquisition would not have any adverse impact on the *Target Company* or the wider securities market in India and is not expected to cause any appreciable adverse effect on the price of the shares of the *Target Company*.

CONSIDERATION

5. Before I proceed with my consideration, I find it appropriate to quote the relevant regulatory provisions of *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

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.

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 direct acquisition of shares and voting rights in the *Target Company* i.e. **Dixon Technologies (India) Limited**. The proposed acquisition as detailed above, which is to be undertaken by the *Acquirer Trusts*, will attract the provisions of regulations 3(1) and 4 of the *Takeover Regulations, 2011*.
- (b) Pursuant to the proposed acquisition, the *Acquirer Trusts* would collectively hold 19.90% shares in the *Target Company* as currently being held by the transferor (Mr. Sunil Vachani), who is part of the promoter and promoter group of the *Target Company*.
- (c) The proposed acquisition is intended to streamline succession and promote welfare of the Sunil Vachani Family. The proposed direct acquisition would

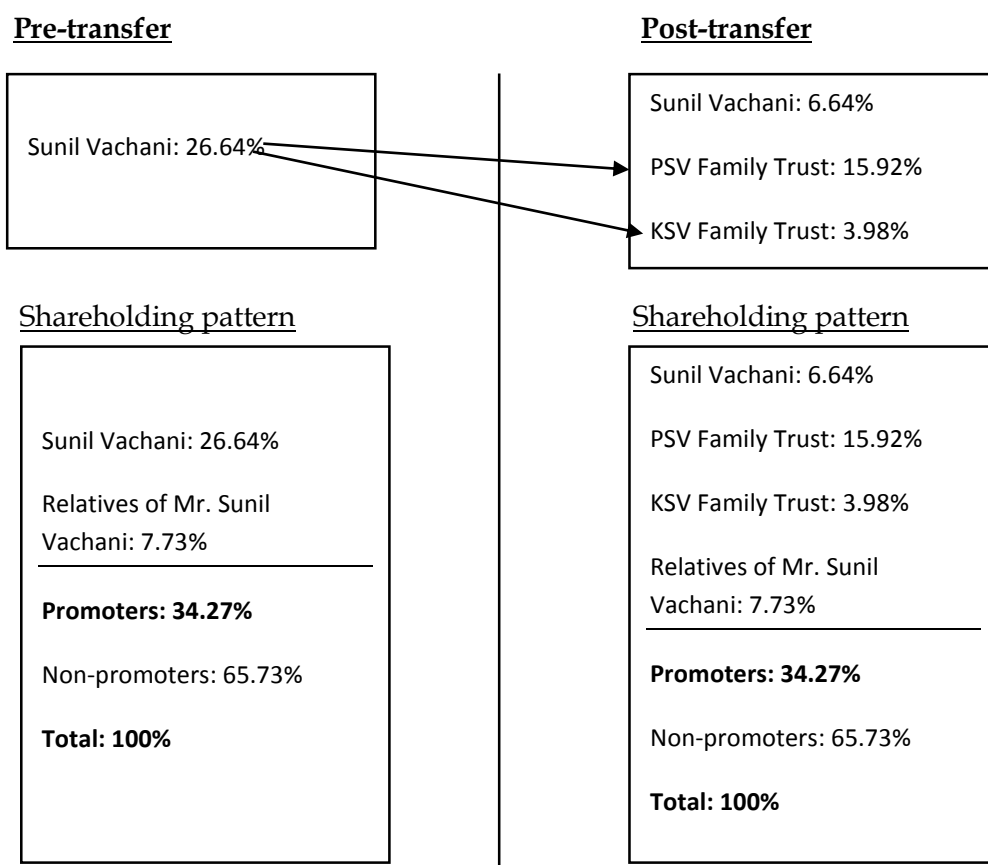
be non-commercial transaction which would not affect or prejudice the interests of the public shareholders of the *Target Company* in any manner.

- (d) There will be no change in control of the *Target Company* pursuant to the proposed acquisition.
- (e) The pre-acquisition and post-acquisition shareholding of the promoter and promoter group in the *Target Company* will remain the same. The shareholding pattern is produced below for reference:

Particulars	Shareholding before the proposed acquisition		Proposed transaction		After the proposed acquisition	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Promoters & Promoter group other than Acquirer(s)						
Sunil Vachani	1,57,49,644	26.54	-1,18,12,233	-19.90	39,37,411	6.64
Other than above#	44,87,454	7.73	-	-	44,87,454	7.73
Acquirers and PAC						
PSV Family Trust	-	-	94,49,786	15.92	94,49,786	15.92
KSV Family Trust	-	-	23,62,447	3.98	23,62,447	3.98
Public						
Public Shareholding	3,90,04,837	65.73	-	-	3,90,04,837	65.73
Total	5,93,41,935	100.00	-	-	5,93,41,935	100.00

44,87,454 (7.73%) shares held by promoters and promoter group entities other than Mr. Sunil Vachani.

- (f) The shareholding pattern of the promoter group before and after the proposed acquisition by the *Acquirer Trusts*, as mentioned in the *Application* as well as subsequent correspondences, is given in a diagrammatic representation below:



- (g) The shareholding of the promoter group (without the shareholding of Mr. Sunil Vachani) is 7.73%. As stated above, the shareholding of the *Acquirer Trusts* together with persons in the promoter group (who are PACs) except Sunil Vachani, would increase from 7.73% to 27.63%. This increase is beyond the threshold limit (of 25%) mentioned under regulation 3(1) of the *Takeover Regulations, 2011*. Further, prior to the transaction since the acquirers do not hold any shares in the *Target Company*, no disclosure of their shareholding was made. Hence, automatic exemption available under regulation 10(1)(a)(ii) and (iv) were not available to the *Acquirer Trusts* and hence the *Application* has been filed for seeking exemption for the proposed transaction.
- (h) There will also be no change in the public shareholding of the *Target Company*.

- (i) 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.

7. The Trust, vide the *Application* have confirmed compliance with the following Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017:

- (h) 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.
- (i) Only individual promoters or their immediate relatives or lineal descendants are Trustees and beneficiaries of the Trust.
- (j) 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.
- (k) In case of dissolution of the Trust, the assets will be distributed only to the beneficiaries of the trust or to their legal heirs;
- (l) The Trustees will not be entitled to transfer or delegate any of their powers to any person other than one or more of themselves.
- (m) 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.
- (n) 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.

- (o) 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.
- (p) 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.
- (q) 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.
- (r) The proposed acquisition is in accordance with the provisions of the Companies Act, 2013 and other applicable laws.
- (s) 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.
- (t) There is no layering in terms of trustees / beneficiaries in case of the Trust.
- (u) 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.

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 SEBI Act, 1992 and Regulation 11(5) of the *Takeover Regulations, 2011*, hereby grant exemption to the Proposed Acquirers, viz. **PSV Family Trust and KSV Family Trust** from complying with the requirements of regulation 3(1) read with regulation 4 of the *Takeover Regulations, 2011* with respect to the proposed direct acquisition in the *Target Company*, viz. **Dixon Technologies(India) Ltd.**, by way of proposed transaction as mentioned in the *Application*.

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

- (v) The proposed acquisitions shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.
- (w) 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*.
- (x) The statements / averments made or facts and figures mentioned in the *Application* and other submissions by the *Proposed Acquirers* are true and correct.
- (y) 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.
- (z) 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 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, 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 exemption granted in this Order (at paragraph 9) from making an open offer in respect of the Proposed Acquisition shall remain valid for a period of 1 year from the date of this Order and the *Applicants* shall complete the implementation of the Proposed Acquisition within such period, failing which the granted exemption shall lapse and cease to exist.

13. The Application dated November 15, 2022 read with other submissions filed by **PSV Family Trust and KSV Family Trust**, is accordingly disposed of.

-Sd-

Place: Mumbai

Date: March 28, 2023

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA