

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1) AND 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	PROPOSED ACQUIRER
Sharda Motor Industries Limited	SMIL Trust

Background –

1. Sharda Motor Industries Limited (hereinafter referred to as the “**Target Company**”) is a company incorporated on January 29, 1986 under the Companies Act, 1956 and has its registered office at D-188, Phase- I, Okhla Industrial Area, New Delhi - 110020. 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 December 20, 2024 (hereinafter referred to as “**Application**”) seeking exemption from the applicability of Regulation 3 read with Regulation 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations, 2011**”) was received by SEBI from Mr. Ajay Relan, in his capacity as the trustee of the SMIL Trust (hereinafter referred to as “**Acquirer**” or “**Acquirer Trust**” or “**Proposed Acquirer**” or “**Applicant Trust**”) in the matter of proposed direct acquisition of shares and voting rights in the Target Company by the Acquirer Trust.

Details of the proposed acquisition:

3. The Acquirer Trust vide the Application has submitted the following:

- a) The issued and paid-up share capital of the Target Company is Rs. 5,74,07,706/- divided into 2,87,03,853 equity shares of Rs. 2/- each. The shareholding pattern of the Target Company, as on the date of application, is as under:

Shareholding in the Target Company			
Sr. No.	Name	No. of shares	% shareholding
Promoters and Promoter Group			
1.	Ajay Relan	1,67,21,017	58.25
2.	Aashim Relan	14,65,211	5.10
3.	Indira Choudhary	2,65,185	0.92
4.	Mala Relan	6,635	0.02
5.	Sharda Relan	-	-
Total Promoter Shareholding (A)		1,84,58,048	64.31
B.	Public shareholding	1,02,45,805	35.69
C.	Non Promoter-Non Public (shares held by Employee Trust)	-	-
Total Shareholding (A+B+C)		2,87,03,853	100.00

- b) SMIL Trust, settled under the provisions of the Indian Trusts Act, 1882 vide trust deed dated August 12, 2024 (amended and restated vide deed dated December 19, 2024) is an irrevocable, discretionary, private trust. The details of the Settlers, Trustees and Beneficiaries of the Acquirer Trust are tabulated below:

SMIL Trust		
Particulars	Person	Relationship with Settlor/ Transferor
Settlor/ Transferor	Mr. Ajay Relan	Self and Promoter
Trustees	Mr. Ajay Relan	Self and Promoter

	Mrs. Mala Relan	Spouse and Promoter
	Mr. Aashim Relan	Son and Promoter
Beneficiaries	Mr. Ajay Relan *	Self and Promoter
	Mrs. Mala Relan	Spouse and Promoter
	Mr. Aashim Relan	Son and Promoter
	Lineal descendants of Mr. Aashim Relan	Lineal descendants of son of Settlor

* Ajay Relan is the beneficiary only to the limited extent of receiving distributions from the trust income at the discretion of the trustees as per clause 9 of the trust deed.

- c) The Acquirer Trust proposes to acquire interest in the Target Company directly from the promoter of the Target Company. Pursuant to the proposed acquisition of shares and voting rights, the Acquirer Trust shall directly acquire control over the Target Company.
- d) The direct acquisition of shares and voting rights in the Target Company by the Acquirer Trust is proposed to take place in the following manner:

Sr. No.	Transferor	Acquirer	Number of Shares	% shareholding
1.	Mr. Ajay Relan (Promoter)	SMIL Trust	1,32,03,773	46.00
Total			1,32,03,773	46.00

- e) Pursuant to the proposed acquisition of shares and voting rights by the Acquirer Trust, the Acquirer Trust along with other promoters and members of the promoter group shall directly acquire control over the Target Company.
- f) There would be no alteration in total equity share capital of the Target Company as a result of the proposed acquisition. The shareholding pattern of the Target Company, before and after the proposed acquisition, will be as under:

Particulars	Shareholding before the proposed acquisition		Proposed Transaction		After the proposed acquisition	
	No. of Shares	% of shares	No. of Shares	% of shares	No. of Shares	% of shares
Promoters and Promoter Group (other than Acquirer)						
Ajay Relan	1,67,21,017	58.25	(1,32,03,773)	(46.00)	35,17,244	12.25
Aashim Relan	14,65,211	5.10	-	-	14,65,211	5.10
Indira Choudhary	2,65,185	0.92	-	-	2,65,185	0.92
Mala Relan	6,635	0.02	-	-	6,635	0.02
Sharda Relan	-	-	-	-	-	-
Total (A)	1,84,58,048	64.31	(1,32,03,773)	(46.00)	52,54,275	18.31
Acquirer Trust						
SMIL Trust	-	-	1,32,03,773	46.00	1,32,03,773	46.00
Total (B)	-	-	1,32,03,773	46.00	1,32,03,773	46.00
Total (A+B)	1,84,58,048	64.31	-	-	1,84,58,048	64.31
Public						
Public shareholding (C)	1,02,45,805	35.69	-	-	1,02,45,805	35.69
Non-promoter & Non-public						
Non-promoter & Non-public (D)	-	-	-	-	-	-
TOTAL A+B+C+D	2,87,03,853	100.00	-	-	2,87,03,853	100.00

- g) The abovementioned direct acquisition of shares and voting rights by the Acquirer Trust in the Target Company would attract the applicability of the provisions of Regulations 3 and 4 of the Takeover Regulations, 2011. Vide the Application, the Acquirer Trust has sought exemption from SEBI in respect of the same.

Grounds for seeking exemption -

4. Vide the Application, the Acquirer Trust has, *inter alia*, provided the following grounds for seeking exemption from the applicability of the provisions of Regulations 3 and 4 of the Takeover Regulations, 2011:

- (a) The proposed acquisition is intended to streamline succession and welfare of the Settlor and his family members, being members of the promoter group of the Target Company.
- (b) Post the proposed transaction, the Acquirer Trust would be the legal owner of 1,32,03,773 equity shares amounting to 46% of the total equity share capital of the Target Company. The Acquirer Trust shall be holding the said equity shares of the Target Company for the benefit of the beneficiaries of the Acquirer Trust. The trustees and beneficiaries of the Acquirer Trust are promoters and members of the promoter group of the Target Company or their lineal descendants. Therefore, the current promoters and promoter group would continue to exercise control over the Target Company even pursuant to the proposed transaction.
- (c) The proposed transaction is only in the nature of a transfer of equity shares within the promoters and promoter group of the Target Company, with no change in the overall promoters and promoter group shareholding in the Target Company. Pursuant to the proposed transaction, the promoters and promoter group will continue to hold an aggregate equity share capital of the Target Company, as they hold as on the date of filing the application. Further, the public shareholders will continue to hold an aggregate equity share capital of the Target Company, as they hold as on the date of filing the application. The proposed transaction is a non-commercial transaction and therefore, will not affect or prejudice the interests of the public shareholders of the Target Company in any manner.
- (d) The proposed transactions shall not have any adverse impact on the Target Company or the wider securities market in India and are not expected to cause any appreciable adverse effect on the price of the shares of the Target Company.

- (e) The Acquirer Trust is in compliance with all the conditions outlined in the Schedule to the SEBI Circular No. SEBI/HO/CFD/DCR1/CIR/2017/131 dated December 22, 2017.

Consideration-

5. I have considered the Application submitted by the Acquirer Trust and other material available on record. Before I proceed further, I deem it fit to draw reference to the provisions of Regulations 3(1) and 4 of the Takeover Regulations, 2011, which state as under:

“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. Without reiterating the facts as stated above, I note the following:
- (a) The Application submitted is in respect of the proposed direct acquisition of shares and voting rights in the Target Company, i.e., **Sharda Motor Industries Limited**. The proposed acquisition as detailed above, which are to be made by the Acquirer Trust, will lead to direct acquisition of control of the Target Company and will attract the provisions of Regulations 3(1) and 4 of the Takeover Regulations, 2011.
 - (b) The proposed acquisition is in furtherance of an internal reorganization within the Promoter Family and is intended to streamline succession and promote welfare of Promoter Family. The proposed direct acquisition 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) The trustees and the beneficiaries of the Acquirer Trust are either individual promoters, or their immediate family relatives or lineal descendants.
- (d) There will be no change in control of the Target Company pursuant to the proposed acquisition, as stipulated under the Chapter 8 of SEBI Master Circular No. SEBI/HO/CFD/PoD-1/P/CIR/2023/31 dated February 16, 2023 (**“SEBI Circular”**).
- (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 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 have confirmed that they are in compliance with the conditions outlined in the SEBI Circular which contain the following clauses:
 - (i) The Acquirer 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 Acquirer Trust.
 - (iii) The beneficial interest of the beneficiaries of the Acquirer 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 Acquirer 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 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 transferors under the SEBI Act, 1992 and the regulations framed thereunder will not change or get diluted due to transfers to the Acquirer Trust.
- (ix) The Acquirer 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 Target 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 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 Acquirer Trust.
- (xiv) 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.

7. Considering the aforementioned, I am of the view that exemption as sought for in the Application may be granted to the Acquirer Trust, subject to certain conditions as ordered herein below.

ORDER

8. I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(1) and 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., **SMIL Trust**, from complying with the requirements of Regulations 3(1) and 4 of the Takeover Regulations, 2011 with respect to the proposed direct acquisition in the Target Company, viz., **Sharda Motor Industries Limited**, by way of proposed transaction as mentioned in the Application.

9. 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 Acquirer 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.
- (c) The statements / averments made or facts and figures mentioned in the Application and other submissions by the Proposed Acquirer are true and correct.
- (d) 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.
- (e) The Proposed Acquirer shall also ensure that the covenants in the Trust Deeds are not contrary to the above conditions. In such case, the Trust Deeds 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 above from making an open offer in respect of the Proposed Acquisition shall remain valid for a period of one (1) year from the date of this Order and the Applicant shall complete the implementation of the Proposed Acquisition

within such period, failing which the granted exemption shall lapse and cease to exist.

12. The Application dated December 20, 2024, filed by **SMIL Trust** is accordingly disposed of.

PLACE: MUMBAI

DATE: APRIL 30, 2025

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA