

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER

ORDER

UNDER 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 GOKUL AGRO RESOURCES LIMITED.

Background –

- 1.1 Gokul Agro Resources Limited (“**Target Company**”) is a Public Listed Company incorporated under the Companies Act, 1956 (“**Companies Act**”), on July 3, 2014. The Registered Office of the Target Company is at B–402, Shapath Hexa, Near Ganesh Merediyam, Opp. Gujarat High Court, Sola, Ahmedabad–380060. The shares of the Target Company are listed on BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).
- 1.2 Vide an application dated March 21, 2016 (“**Application**”), Shri Kanubhai Jivatram Thakkar (“**Proposed Acquirer**”) sought exemption from the applicability of Regulation 3(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations**”) in respect of the proposed indirect acquisition and control of the shareholding and voting rights in the Target Company.
- 1.3 Regulation 3(2) of the Takeover Regulations states –

“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:

Provided that such acquirer shall not be entitled to acquire or enter into any agreement to acquire shares or voting rights exceeding such number of shares as would take the aggregate shareholding pursuant to the acquisition above the maximum permissible non-public shareholding.”

1.4 From the aforesaid Application, the following is noted –

- i. “The Target Company was initially incorporated as a wholly owned subsidiary of Gokul Refoils & Solvents Limited (“GRSL”), a public limited company.
- ii. GRSL and the Target Company entered into a Composite Scheme of Arrangement (on July 4, 2014 and July 31, 2014) involving inter alia transfer of Gandhidham Undertaking and Gandhidham Windmill Undertaking of GRSL to the Target Company under Sections 391 – 394 of the Companies Act.
- iii. The Hon’ble Gujarat High Court sanctioned the said Scheme on June 12, 2015. Pursuant to the Scheme becoming effective, the Target Company allotted shares to the shareholders of GRSL as on the record dated i.e. September 19, 2015.
- iv. The shareholding of the Target Company post the allotment of shares on September 28, 2015, pursuant to the Scheme is tabulated below:

Table A			
Sr. No.	Name	No. of shares	% Shareholding
A. Promoter and Promoter Group			
1.	Kanubhai Jivatram Thakkar	2,08,58,788	15.81
2.	Manjulaben Kanubhai Thakkar	1,84,65,000	14.00
3.	Jayeshkumar Kanubhai Thakkar	6,23,765	0.47
4.	Shantiniketan Financial Services Private Limited	78,75,000	5.97
5.	Balvantsinh Chandansinh Rajput	2,10,74,515	15.98
6.	Bhikhiben Balvantsinh Rajput	1,89,52,500	14.37
7.	Dhramendrakumar Balvantsinh Rajput	9,17,704	0.70
8.	Profitline Securities Private Limited	91,87,500	6.97
9.	Hansaben Chandansinh Rajput	2,70,000	0.20
		9,82,24,772	74.47
B. Public Shareholding			
		3,36,70,228	25.53
Total (A + B)		13,18,95,000	100.00

- v. As on date of this application, the Promoter Group holds 74.47% of the equity shares and voting rights in the Target Company.
- vi. Presently, I (the Acquirer i.e. Shri Kanubhai Jivatram Thakkar – Managing Director of the Target Company) hold 15.81% shares in the Target Company. I intend to acquire shares of the Target Company from the existing shareholders who are part of the Promoters and Promoter Group (“Transferor Shareholders” – Entities at Sr. No. 4–9 of Table A).

- vii. It is proposed that I would acquire shares in a phased manner from each of the existing shareholders who are part of the Promoters and Promoter Group as detailed above by way of block deal on stock exchange in terms of SEBI Circular MRD/DoP/SE/Cir-19/05 dated September 2, 2005, at a price prevailing on the date of acquisition on the stock exchange.
- viii. Pursuant to the proposed transaction, my individual shareholding in the Target Company would increase from 15.81% to 60% of the total share capital of the Target Company. However, total shareholding held by me alongwith the Promoters and Promoter Group shall remain unchanged i.e. 74.47% of the total capital of the Target Company.

Shareholding of Target Company Before and After The Proposed Acquisition				
Category	Pre – Acquisition		Post – Acquisition	
	Shares	%	Shares	%
<i>Acquirer (Transferee)</i>	2,08,58,788	15.81	7,91,36,007	60.00
<i>Transferors</i>	5,82,77,219	44.19	0	0.00
<i>Other than above</i>	1,90,88,765	14.47	1,90,88,765	14.47
Total Promoter Group	9,82,24,772	74.47	9,82,24,772	74.47
<i>Public</i>	3,36,70,228	25.53	3,36,70,228	25.53
Total	13,18,95,000	100	13,18,95,000	100

- ix. In the instant case, I together with persons acting in concert with me are already holding shares and voting rights of the Target Company in excess of 25%. Hence, as per Regulation 3(2) of the Takeover Regulations, the additional acquisition of shares of the Target Company in excess of 5% in a financial year shall trigger the requirement to make an open offer unless the same is exempted under the Takeover Regulations.
- x. Regulation 10 of the Takeover Regulations provides exemption from the obligation to make an open offer in case of certain prescribed acquisitions. Regulation 10(1)(a)(ii) of the Takeover Regulations exempts acquisitions pursuant to inter – se transfer of shares amongst qualifying persons being promoters provided
- They are named as Promoters in the shareholding pattern filed by the Target Company in terms of the Listing Agreement or the Takeover Regulations.
 - For not less than three years prior to the proposed acquisition.
- xi. On a more reflective reading, it can be inferred that Regulation 10(1)(a)(ii) of the Takeover Regulations seeks to exempt inter – se transfer of shares between promoters who have been managing and controlling the business of the company for at least 3 years. As a result, even after such inter – se transfer of shares between Promoters, some of the existing Promoters (who have been managing and controlling the business of the company for a long period of time) continue to manage and control business of the company, thereby protecting the interest of the investors of the company.

xii. *In view of the abovementioned grounds, it is humbly submitted that the Takeover Panel constituted under Regulation 11 of the Takeover Regulations, be pleased to recommend an exemption from making an open offer under Regulation 3 of the Takeover Regulations for the acquisition of share of the Target Company by the Acquirer i.e. Shri Kanubhai Jivatram Thakkar, from the existing Promoters/Promoter Group of the Target Company (i.e. Sr. no. 4–9 of Table A at page 2)."*

1.5 Thereafter, vide an e-mail dated June 22, 2016, SEBI sought clarification from the Proposed Acquirer regarding the block deal stated in the Application and compliance of the same in terms of the SEBI Circular dated September 2, 2005.

1.6 Vide letter dated August 3, 2016, the Proposed Acquirer replied to SEBI *inter alia* stating the following –

"... With regard to the abovementioned query, I confirm that the proposed acquisition of shares of the Target Company would be made by way of block deals in compliance with SEBI Circular dated September 2, 2005. Though the said acquisition is proposed in a phased manner ... I will ensure that trades in each such phases would be with either a minimum quantity of 5,00,000 shares or a minimum value of ₹5 Crores executed through a single transaction on this separate window of Block Deal. Also, I confirm that the other conditions and guidelines prescribed in the said Circular will be complied with.

Separately, I wish to bring the following additional facts to your attention –

1. *The shareholding pattern of the Promoters of the Target Company changed subsequent to the original application dated March 21, 2016 ('**Original Application**') filed with your office on March 23, 2016. I acquired 65,00,000 shares i.e. 4.93% of total shares of the Target Company from Mr. Balvantsinh Rajput (also a Promoter) on the stock exchange under a block deal window. The said acquisition of shares of the Target Company was within the limit provided under Regulation 3(2) of the Takeover Regulations. Also, the disclosure requirements specified under Regulation 29 of the Takeover Regulations were complied with in respect of the said acquisition. Also, other Promoters sold 25,79,666 shares (i.e. 1.95% of total shares) of the Target Company in the open market.*

2. Accordingly,

- As on date of this addendum, the Promoter Group holds 72.52% of the total equity shares and voting rights in the Target Company. The shareholding and voting rights held by the Promoters and Promoter Group is tabulate hereunder:

Table B			
Sr. No.	Name	No. of shares	% Shareholding
A.	Promoter and Promoter Group		
	Thakkar Family / Group		
1.	Kanubhai Jivatram Thakkar	2,73,58,788	20.74
2.	Manjulaben Kanubhai Thakkar	1,84,65,000	14.00
3.	Jayeshkumar Kanubhai Thakkar	6,23,765	0.47
4.	Shantiniketan Financial Services Private Limited	78,75,000	5.97
	Rajput Family / Group		
5.	Balvantsinh Chandansinh Rajput*	1,22,64,849	9.30
6.	Bhikhiben Balvantsinh Rajput	1,89,52,500	14.37
7.	Dhramendrakumar Balvantsinh Rajput	9,17,704	0.70
8.	Profitline Securities Private Limited	91,87,500	6.97
		9,56,45,106	72.52
*The Promoters sold 25,79,666 shares of the Target Company in the open market as under – Hansaben Chandansinh Rajput sold 2,70,000 shares and Balvantsinh Chandansinh Rajput sold 2309666 shares.			

- I, Shri Kanubhai Thakkar, presently holding 20.74% shares of the Target Company, now intend to acquire 37.31% shares of the Target Company from the existing shareholders i.e. entities at Sr. no. 4 – 8 of Table B, who are part of the Promoters and Promoter Group ('Transferor shareholders') of the Target Company.
- It may be noted that there would be no alteration to the total equity share capital of the Target Company as a result of the proposed acquisition.

3. ... it is humbly submitted that the Takeover Panel constituted under Regulation 11 of the Takeover Regulations be pleased to recommend an exemption from making an open offer under Regulation 3 of the Takeover Regulations for the acquisition of the shares of the Target Company by the Acquirer from (entities at Sr. no. 4 – 8 of Table B at page 4)."

1.7 Vide letter dated October 4, 2016, the Proposed Acquirer while referring to a meeting with SEBI officials held on September 30, 2016, *inter alia* stated the following –

"... a query was raised during our meeting with your office on September 30, 2016, with regard to applicability of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**Insider Trading Regulations**"), in respect of the proposed inter – se transfer of shares between Promoters of the Target Company.

Also a query was raised during the meeting in respect of block deal transactions, whether it could be possible that the block deal gets executed in favour of any person other than an intended buyer.

With regard to the queries raised, I wish to submit as follows:

The provisions of Regulation 4(1) of Insider Trading Regulations are triggered when an insider trades in listed securities while being in possession on any unpublished price sensitive information (UPSI). In this regard, I would like to submit that the proposed transactions is inter – se transfer of shares of the Target Company between the Promoters. There is no intention to trade in the shares of the Target Company on the basis of any UPSI. ...

With regard to block deal transaction query, based on my discussion with the trading member, my understanding regarding execution of any transaction under block deal is as under:

- *The block deal order gets placed into separate category of ‘Block Deal’ and such orders are displayed having letter ‘K’ appended at the end of the order ID.*
- *For block deal order to get traded, the quantity and rate should be exactly the same as opposite – side block deal order. Block deal orders will be matched against counter order with same quantity and rate.*
- *Block deal order remains valid in the system for 90 seconds only, after which it gets killed if it remains unexecuted.*
- *The trading member for both the parties of the proposed inter – se transfer between the Promoters is the same person and hence, the block deal orders would be successfully executed in 3-5 seconds timeframe.*

Based on the above, I wish to submit that there is no possibility that the block deal gets executed in favour of any person other than an intended buyer.”

Observations of the Takeover Panel on the Application made by the Proposed Acquirer –

2.1 The Application dated March 21, 2016 alongwith the Addendums to the application dated August 3, 2016 and October 4, 2016, were forwarded to the Takeover Panel in terms of the *proviso* to Regulation 11(5) of the Takeover Regulations. The matter was deliberated by the Takeover Panel in its meeting held on October 20, 2016 and the minutes of the said meeting were approved on November 28, 2016.

2.2 During the intervening period, the Proposed Acquirer submitted an additional Addendum dated October 28, 2016, *inter alia* stating the following –

“It is humbly submitted that the Target Company does not have any other businesses apart from the business relating to Gandhidham Undertaking and Gandhidham Windmill Undertaking which were erstwhile managed and controlled by the current Promoters of the Target Company including myself through GRSL. Consequently, even where the Promoters of the Target Company cannot be said to have fulfilled the stipulated conditions being the persons named as Promoters for at least 3 years, effectively the business being carried on by the Target Company was managed and controlled by the same Promoters and Promoter Group through GRSL for a period exceeding 3 years. Thus, looking through the substance of

the transaction, the acquirer and transferors were in spirit and substance the Promoters of the business of the Target Company for a period exceeding 3 years.

Consequently ... in the instant case, on a more constructive analysis, I humbly believe that it should be a fit case for an exemption under Regulation 10(1)(a)(ii) of the Takeover Regulations.”

2.3 The Takeover Panel made the following observations –

“In the case of Gokul Agro Resources Limited, the Panel took note of the requirements under the Takeover Regulations, 1997 and the Takeover Regulations, 2011, for an inter-se transfer among promoters to be exempt from the obligation to make an open offer. The Panel noted that such requirements under the 1997 Regulations had a scope for interpretation but these requirements under the 2011 Regulations have been made stricter and clear to make the regulations more effective.

In view of the above, the Panel recommended that since the regulatory intent is to ensure that the exemption is available only when the name of the transferor/transferee is disclosed for three years, the case does not warrant the grant of exemption and the application be rejected.”

2.4 An opportunity of personal hearing was granted to the Proposed Acquirer on January 25, 2017. During the course of the hearing and vide written submissions dated January 25, 2017, the Proposed Acquirer *inter alia* submitted as under –

1. *“... The Applicant/Proposed Acquirer is a co – promoter of GRSL with Mr. Balvantsinh Rajput as the other co – promoter. Mr. Balvantsinh Rajput and the Applicant were jointly holding 74.47% of share capital of GRSL.*
2. *(The Target Company) was the wholly owned subsidiary company of GRSL and accordingly, Mr. Balvantsinh Rajput and the Applicant were effectively holding the same stake in both GRSL as well as its subsidiary (the Target Company).*
3. *Gandhidham Undertaking and Gandhidham Windmills Undertaking of GRSL were demerged and vested in the Target Company by way of a demerger under a Scheme of Arrangement sanctioned by the Hon’ble High Court of Gujarat vide Order dated June 30, 2016 ...*
4. *Consequent upon demerger, the shareholding of both co – promoters of GRSL i.e. Rajput Group and Thakkar Group remained the same in GRSL as well as the Target Company as under:*

Shareholder Group	GRSL		Target Company	
	No. of shares	%	No. of shares	%
Rajput Group	5,04,02,219	38.22	5,04,02,219	38.22
Thakkar Group	4,78,22,553	36.25	4,78,22,553	36.25
Public	3,36,70,228	25.53	3,36,70,228	25.53
Total	13,18,95,000	100.00	13,18,95,000	100.00

5. After the demerger, it was mutually decided that Mr. Balvantsinh Rajput shall have exclusive control over GRSL whereas Mr. Kanubhai Thakkar shall have exclusive control over the Target Company.
6. It was therefore proposed that Mr. Kanubhai Thakkar Group will sell its entire shareholding in GRSL to Mr. Balvantsinh Rajput Group and simultaneously, Mr. Balvantsinh Rajput Group will sell its entire shareholding in the Target Company to Mr. Kanubhai Thakkar Group.
7. ... While both the promoter groups viz. Mr. Balvantsinh Rajput Group and Mr. Kanubhai Thakkar Group were holding shares and voting rights in GRSL for more than eight years, inter – se transfer of shares of GRSL between these promoters would be exempted under Regulation 10(1)(a) of the Takeover Regulations. However, the Target Company was formed only during July 2014 and therefore, these Promoters are not holding their shares and voting rights (acquired by them consequent upon demerger) since three years. Accordingly, inter – se transfer in the Target Company would not be eligible for exemption.
8. Though inter – se transfer of shares in the Target Company is technically not eligible for exemption ... it is a matter of fact that the shares acquired by these Promoters in the Target Company is out of the shares they were holding in GRSL for more than eight years. Even under the Income Tax Act, if the shares of the Target Company acquired upon such demerger are sold, the date of acquisition of such shares of the Target Company for the purpose of computing capital gains would be the date of original acquisition of the shares of GRSL...
9. Subsequent to the date of the application for exemption, there is a change in shareholding pattern of GRSL as well as the Target Company by virtue of creeping acquisition pursuant to the provisions of Regulation 3(2) of the Takeover Regulations as under:

Shareholder Group	GRSL		Target Company	
	No. of shares	%	No. of shares	%
Rajput Group	5,69,02,219	43.13	4,13,22,553	31.34
Thakkar Group	4,13,22,553	31.34	5,43,22,553	41.18
Public	3,36,70,228	25.53	3,62,49,894	27.48
Total	13,18,95,000	100.00	13,18,95,000	100.00

10. Accordingly, the Applicant now requests for exemption of inter – se transfer of 4,13,22,553 equity shares (31.34%) from Rajput Group to Thakkar Group.
11. If such permission for inter – se transfer of shares in the Target Company is granted, the shareholding pattern of GRSL and the Target Company after effecting such inter – se transfers would be as under:

Shareholder Group	GRSL		Target Company	
	No. of shares	%	No. of shares	%
Rajput Group	9,82,24,772	74.47	0	0
Thakkar Group	0	0	9,56,45,106	72.52
Public	3,36,70,228	25.53	3,62,49,894	27.48
Total	13,18,95,000	100.00	13,18,95,000	100.00

12. *The Applicant humbly prays for granting exemption for inter – se transfer of shares in the Target Company as applied.”*

Consideration of the Application and Findings –

3.1 I have considered the Application dated March 21, 2016 alongwith the Addendums to the application dated August 3, 2016; October 4, 2016 and October 28, 2016; the recommendations of the Takeover Panel; the oral and written submissions made by the Proposed Acquirer on January 25, 2017 and other material available on record. In this regard, I note –

A. As on March 21, 2016 (date of the Application), –

- The Promoter Group held 74.47% of the equity shares and voting rights in the Target Company.
- The Proposed Acquirer i.e. **Shri Kanubhai Jivatram Thakkar**, is one of the Promoters of the Target Company and its Managing Director.
- The Proposed Acquirer individually held 15.81% of the equity shares and voting rights in the Target Company.
- The Proposed Acquirer intended to acquire 44.19% of the equity shares and voting rights in the Target Company from the existing shareholders who are part of the Promoters and Promoter Group (*Entities at Sr. No. 4–9 of Table A at page 2*).
- Pursuant to the aforementioned acquisition, the Proposed Acquirer’s shareholding in the Target Company would increase from 15.81% to 60%.
- Since the Proposed Acquirer alongwith persons acting in concert with him were already holding shares and voting rights of the Target Company in excess of 25%, as per Regulation 3(2) of the Takeover Regulations, the additional acquisition of shares of the Target Company in excess of 5% in a financial year shall trigger the requirement to make an open offer unless the same is exempted under the Takeover Regulations.
- Accordingly, the Proposed Acquirer sought exemption from the requirement of Section 3(2) of the Takeover Regulations.

B. Subsequently, as per the written submissions dated January 25, 2017, –

- The Promoter Group hold 72.52% of the equity shares and voting rights in the Target Company.

- The Proposed Acquirer individually holds 20.74% of the equity shares and voting rights in the Target Company [Proposed Acquirer acquired 65,00,000 shares i.e. 4.93% of total shares of the Target Company from Mr. Balvantsinh Rajput (also a Promoter) under a block deal window on the stock exchange].
- The Proposed Acquirer now intends to acquire 31.34% of the equity shares and voting rights in the Target Company from the existing shareholders who are part of the Promoters and Promoter Group (*Entities at Sr. No. 5–8 of Table B at page 5*) (“**Proposed Acquisition**”).
- Pursuant to the aforementioned acquisition, the Proposed Acquirer’s shareholding in the Target Company will increase from 20.74% to 52.08%, while the Thakkar Group’s shareholding (*Entities at Sr. No. 1–4 of Table B at page 5*) will increase from 41.19% to 72.52%.
- The shareholding of the Target Company before and after the proposed acquisition is/will be as under –

Table C					
	Name of Promoters	Pre		Post	
		Shares	%	Shares	%
	Thakkar Family Group				
1.	<i>Kanubhai Jivatram Thakkar (Acquirer)</i>	2,73,58,788	20.74	6,86,81,341	52.08
2.	<i>Manjulaben Kanubhai Thakkar</i>	1,84,65,000	14.00	1,84,65,000	14.00
3.	<i>Jayeshkumar Kanubhai Thakkar</i>	6,23,765	0.47	6,23,765	0.47
4.	<i>Shantiniketan Financial Services Pvt. Ltd. (Transferor)</i>	78,75,000	5.97	78,75,000	5.97
	Rajput Family Group				
5.	<i>Balvantsinh Chandansinh Rajput (Transferor)</i>	1,22,64,849	9.30	0	0.00
6.	<i>Bhikhiben Balvantsinh Rajput (Transferor)</i>	1,89,52,500	14.37	0	0.00
7.	<i>Dhramendrakumar Balvantsinh Rajput (Transferor)</i>	9,17,704	0.70	0	0.00
8.	<i>Profitline Securities Pvt. Ltd. (Transferor)</i>	91,87,500	6.97	0	0.00
A.	Total Promoter Group	9,56,45,106	72.52	9,56,45,106	72.52
B.	Public	3,62,49,894	27.48	3,62,49,894	27.48
C.	Total (A + B)	13,18,95,000	100.00	13,18,95,000	100.00

3.2.1 I note that for any exemption to be granted in the instant proceedings i.e. from the requirement of Regulation 3(2) of the Takeover Regulations, the Proposed Acquirer has to *inter alia* satisfy the condition specified under Regulation 10(1)(a)(ii) of the said Regulations.

3.2.2 Regulation 10(1)(a)(ii) of the Takeover Regulations states –

“General Exemptions.

10.(1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor, –

(a) Acquisition pursuant to inter se transfer of shares amongst qualifying persons, being, –

(ii) Persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or these regulations for not less than three years prior to the proposed acquisition;

3.2.3 Regulation 10(1)(a)(ii) of the Takeover Regulations exempts acquisitions pursuant to *inter–se* transfer of shares amongst qualifying persons being promoters provided they are *named as Promoters in the shareholding pattern filed by the Target Company in terms of the Listing Agreement or the Takeover Regulations for not less than three years prior to the proposed acquisition.*

3.2.4 The following is noted from the Report of the Takeover Regulations Advisory Committee dated July 19, 2010, –

“Exemption from open offer obligations in case of acquisition of shares and/or control

12.4 Acquisitions arising out of inter-se transfer of shares among ‘qualifying parties’ as specified under the Regulations would be exempt from making an open offer. The nature and type of such qualifying parties has been spelt out with the underlying principle being that such transfers do not represent a typical acquisition carrying an economic value, which ought to result in providing an exit opportunity to all shareholders. The only circumstance where this principle has been deviated from is to permit transfer between co-promoters, or persons acting in concert, who have been disclosed as such for at least three years, and that too only if the premium being paid to the exiting party is less than 25 % of the volume weighted average price over the 12 weeks period and subject to the parties having complied with all their disclosure obligations. ...

12.6 In respect of inter–se transfers amongst certain ‘qualifying parties’ as listed and defined under the Takeover Regulations, the Committee recommends that, in order to curb the abuse of introduction of new entities as qualifying parties, in most cases a requirement of pre-existing relationship of at least three years has been prescribed.”

3.2.5 Further, the Takeover Panel made the following observations –

“... The Panel noted that such requirements under the 1997 Regulations had a scope for interpretation but these requirements under the 2011 Regulations have been made stricter and clear to make the regulations more effective.

In view of the above, the Panel recommended that since the regulatory intent is to ensure that the exemption is available only when the name of the transferor/transferee is disclosed for three years, the case does not warrant the grant of exemption and the application be rejected.”

3.2.6 Having regard to the aforementioned, I find that the condition of a pre-existing relationship of at least three years has been specified under Regulation 10(1)(a)(ii) of the Takeover Regulations in order to curtail the abuse of introducing new entities within the definition of ‘qualifying persons’ under the said Regulations. Further, I agree with the observations of the Takeover Panel that the Takeover Regulations were made stricter and clearer to make such Regulations more effective.

3.3 Upon a consideration of the preceding paragraphs, I do not find merit in the Application read with the Addendums to the application dated August 3, 2016; October 4, 2016 and October 28, 2016, etc. filed by the Proposed Acquirer seeking exemption from the requirement under Regulation 3(2) of the Takeover Regulations with respect to the proposed acquisition.

Order –

4.1 I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) read with Regulation 11(5) of the Takeover Regulations, hereby reject the request for exemption from complying with the requirements of Regulation 3(2) of the Takeover Regulations as made by the Proposed Acquirer, viz. **Shri Kanubhai Jivatram Thakkar**, with respect to the proposed acquisition/exercise of voting rights in respect of the Target Company, viz. **Gokul Agro Resources Limited**, by way of the proposed transactions as mentioned in the Application dated March 21, 2016 alongwith the Addendums to the application dated August 3, 2016; October 4, 2016 and October 28, 2016.

4.2 The Application dated Application dated March 21, 2016 read with the Addendums to the application dated August 3, 2016; October 4, 2016 and October 28, 2016, filed by Shri Kanubhai Jivatram Thakkar, is accordingly disposed of.

Place: Mumbai
Date: March 3, 2017

S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA