

**SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER**

ORDER

**IN THE MATTER OF PROPOSED ACQUISITION OF EQUITY SHARES OF
GUJARAT ORGANICS LIMITED - APPLICATION FILED UNDER REGULATION
11(1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL
ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011**

1. Gujarat Organics Limited (hereinafter referred to as the 'Target Company') is a company incorporated under the Companies Act, 1956 having its registered office at Plot No. 127/1, GIDC Industrial Estate, Ankleshwar, Gujarat - 393002. The equity shares of the Target Company are listed on the Bombay Stock Exchange Limited (hereinafter referred to as 'BSE').
2. Mr. Ashwin S. Dani, in the capacity of Trustee of HD Trust (hereinafter referred as the 'Acquirer' or 'applicant') and also in the capacity of authorized representative of the other Trustees of the HD Trust has filed an application dated February 27, 2013 with the Securities and Exchange Board of India (hereinafter referred to as 'SEBI') under Regulation 11 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as 'Takeover Regulations'), seeking exemption from the applicability of Regulation 3(1) of the Takeover Regulations, with respect to the proposed acquisition of 1,43,323 (71.15%) equity shares of the Target Company. The acquirer is a private family Trust, settled on February 26, 2013. The settlors of the Trust is Mr. Ashwin S. Dani. The Trustees of the Trust are Mr. Ashwin S. Dani and his wife Ms. Ina A. Dani. The beneficiaries of the Trust are Mr. Hasit A. Dani (son of Mr. Ashwin S. Dani), his wife Ms. Shubhlaxmi Dani and his minor daughter Ms. Ishwara H. Dani.
3. The application and the email from Mr. Ashwin S. Dani dated March 13, 2013 state the following:
 - a. Mr. Ashwin S. Dani owns 71.15% stake in the Target Company and is a part of the promoter group of the Target Company. He has been named as promoters in the shareholding pattern filed by the Target Company in terms of the listing agreement for more than 3 years.

- b.** Mr. Ashwin S. Dani has proposed to transfer his holding in the Target Company to the Acquirer by way of a gift through an off-market transaction, as a part of the private family arrangement and in order to re-align the Dani family's shareholding in the Target Company and with a view to facilitate succession planning.
- c.** HD Trust will be regarded as a person acting in concert with the Promoters in terms of the Regulation 2(q) of the Takeover Regulations.
- d.** There is no fresh acquisition of shares by the promoter group and the pre-acquisition and post acquisition shareholding of the promoter group in the Target Company would remain the same at 74.18%.
- 4.** The details of the shareholding of the Target Company, as brought out in the application is mentioned below:

Shareholders	Equity shares held	
	Numbers	% of share capital
Transferor		
Mr. Ashwin S. Dani (Transferor)	1,43,323	71.15
(A) Total	1,43,323	71.15
Others		
Ashwin S. Dani (HUF)	850	0.42
Mrs. Ina Ashwin Dani	300	0.15
Geetanjali Trading & Investments Private Limited	951	0.47
Mr. Jalaj Dani	100	0.05
Mr. Hasit Dani	100	0.05
Mr. Malav Dani	100	0.05
Suryakant C. Dani (HUF)	800	0.40
Miss. Vasanti Dani	150	0.07
Mr. Ashwin R. Gandhi	100	0.05
Mr. Satyen A. Gandhi	1,325	0.66
Mr. Hiren A. Gandhi	1,325	0.66
(B) Total	6,101	3.03
Total of Promoter and Promoter group (A+B)	1,49,424	74.18

- 5.** Under the proposed transfer, the total shareholding of Mr. Ashwin S. Dani (hereinafter referred to as 'Transferor') i.e., 71.15% will be transferred to the HD Trust/ Acquirer by way of a gift through an off-market transaction. The proposed acquisition would increase the holding of the Acquirer from 0% to 71.15% in the Target Company, thus triggering the Regulation 3(1) of the Takeover Regulations, 2011. The application has been made in respect of the said acquisition in the Target Company, seeking exemption from making an open offer in terms of the Regulation 3(1) of the Takeover Regulations on the following grounds:

- a. The Acquirer and the Transferor are part of the promoter group of the Target Company. The Trustees and the beneficiaries of the Acquirer are family members of the Transferor.
 - b. The Transferor and persons acting in concert with the Transferor are directly in control of the Acquirer, hence, there will be no change in control and management of the Target Company after the proposed acquisition.
 - c. The proposed acquisition is only a part of the internal re-alignment of holdings within the Dani family and is non-commercial. Therefore, it will not prejudice the interests of the public shareholders of the Target Company.
 - d. Pursuant to the proposed transaction, instead of directly exercising voting rights, the promoters of the Target Company would exercise the same through the Acquirer (HD Trust).
6. The shareholding pattern of the promoter and promoter group (before and after the proposed acquisition) are as under:

Promoter and Promoter group	Before the proposed acquisition	Proposed transaction	After the proposed acquisition
Mr. Ashwin S. Dani (Transferor)	71.15%	-71.15%	0
HD Trust (Acquirer)	0	+71.15%	71.15%
Others	3.03%	0	3.03%
Total	74.18%		74.18%

The shareholding pattern of the Target Company (before and after the proposed acquisition) are as under:

Category	No. of registered shareholders	Before proposed acquisition		After proposed acquisition	
		Shares	In %	Shares	In %
Promoter & promoter group	12	1,49,424	74.18	1,49,424	74.18
Public	112	52,006	25.82	52,006	25.82
Total	124	2,01,430	100	2,01,430	100

7. I have considered the application and the material available on record. I note that the Trustees of the HD Trust are also promoters of the Target Company. The Acquirer is currently not holding any shares in the Target Company. Pursuant to the proposed transaction by the Acquirer, the shareholding of the Acquirer would increase from 'Nil' to 71.15% in the Target Company. Accordingly, the Acquirer would be under an obligation to make an open offer as required under Regulation 3(1) of the Takeover

Regulations. In view of the above, the Acquirer has made this instant application to seek an exemption from the obligation to make an open offer.

- 8.** It is observed that the Acquirer is an entity promoted by the promoters of the Target Company and falls within the definition of 'promoter group' under the SEBI (ICDR) Regulations, 2009 as the Trustees and beneficiaries of the Acquirer are family members of the Mr. Ashwin S. Dani, a promoter of the Target Company. I note that Mr. Ashwin S. Dani, has been holding shares in the Target Company for a period of more than 3 years. The Acquirer did not hold any shares in the Target Company prior to the proposed acquisition. Further, the Acquirer would also be regarded as a person acting in concert with the Promoters in terms of Regulation 2(q) of the Takeover Regulations. The pre acquisition shareholding and post acquisition shareholding of the promoter group in the Target Company would, therefore, remain same at 74.18%. Thus, there will not be any change in the management or control of the Target Company and the above proposed transaction would not affect or prejudice the interests of the public shareholders of the Target Company.
- 9.** In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Regulation 11(5) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, hereby grant exemption to the proposed Acquirer, the HD Trust from complying with the requirements of Regulation 3(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with respect to its proposed acquisition of 1,43,323 shares of the Target Company, namely Gujarat Organics Limited by way of gift.
- 10.** The exemption is granted subject to the following conditions:

 - a.** The proposed acquisition shall be in accordance with the relevant provisions of the Companies Act, 1956 and other applicable laws and shall be completed within 30 days from the date of this order and the Acquirer shall file a report with SEBI in the manner provided in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 within 21 days from the date of the acquisition.
 - b.** The statements/ averments made or facts/ figures given in the application and in the subsequent correspondence by the said Acquirer are true and correct to its best knowledge;

- c. The acquirer/ target company shall ensure compliance with the statements, disclosures and undertakings made in the application and subsequent correspondences;
- d. This exemption is limited to the requirements of making open offer under Regulation 3(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and shall not be construed as exemption from the requirements of disclosure required under Chapter V of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, compliance of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Listing Agreement or any other applicable Acts, Rules and Regulations.

DATE: MAY 07, 2013
PLACE: MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA