

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

ORDER

**Under Regulation 11(1) read with Regulation 11(3) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011-
In the matter of Acquisition of Shares and voting rights of Pudumjee Pulp & Paper Mills Limited by Yashvardhan Jatia Trust.**

1. Pudumjee Pulp & Paper Mills Limited (hereinafter referred to as “**the Target Company**”) is a company incorporated in 1964, under the Companies Act, 1956. The registered office of the company is at Thergaon, Chinchwad, Pune - 411033, Maharashtra. The equity shares of the Target Company are listed on the BSE Limited (hereinafter referred to as ‘**BSE**’) and the National Stock Exchange of India Ltd. (hereinafter referred to as ‘**NSE**’).
2. Mr. Arun Kumar Jatia in his capacity as the Chairman of the Board of Trustees of Yashvardhan Jatia Trust (hereinafter referred to as “**the Acquirer**”/ ‘**Applicant**’), filed an application dated December 18, 2015 with the Securities and Exchange Board of India (hereinafter referred to as ‘**SEBI**’) under Regulation 11(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as “**the Takeover Regulations, 2011**”), seeking exemption from the applicability of Regulations 3(2) of the Takeover Regulations, 2011 in respect of their proposed acquisition of 11.54% of the equity shares held by some of the current promoters of the target company.
3. The aforesaid application dated December 18, 2015, *inter alia* states the following:

About the Target Company-

- i. The Target Company was incorporated in 1964 with its registered office at Thergaon, Pune and made an initial public offer in the year 1993 at a price of Rs. 200/- per share.

- ii. The promoter group of the Target Company holds 61.51% of the equity share capital of the Target Company. The shareholding pattern of the target company as on September 2016 is as under:

Serial No.	Shareholders	Equity Shares held	
		Numbers	% of share capital
A. Promoter and Promoter Group			
1.	Mr. Arunkumar Mahabir Prasad Jatia *	20,39,270	4.97
2.	Mr. Arunkumar Mahabir Prasad Jatia **	20,48,000	5.00
3.	Mr. Arunkumar Mahabir Prasad Jatia jointly with Mr. Basant Kumar Khaitan***	3,58,333	0.87
4.	Master Yashvardhan Jatia*^	23,36,354	5.70
5.	Ms. Vrinda Jatia	5,00,000	1.22
6.	Ms. Vasudha Jatia	5,00,000	1.22
7.	Chem Mach Pvt. Ltd.	25,33,265	6.18
8.	Pudumjee Industries Ltd.	34,12,850	8.32
9.	Suma Commercial Private Limited	51,23,036	12.50
10.	Thacker and Co. Ltd.	63,68,253	15.53
	Total	2,52,19,361	61.51
B. Public Shareholdings		1,57,80,639	38.49
C. Grand Total (A+B)		4,10,00,000	100.00

* As executor of the will of Smt. Poonam Jatia

** Jointly with Smt. Poonam Jatia

*** As executors of the will of Mr. Mahabir Prasad Jatia

*^ Minor rep. by the natural guardian, Mr. Arunkumar Mahabir Prasad Jatia.

- iii. Mr. Arunkumar Mahabir Prasad Jatia (**Arunkumar Jatia**) is the Executive Chairman of the Target Company and is involved in the day to day management and control of it. The details of the shareholding of individuals within the promoter group category are as under:

- Arunkumar Jatia (jointly with Smt. Poonam Jatia) holds 5% shares of the target company,
- Master Yashvardhan Jatia (minor son of Arunkumar Jatia) holds 5.70% shares of the target company in his own name. The shares held by Yashvardhan Jatia are being managed by

Arunkumar Jatia, who is the father and natural guardian of Yashvardhan Jatia. Arunkumar Jatia is also the sole signatory of the demat account of Yashvardhan Jatia,

- Ms. Vrinda Jatia and Ms. Vasudha Jatia (daughters of Arunkumar Jatia) hold 1.22% shares each of the target company,
- Mr. Mahabir Prasad Jatia (father of Arunkumar Jatia) has bequeathed 3,58,333 (0.87%) share of the Target Company to his grandson Master Yashvardhan Jatia (sole beneficiary of the Trust). These shares are currently being held jointly by the Executors of the will (appointed as per the probate dated June 10, 2014 granted by the Hon'ble Bombay High Court), *viz.* Arunkumar Jatia (father of Yashvardhan Jatia) and Mr. Basant Kumar Khaitan (neither a promoter nor a trustee).
- Smt. Poonam Jatia (wife of Arunkumar Jatia) has also bequeathed 20,39,270 (4.97%) shares of the Target Company to her minor son, Master Yashvardhan Jatia. The said shares are currently being held by the Executor of the will, *viz.* Arunkumar Jatia (father of Yashvardhan Jatia).

About the Acquirer/Applicant- Yashvardhan Jatia Trust

- iv. The Acquirer is an irrevocable private trust, *viz.* Yashvardhan Jatia Trust created and settled on August 22, 2014 by Arunkumar Jatia (settlor). The trust has been setup for the sole benefit of Master Yashvardhan Jatia (minor child of Arunkumar Jatia). Master Yashvardhan Jatia (sole beneficiary) is legally entitled to the shares proposed to be acquired by the Trust. The trustees of the Yashvardhan Jatia Trust- the Acquirer are the family members of the Jatia family. The details of the trustees are as under:

Trustees	Relation with the sole beneficiary (Master Yashvardhan Jatia).	Whether part of promoter/ promoter group
Mr. Arunkumar Jatia	Father	Executive Chairman and one of the Promoters of the target company & Chairperson of Yashvardhan Jatia Trust.
Ms. Vasudha Jatia	Elder sister	Promoter
Ms. Vrinda Jatia	Elder sister	Promoter
Mr. Gautam N Jajodia	Maternal Uncle	Not a promoter

v. As per shareholding pattern dated September 30, 2015 disclosed to Stock exchanges, Yashvardhan Jatia Trust- the Acquirer/Applicant has been disclosed as part of promoter group of the Target Company. However, they do not hold any shares of the target company. The remaining members of the promoter group of the target company who do not hold shares in the company and who have been disclosed as the persons acting in concert (PACs) are Pudumjee Holdings Ltd., Kairos Investments, Fujisan Technologies Ltd., Arun Jatia-HUF, Pudumjee Investment and Finance Company Ltd., Pudumjee Paper Products Ltd., Poonam Jatia Family Trust and Mahabir Prasad Jatia Family Trust.

About the Proposed Acquisition-

vi. Under the proposed acquisition, the shareholdings of the promoters, *i.e.* 0.87% of the shares of the target company jointly held by Arunkumar Jatia and Mr. Basant Kumar Khaitan (as executors of the will of Mr. Mahabir Prasad Jatia), 4.97% of the shares held by Arunkumar Jatia (as executor of the will of Ms. Poonam Jatia) and 5.70% of the shares held by Master Yashvardhan Jatia are proposed to be transferred to Yashvardhan Jatia Trust- the Acquirer/Applicant, which is also a part of promoter group. The details of the proposed acquisition by Yashvardhan Jatia Trust – Acquirer/Applicant are tabulated as under:

Name of the Transferors	Shareholding percentage of the Transferors (pre-acquisition)	No. of shares held by the Transferors	Name of the Acquirer	No of shares proposed to be acquired by the Acquirer	Shareholding (in Percentage) of the Acquirer after proposed acquisition
Arunkumar Jatia jointly with Mr. Basant Kumar Khaitan (as executors of the will of Mr. Mahabir Prasad Jatia)	0.87%	3,58,333	Yashvardhan Jatia Trust	3,58,333	0.87%
Arunkumar Jatia (as the executor of the will of Ms. Poonam Jatia)	4.97%	20,39,270	Yashvardhan Jatia Trust	20,39,270	4.97%
Master Yashvardhan Jatia	5.70%	23,36,354	Yashvardhan Jatia Trust	23,36,254	5.70%
Total		47,33,957		47,33,857	11.54%

vii. The shareholding of the Promoter group including the Transferors and the proposed Acquirer/Applicant-Yashvardhan Jatia Trust, before and after the proposed acquisition as mentioned in the shareholding pattern submitted by Yashvardhan Jatia Trust- the Acquirer/Applicant as well as in the application are presented below:

Seri al No.	Promoters	No. of shares held- (Pre-acquisition)	Percentage of shareholding- (Pre-acquisition)	No. of shares (post acquisition)	Shareholdings percentage (Post Acquisition)
1.	Mr.Arunkumar Mahabir Prasad Jatia jointly with Mr. Basant Kumar Khaitan (Executors of the will of Shri. Mahabirprasad Jatia)	3,58,333	0.87	<i>nil</i>	<i>nil</i>
2.	Mr. Arunkumar Mahabir Prasad Jatia (executor of the will of Smt. Poonam Jatia)	20,39,270	4.97	<i>nil</i>	<i>nil</i>
3.	Master Yashvardhan Jatia (minor rep. by the natural guardian, Mr. Arunkumar Mahabir Prasad Jatia)	23,36,354	5.70	100	<i>nil</i>
4.	Mr. Arunkumar Mahabir Prasad Jatia lointly with Smt. Poonam Jatia	20,48,000	5.00	20,48,000	5.00
5.	Ms. Vrinda Jatia	5,00,000	1.22	5,00,000	1.22
6.	Ms. Vasudha Jatia	5,00,000	1.22	5,00,000	1.22
7.	Chem Mach Pvt. Ltd.	25,33,265	6.18	25,33,265	6.18
8.	Pudumjee Industries Ltd.	34,12,850	8.32	34,12,850	8.32
9.	Suma Commercial Private Limited	51,23,036	12.50	51,23,036	12.50
10.	Thacker and Co. Ltd.	63,68,253	15.53	63,68,253	15.53
11.	Yashvardhan Jatia Trust (Acquirer)	<i>nil</i>	<i>nil</i>	47,33,957	11.54
12.	Pudumjee Holdings Ltd.	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
13.	Kairos Investments	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
14.	Fujisan Technologies Ltd.	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
15.	Arun Jatia HUF	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
16.	Pudumjee Investments and Finance Company Ltd.	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
17.	Pudumjee Paper Products Ltd.	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
18.	Poonam Jatia Family Trust	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
19.	Pudumjee Hygeine Products Ltd.	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
20.	Mahabir Prasad Jatia Family Trust	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>

	Total	2,52,19,361	61.51	2,52,19,361	61.51
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Application seeking Exemption by the Acquirer-

4.1 As the aforementioned proposed acquisition would increase the holding of Acquirer/Applicant-Yashvardhan Jatia Trust from *nil* to 11.54% in the target company, thereby triggering the provisions relating to the obligation to make an open offer under Regulation 3 of the Takeover Regulations, 2011, Yashvardhan Jatia Trust- the Acquirer/Applicant vide application dated December 18, 2015 sought exemption from the obligation to make an open offer in terms of the provisions of Regulation 3 of the Takeover Regulations, 2011. Following are the grounds for seeking exemption as mentioned in the said application:

- i. *The proposed acquisition of 47,33,857 shares (being 11.54%), by the Acquirer is an internal reorganization within the promoter group. The acquirer and the transferors are part of the promoter group of the Target Company.*
- ii. *Yashvardhan Jatia Trust- the Acquirer/ Applicant has been created for the sole benefit of Master Yashvardan Jatia (beneficiary). The sole beneficiary of Yashvardhan Jatia Trust- the Acquirer/ Applicant is the person who is legally entitled to the shares proposed to be acquired by the Trust. The Trust provides legal and dependable conduit for the financial management of property, bequeathed and held by the minor child, viz. Yashvardhan Jatia. The trust is an expression of shared and combined responsibility towards securing the child's financial future and there is absolutely no commercial consideration involved in the acquisition process. The trustees and the beneficiary are family members of the Transferors and Promoters of the target company. Majority of trustees are also promoters of the target company.*
- iii. *The proposed acquisition is only an arrangement wherein the shares of the minor beneficiary will be held by the Trust and therefore, it will not be prejudicial to the interests of the public shareholders of the Target Company. There will not be any change in control and management of the Target Company after the proposed acquisition.*
- iv. *Pursuant to the proposed transaction, instead of directly exercising voting rights to the extent of 11.54%, the promoters/Transferors of the Target Company would exercise the same through Yashvardhan Jatia Trust- the Acquirer/ Applicant.*
- v. *There would be no reduction in the holding of the public shareholders in the Target Company.*

4.2 Yashvardhan Jatia Trust- the Acquirer/Applicant in their application also stated:

- *“The Board of Directors of the Target Company has undertaken restructuring initiative for demerger of the paper manufacturing business of the Target Company and at its meeting held on January 17, 2015 the Board has considered and approved a draft Scheme of Arrangement (Demerger) between the Target Company, Pudumjee Industries Ltd., Pudumjee Hygeine Products Ltd. and Pudumjee Paper Products Ltd. and their respective shareholders and creditors.*
- *The scheme envisages transfer of paper manufacturing business of the Company, with all its assets and liabilities, into Pudumjee Paper Products Ltd (PPPL), newly incorporated subsidiary company as Special Purpose Vehicle for the purpose,*
- *As part of the scheme, PPL shall also seek approval from the stock exchanges in due course. The appointed date in respect of the scheme is 1st April, 2014,*
- *After receipt of all requisite approvals and satisfaction of the related conditions, the scheme will be effective and the record date will be determined for considering the shareholders’ entitlement to the equity shares of PPL as per the ratio mentioned in the scheme i.e 37 (thirty Seven) fully paid-up equity shares of Re. 1 each of PPL for every 20 (Twenty) equity shares of Rs. 2 each held by the shareholders in the Target company”*

5.1 From the copy of trust deed dated August 22, 2014 of Yashvardhan Jatia Trust- the Acquirer/Applicant, following are noted:

- i. **“Clause 4**– *Upon the expiry of Eighteen year from the date hereof (herein after called the “Date of Distribution) the Trustees shall divide, distribute, pay and/ or transfer the trust fund including the accumulated income, if any and the investments for the time being representing the same amongst one or more of the following person –*
 - a) *Shri Yashvaardhan Arunkumar Jatia*
 - b) *Wife of Shri Yashvardhan Arunkumar Jatia*
 - c) *Son or sons of Shri Yashvardhan Arunkumar Jatia*
 - d) *Daughter or daughters of Shri Yashvardhan Arunkumar Jatia.*
- ii. **Clause 7:-** *The Trust deed is irrevocable and no part of the trust Fund shall in any circumstances whatsoever be paid to or applied for the benefit of the settlor.*
- iii. **Clause 8**– *The Trustees have the following powers –*
 - a) *To invest whole or part of funds of the Trust in such manner as they think proper.*
 - b) *To enter into partnership and/ or joint venture or any transaction or agreement for and on behalf of the Trust.*
 - c) *To appoint any one or more person by a Power of Attorney or Powers of Attorney to act for them or any of them in the affairs of the Trust.*

d) To sell all or any portion or portions of the Trust.

- iv. **Clause 11** – Shri Arun Kumar Jatia shall be the first Chairman of the Board of the Trustees during his life time or till the time he communicates in writing his desire not to act as the chairman and subject thereto the Trustees may appoint one of them as the chairperson.*
- v. **Clause 12** – In all the matters wherein there shall be differences of opinion regarding construction of these presents or the management of the Trust fund or any part thereof or any part thereof or the execution of any of the Trusts of powers of these presents, the votes of the majority of the Trustees for the time being voting in the matter shall prevail and be binding on the minority as well as on those trustees who may not have voted, and if the Trustees shall be equality divided in the opinion, the matter shall be decided by the casting vote of the Chairperson of the said meeting.*
- vi. **Clause 14** – The Trustees for the time being of these presents shall be entitled to appoint one or more persons as Trustees of Trustees of these presents, provided that the number of Trustees of these presents shall not at any time be less than two and not more than five. Provided that at least two third of the total number of Trustees for the time being shall always consist of Shri Arun Kumar Mahabir Prasad Jatia, his spouse and his lineal descendants.”*

5.2 Thereafter, as advised by SEBI (via e-mail dated January 15, 2016), Yashvardhan Jatia Trust- the Acquirer/Applicant vide letter dated January 25, 2016, forwarded a certified true copy of the shareholding pattern of the Target Company as on September 30, 2015 (disclosing Yashvardhan Jatia Trust- the Acquirer/Applicant as part of promoter group of the Target Company), the details of the Trustees of Yashvardhan Jatia Trust- the Acquirer/Applicant as on date of the application and an undertaking to the effect that the Trust deed would be suitably amended to contain the following covenants:

- a. “Any change in the trustees/beneficiaries and any change in ownership or control of share or voting rights held by the Trust shall be disclosed to the concerned stock exchanges.*
- b. The provision of the SEBI Act and the regulations framed thereunder will apply on the basis that the ownership or control of shares or voting rights vests not only directly with the trustees but also indirectly with the beneficiaries.*
- c. The trust deed does not contain any limitation of liability of the trustees/ beneficiaries in relation to the provision of the SEBI Act and all regulations framed thereunder.*
- d. The liabilities and obligations of the individual transferors under the SEBI Act and the regulations framed thereunder will not change or get diluted due to the above transfer to the Trust”.*

5.3 On specific query by SEBI (via e-mail dated February 16, 2016) in respect of the clause in the Trust Deed regarding the power to exercise voting rights in the Target Company (by Yashvardhan Jatia

Trust- the Acquirer/Applicant), Yashvardhan Jatia Trust- the Acquirer/Applicant via email dated February 25, 2016 submitted as under:

- The investments are decided to be held in the name of Yashvardhan Jatia Trust,
- Clause 10 read with Clause 12 of the Trust Deed allows the Trustees to make such decisions as may be necessary by passing a resolution,
- The voting rights in respect of shares held by the Trust can be exercised by the Trust under Section 47 of the Companies Act on the strength of a resolution passed by the Board of Trustees,
- They also undertake to amend the Trust deed by inserting the Clause 8A, which states:
“Voting Rights in respect of the securities acquired and held by the Trust shall be exercisable by Mr. Arun Kumar Jatia, the Trustee or in his absence, by any other Trustee of the Trust or such other person, as may be decided by the Trustees by a resolution passed by the Trust in this behalf”.

Observations of the Takeover Panel in the Application made by Yashvardhan Jatia Trust- the Acquirer/Applicant-

6. The application along with the aforesaid undertaking/submissions made by Yashvardhan Jatia Trust- the Acquirer/Applicant were referred to a Panel of Experts (hereinafter referred to as **“Takeover Panel”**) to make recommendation thereon, in terms of the *proviso* to Regulation 11(5) of the Takeover Regulations, 2011. After examination of the facts and circumstances stated in the application and the submissions/undertakings made by Yashvardhan Jatia Trust- the Acquirer/Applicant, the Takeover Panel in its meeting held on March 19, 2016 deliberated the application and the submissions/undertakings made by the applicant. Thereafter, on April 01, 2016 the Takeover Panel recommended the case to be fit for grant of exemption under Regulation 11(5) of the Takeover Regulations, 2011. The extract of the minutes of the Takeover Panel meeting are as follows:
 - *“It was observed that some of the existing promoters propose to transfer their shareholding to Yashvardhan Jatia Trust, wherein the trustees and beneficiaries are family members of the promoters and majority of the trustees are also part of the promoter group. Thus, there is no real change in ownership or control of the shares of the Target Company. The applicant*

has also submitted the undertakings and made necessary changes in the Trust Deed as suggested by the Panel in its meeting held on March 19, 2016.

- *In light of the facts, the Panel recommended for grant of exemption from open offer obligations pursuant to the proposed acquisition.”*

7.1 Thereafter, Yashvardhan Jatia Trust- the proposed Acquirer/Applicant vide letter dated April 18, 2016 *inter alia* informed that:

- On the date of the exemption application dated December 18, 2015, the Target Company, *viz.* Pudumjee Pulp & Paper Mills Ltd. was in the midst of an on-going scheme of demerger of its paper manufacturing business into a subsidiary company incorporated on January 14, 2015, as special purpose vehicle, *viz.* Pudumjee Paper Products Ltd. (the details of which have been mentioned in the exemption application (dated December 18, 2015) made by Yashvardhan Jatia Trust- Acquirer/Applicant (reproduced in Paragraph No. 4.2 above),
- Although they had received Creditors’ approval on July 15, 2015 and Shareholders’ approval on July 20, 2015, they were waiting for the approval of the Hon’ble Bombay High Court to the Scheme.
- On January 08, 2016, the scheme received the sanction of the Hon’ble Bombay High Court. The record date for the allotment of shares was February 12, 2016 and the allotment dated was February 17, 2016. These shares have been listed on the BSE and NSE on March 30, 2016.
- The scheme did not envisage any change in the shareholding of the Target Company and there is no change in the shareholding of the Transferors (of the exemption application dated December 18, 2016) in the Target Company,
- The transferors mentioned in their exemption application as shareholders of the Target Company were entitled to receive shares from *PPPL*, as per the exchange ratio referred in the scheme and they propose to transfer these shares of *PPPL* also to Yashvardhan Jatia Trust –the Acquirer/Applicant.

7.2 Yashvardhan Jatia Trust- the Acquirer/Applicant, vide the aforesaid letter also provided the details of the equity shares of the newly incorporated company, viz., PPPL, allotted to the Transferors pursuant to the demerger. The details of the same are as under:

Name of the Transferor	No. of shares allotted by PPPL (pursuant to the Exchange ratio referred in the scheme)	Percentage of Acquisition
Arunkumar Jatia jointly with Mr. Basant Kumar Khaitan (as executors of the will of Mr. Mahabir Prasad Jatia)	9,63,273	1.01
Arunkumar Jatia (as the executor of the will of Ms. Poonam Jatia)	41,77,199	4.40
Master Yashvardhan Jatia	43,24,729	4.55
Total	94,65,201	9.96

7.3 As mentioned earlier, the shares of the resulting company, viz. Pudumjee Paper Product Ltd. (PPPL) got listed on both the stock exchanges. Further the said Transferors (in the instant exemption application dated December 18, 2015), who received shares of PPPL (as mentioned in the table above) propose to transfer the said shares of PPPL to Yashvardhan Jatia Trust –the Acquirer/Applicant. SEBI via e-mail dated May 6, 2016 therefore advised Yashvardhan Jatia Trust- the Acquirer/Applicant (who is also the acquirer in respect of the acquisition of 9.96% of the shares in the company, PPPL also) to file a separate fresh exemption application before SEBI seeking exemption from the obligation to make open offer in respect of the proposed acquisition of shares of 9.96% of the shares of PPPL by Yashvardhan Jatia Trust.

Consideration of Issues and Findings-

8.1 With respect to the proposed acquisition of 11.54% of the shares of Pudumjee Pulp and Paper Mills Ltd. (the Target Company) by Yashvardhan Jatia Trust –the Acquirer/Applicant, I have considered the exemption application dated December 18, 2015 made by Yashvardhan Jatia Trust –the Acquirer/Applicant, the recommendations of the Takeover Panel, the undertaking of the Acquirer and the material available on record. In this regard, I note the following:

8.2 As per the application, the Acquirer (Yashvardhan Jatia Trust) proposes to acquire 11.54% of the shares in the Target company which constitutes 3,58,333 shares (about 0.87% shares of Target Company) held by Arunkumar Jatia jointly with Mr. Basant Kumar Khaitan, 20,39,270 shares (4.97% shares) held by Arunkumar Jatia and 23,36,254 shares (5.70%) held by Master Yashvardhan Jatia in the Target Company. Pursuant to the said acquisition, the Acquirer would be eligible to exercise 11.54% voting rights in the Target Company. The promoters of the Target Company hold 61.51% of the shares of the Target Company.

The shareholding of Yashvardhan Jatia Trust –the Acquirer/Applicant, which is a part of the promoters of the Target Company increases from *nil* to 11.54%. The proposed acquisition by Yashvardhan Jatia Trust –the Acquirer/Applicant therefore would increase the shareholding of the promoters by more than 5% thereby triggering the provisions of the Regulation 3(2) of the Takeover Regulations, 2011 unless the obligation to make open offer is exempted by SEBI under Regulation 11 of the Takeover Regulations, 2011.

8.3 Yashvardhan Jatia Trust- the proposed acquirer/Trust has been formed for the sole benefit of the minor child, *viz.*, Master Yashvardhan Jatia, one of the promoters of the Target Company, who holds 5.70% shares in the Target Company. He is also the son of the Executive Chairman of the Target Company, *viz.* Arunkumar Jatia.

8.4 The settlor and the trustees are also family members of the beneficiary. The Transferors (mentioned in the Table at paragraph No. 3 (iv) above) in the proposed acquisition and majority of trustees of the Acquirer are also promoters of the Target Company. It is also noted from the material available on record, that the remaining promoters are '*person acting in concert*' in terms of Regulation 2(1)(q) of the Takeover Regulations, 2011.

8.5 I also note that Yashvardhan Jatia Trust –the Acquirer/Applicant has given an undertaking dated January 25, 2016 that in case of any change in the trustees/ beneficiaries/ partners and any change in ownership or control of shares or voting rights held by the Trust, the same shall be disclosed to the concerned stock exchanges and that the provisions of the SEBI Act and the regulations framed

thereunder will apply on the basis that the ownership or control of shares or voting rights vests not only directly with the Trustees but also indirectly with the beneficiaries.

8.6 I also note the following:

- a. The proposed acquisition of shares is not being done to third parties but to the private trust. The same would only be within the persons of the promoter group.
- b. The Trust has been created for the sole benefit of Master Yashvardan Jatia (beneficiary). The sole beneficiary of the Acquirer is the person who is legally entitled to the shares proposed to be acquired by the Trust. The proposed acquisition is only an arrangement wherein the shares of the minor beneficiary will be held by the Trust.
- c. There would be no effective change in the exercise of the voting power or in the control/management of the Target Company, pursuant to the proposed transaction.

9. Considering the observations contained in the preceding paragraphs also the fact that Yashvardhan Jatia Trust –the Acquirer/Applicant has consented and provided an Undertaking, I consider it to be a fit case for granting exemption from the requirements of Regulation 3 of the Takeover Regulations, 2011, subject to certain conditions as ordered herein below:

10.1 I, therefore in exercise of the powers conferred under Section 19 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, hereby grant exemption to the Acquirer/Applicant- Yashvardhan Jatia Trust, from complying with the requirements of Regulation 3 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with respect to its proposed acquisition of 47,33,857 shares (i.e. 11.54%) of the Target Company, Pudumjee Pulp & Paper Mills Limited,.

10.2 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. The statements/averments made or facts and figures mentioned in the Application and in the subsequent correspondence by Yashvardhan Jatia Trust – the Acquirer/Applicant are true and correct.
 - c. The undertaking given by Yashvardhan Jatia Trust –the Acquirer/Applicant as mentioned under Paragraph No. 5.2 and 5.3 above shall also be incorporated in the Trust Deed within a period of 30 days from the date of this Order and furnish an authenticated copy of the same to SEBI.
 - d. Yashvardhan Jatia Trust – the Acquirer/Applicant shall also ensure that the covenants in the Trust Deed are not contrary to the above conditions and undertaking provided by Yashvardhan Jatia Trust. In such case, the Trust Deed shall be suitably modified and expeditiously reported to SEBI.
 - e. The proposed acquisition shall be completed within a period of 30 days after revision of the Trust Deed. On completion of transaction, Yashvardhan Jatia Trust –the Acquirer/Applicant shall file a report with SEBI in the manner provided in the Takeover Regulations, 2011 within a period of 21 days from the date of such acquisition.
 - f. Yashvardhan Jatia Trust – the Acquirer/Applicant and the Target Company shall ensure compliance with the statements, disclosures and undertakings made in the application and in their subsequent correspondence.
 - g. The provisions of the SEBI Act and the Regulations framed thereunder will apply on the basis that the ownership or control of shares or voting rights vests not only directly with the Trustees but also indirectly with the beneficiaries of the Acquirer.
 - h. As and when circumstances arise where external Trustees have a role in the decision making, the Trustees of Yashvardhan Jatia Trust – the Acquirer/Applicant, should at that point in time approach SEBI under the Regulations prevailing at that point in time for exemption, if any,
 - i. There shall be no limitation of liability of the trustees/beneficiaries in relation to the provisions of the SEBI Act and all Regulations framed thereunder.
- 11.** The exemption granted above is limited to the obligation to make an open offer under Regulation 3 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and shall not be construed as exemption from the disclosure requirements under Chapter V of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the compliance with the SEBI (Prohibition

of Insider Trading) Regulations, 2015, the Listing Agreement/the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable Acts, Rules and Regulations.

12. The application dated December 18, 2015 filed by Mr. Arunkumar Mahabir Prasad Jatia, Chairperson of the Board of Trustees of Yashvardhan Jatia Trust-the Applicant/Acquirer is accordingly disposed of.

Date: November 28, 2016
Place: Mumbai

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