WTM/SKM/CFD/ 22/2021-22

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	**H.G. INFRA ENGINEERING LTD.**
ACQUIRERS	**1) GIRISHPAL SINGH FAMILY TRUST** **2) VIJENDRA SINGH FAMILY TRUST** **3) HARENDRA SINGH FAMILY TRUST**

Background

1. H.G. Infra Engineering Limited (for convenience "***Target Company***") is a company incorporated under the Companies Act, 1956 and has its registered office at 14, Panchwati Colony, Ratanada, Jodhpur, Rajasthan- 342001. It was incorporated on January 21, 2003. The equity shares of the *Target Company* are listed on the BSE Ltd. (for short "**BSE**") and National Stock Exchange of India Ltd. (for short "**NSE**"). The *Target Company* is primarily engaged in the construction of infrastructure projects like highways, roads and bridges.

2. An Application dated November 28, 2020 an addendum to the said Application dated January 08, 2021 (for convenience collectively referred to as "***Application***") seeking exemption from the applicability of regulations 3(2) read with regulation 3(3) 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* by Girishpal Singh Family Trust, Vijendra Singh Family Trust and Harendra Singh Family Trust (for convenience "***Acquirer Trusts / Proposed Acquirers/ Applicant***s") as a result of the proposed transfer of equity shares of *Target Company* from Mr. Hodal Singh to the *Acquirer Trusts*.

3. Regulation 3(2) and 3(3) of the Takeover Regulations 2011 states as under –

"***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.*

3. (3) For the purposes of sub-regulation (1) and sub-regulation(2), acquisition of shares by any person, such that the individual shareholding of such person acquiring shares exceeds the stipulated thresholds, shall also be attracting the obligation to make an open offer for acquiring shares of the target company irrespective of whether there is a change in the aggregate shareholding with persons acting in concert.

4. In the aforementioned *Application*, the following was, *inter alia,* stated:

(a) Details of Board of Directors of the *Target Company* are as follows:

Sr. No.	**Name of the Director**	**Designation**
1	Mr. Harendra Singh	Chairman and Managing Director
2	Mr. Vijendra Singh	Whole time Director
3	Mr. Dinesh Kumar Goyal	Executive Director
4	Mr. Ashok Kumar Thakur	Independent Director
5	Ms. Pooja Hemant Goyal	Independent Director

6	Mr. Onkar Singh	Independent Director

(b) The Settlor, Trustees and beneficiaries of the aforementioned *Acquirer Trusts* are as under:

i. Girishpal Singh Family Trust

Settlors	**Initial Trustees**	**Additional Trustees**	**Beneficiaries**	**Relationship**
Mr. Hodal Singh (Member of Promoter Group)	1) Mr. Girishpal Singh (Promoter and son of Mr. Hodal Singh) 2) Mr. Vaibhav Choudhary (son of Mr. Girishpal Singh)	1) Mr. Vijendra Singh (Promoter and son of Mr. Hodal Singh) 2) Mr. Harendra Singh (Promoter and son of Mr. Hodal Singh)	1) Mr. Girishpal Singh 2) Mr. Vaibhav Choudhary 3) Lineal Descendants of Mr. Vaibhav Choudhary	The Trustees and beneficiaries are immediate relatives /lineal descendants of the Promoter /Settlor.

ii. Vijendra Singh Family Trust

Settlors	**Initial Trustees**	**Additional Trustees**	**Beneficiaries**	**Relationship**
Mr. Hodal Singh (Member of Promoter Group)	1) Mr. Vijendra Singh (Promoter and son of Mr. Hodal Singh) 2) Mrs. Poonam Singh (Promoter and	1) Mr. Girishpal Singh (Promoter and son of Mr. Hodal Singh) 2) Mr. Harendra Singh	1. Mr. Vijendra Singh 2. Mrs. Poonam Singh 3. Mr. Navneet Choudhary	The Trustees and beneficiaries are immediate relatives /lineal descendants of the Promoter /Settlor.

	wife of Mr. Vijendra Singh)	(Promoter and son of Mr. Hodal Singh)	(Son of Mr. Vijendra Singh and Mrs. Poonam Singh) 4. Ms. Gazal Choudhary (Daughter of Mr. Vijendra Singh and Mrs. Poonam Singh) 5. Ms. Rudrakshi Choudhary (Daughter of Mr. Vijendra Singh and Mrs. Poonam Singh) 6. Lineal descendants of persons mentioned in 3,4 & 5 above.	

iii. Harendra Singh Family Trust

Settlors	**Initial Trustees**	**Additional Trustees**	**Beneficiaries**	**Relationship**
Mr. Hodal Singh (Member of Promoter Group)	1) Mr. Harendra Singh (Promoter and son of Mr. Hodal Singh) 2) Mrs. Nisha Singh (Promoter and	1) Mr. Girishpal Singh (Promoter and son of Mr. Hodal Singh) 2) Mr. Vijendra Singh (Promoter and	1. Mr. Harendra Singh 2. Mrs. Nisha Singh 3. Mr. Harshvardhan Singh	The Trustees and beneficiaries are immediate relatives /lineal descendants of the Promoter /Settlor.

	wife of Mr. Harendra Singh)	son of Mr. Hodal Singh)	(Son of Mr. Harendra Singh and Mrs. Nisha Singh) 4. Ms. Ridhima Choudhary (Daughter of Mr. Harendra Singh and Mrs. Nisha Singh) 5. Lineal Descendants of persons mentioned in 3 & 4 above.	

(c) The details of the proposed acquisition are as follows:

i. The proposed acquisition involves transfer of equity shares of the *Target Company* from Mr. Hodal Singh to the *Acquirer Trusts* as under-

Sr. No.	Acquirers	No. of equity shares being acquired	% of total paid up capital
1	Girishpal Singh Family Trust	1,61,29,528	24.75
2	Vijendra Singh Family Trust	1,61,29,528	24.75
3	Harendra Singh Family Trust	1,61,29,527	24.75
Total		4,83,88,583	74.25

ii. The proposed acquisition by the *Acquirer Trusts* will be effected by way of contribution/settlement which would be an off-market transaction. As a result, the said acquisition is without any monetary contribution.

iii. Mr. Hodal Singh is a part of the promoter/promoter group since the incorporation of the *Target Company*.

iv. The shareholding pattern of *Target Company* (pre and post the proposed Acquisition) will be as follows:

Shareholders' category	**Before the proposed acquisition**		**After the proposed acquisition**	
	Number of equity shares/ total voting rights held	**% of equity shares/ total voting capital held**	**Number of equity shares/ total voting rights held**	**% of equity shares/ total voting capital held**
Promoter and Promoter Group				
Hodal Singh	**4,83,88,683**	**74.25**	**NIL**	**NIL**
Harendra Singh	100	0.00%	100	0.00%
Girishpal Singh	100	0.00%	100	0.00%
Vijendra Singh	100	0.00%	100	0.00%
Vaibhav Choudhary	100	0.00%	100	0.00%
Nisha Singh	100	0.00%	100	0.00%
Harendra Singh HUF	100	0.00%	100	0.00%

Poonam Singh	100	0.00%	100	0.00%
Acquirer Trust				
Girishpal Singh Family Trust	**NIL**	**NIL**	**1,61,29,528**	**24.75%**
Vijendra Singh Family Trust	**NIL**	**NIL**	**1,61,29,528**	**24.75%**
Harendra Singh Family Trust	**NIL**	**NIL**	**1,61,29,527**	**24.75%**
Total- Promoter and Promoter Group	**4,83,89,383**	**74.25%**	**4,83,89,383**	**74.25%**
Public				
Total- Public	**1,67,81,728**	**25.75%**	**1,67,81,728**	**25.75%**
Grand Total	**6,51,71,111**	**100%**	**6,51,71,111**	**100%**

v. The *Acquirer Trusts* do not hold any equity shares in the *Target Company* but are part of the promoter/promoter group of the *Target Company*.

vi. The *Acquirer Trusts*, in the present case, along with persons acting in concert holds shares in the *Target Company* entitling them to exercise an aggregate of 74.25% voting rights in the *Target Company*.

vii. The aggregate shareholding of the *Acquirer Trusts* along with persons acting in concert before and after the proposed acquisition shall remain the same.

viii. However, individually each *Acquirer Trust* shall acquire 24.75% voting rights in the *Target Company* which exceeds the threshold of 5% specified in regulation 3(2) of the *Takeover Regulations, 2011*.

ix. The *Target Company* is currently controlled by the Singh Family. The *Acquirer Trusts* are private discretionary trusts which have been set up for the benefit of the beneficiaries i.e. individual members of the Singh Family. Therefore, the proposed acquisition will not result in any change of control of the *Target Company* as the persons in control continue to be same before and after the acquisition.

Grounds for seeking exemption

5. The following grounds have been cited in the *Application* while seeking the exemption:

(a) ***Consolidate control and achieve succession planning objectives***- *The Proposed acquisition will take place pursuant to a private family arrangement which is intended to streamline the Singh Family's shareholding in the Target Company with a view to consolidate control and achieve succession planning objectives.*

(b) ***Non-prejudicial to the interest of public shareholders***- *The proposed acquisition is a non-commercial transaction which will not prejudice the interest of the public shareholders of the Target Company in any manner.*

(c) ***No change in the control and management of the Target Company***- *The Proposed acquisition by the Acquirer Trusts is only an internal reorganization within the Singh Family. The Transferor i.e. Mr. Hodal Singh and persons acting* in concert with the *Transferor are directly in control of the Acquirer Trusts and hence, there will be no change in control of the Target Company after the proposed acquisition. Further, there*

will be no change in management of the Target Company pursuant to the proposed acquisition.

(d) ***Proposed Acquisition is not by a third party****- Pursuant to the proposed acquisition, no outsider/ third party will acquire shares in the Target Company as the acquisition takes place between the members of the Singh Family who are part of the promoter/promoter group of the Target Company and the Acquirer Trusts, having such promoters as Trustees and the Beneficiaries.*

(e) ***No fresh acquisition of shares****- The Target Company's equity share capital representing 74.25% of the equity shares will be transferred by Mr. Hodal Singh to the Acquirer Trusts, wherein the persons forming part of the promoter/promoter group of the Target Company and their immediate relatives are the Trustees and Beneficiaries. There is no fresh acquisition of shares by the promoter group and the pre-acquisition and post-acquisition shareholding of the promoters and promoter group in the Target Company will remain same i.e. 74.25%.*

(f) ***No change in the public shareholding****- There will also be no change in the public shareholding of the Target Company pursuant to the proposed acquisition. Further, the Target Company shall continue to be in compliance with the minimum public shareholding requirements under the Securities Contracts Regulation Rules, 1957 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

(g) ***Proposed Acquisition imparts comfort and stability to public shareholders****- Given the objectives for the settlement of the Trusts, it would be in fact incentivize the persons in control and management of the Target Company to continue to remain vested with the control of the Target Company for a longer period of time and the public*

shareholders of the Target Company are likely to benefit pursuant to the acquisition of shares by the Acquirer Trusts. It is submitted that a trust by its very nature is difficult to unwind, and it is submitted that the Trust provides for unified structure for the assets of the family, thereby making transfer of shares of the Target Company even more difficult than it currently is, and this will also prevent any erosion of promoter holding in the Target Company.

6. The *Acquirer Trusts*, vide the *Application* read with subsequent submissions, have confirmed compliance with the following Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017:

(a) The *Acquirer Trusts* are in substance, only mirror image of the promoter's holdings and consequently, there is no change of ownership or control of the shares or voting rights in the *Target Company*.

(b) Only individual promoters or their immediate relatives or lineal descendants are Trustees and beneficiaries.

(c) The beneficial interest of the beneficiaries of the *Acquirer Trusts* has not been and shall not in the future, be transferred, assigned or encumbered in any manner including by way of pledge / mortgage.

(d) In case of dissolution of the *Acquirer Trusts*, the assets will be distributed only to the beneficiaries of the *Acquirer Trusts* or to their legal heirs.

(e) The Trustees will not be entitled to transfer or delegate any of their powers to any person other than one or more of themselves.

(f) Any change in the trustees / beneficiaries and any change in ownership or control of shares or voting rights held by the *Acquirer Trusts* shall be disclosed

within 2 days to the concerned stock exchanges with a copy endorsed to SEBI for its record.

(g) 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.

(h) The liabilities and obligations of individual transferor under the SEBI Act, 1992 and the regulations framed thereunder will not change or get diluted due to transfer to the *Acquirer Trusts*.

(i) The *Acquirer Trusts* shall confirm, on an annual basis, that it is 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.

(j) The *Acquirer Trusts* shall get its 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.

(k) The proposed acquisition is in accordance with the provisions of the Companies Act, 2013 and other applicable laws.

(l) The transferor is disclosed as promoter in the shareholding pattern filed with the Stock Exchanges for a period of at least 3 years prior to the proposed acquisition.

(m) There is no layering in terms of trustees / beneficiaries in case of the *Acquirer Trusts*.

(n) The Trust Deed 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.

Consideration

7. 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. **H.G. Infra Engineering Limited**. The proposed acquisition as detailed above, which is to be made by the *Acquirer Trusts*, will attract the provisions of regulations 3(2) read with regulation 3(3) of the *Takeover Regulations, 2011*.

(b) Pursuant to the proposed acquisitions, the *Acquirer Trusts* would hold the same number of shares in the *Target Company* as currently being held by the transferor, Mr. Hodal Singh, who is part of the promoters and promoter group of the *Target Company*.

(c) There will be no change in control of the *Target Company* pursuant to the proposed acquisition, as stipulated under the SEBI Circular dated December 22, 2017.

(d) The pre–acquisition and post–acquisition shareholding of the promoters and promoter group in the *Target Company* will remain the same.

(e) There will also be no change in the public shareholding of the *Target Company*.

(f) 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.

(g) The *Acquirer Trusts* has confirmed that it is in compliance with the Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017 (as reproduced at paragraph 6 above).

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. **Girishpal Singh Family Trust, Vijendra Singh Family Trust and Harendra Singh Family Trust** from complying with the requirements of regulations 3(2) read with regulation 3(3) of the *Takeover Regulations, 2011* with respect to the proposed direct acquisition in the *Target Company*, viz. **H.G. Infra Engineering Limited**, by way of proposed transaction as mentioned in the *Application*.

10. 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 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*.

(c) The statements / averments made or facts and figures mentioned in the *Application* and other submissions by the *Proposed Acquirers* are true and correct.

(d) 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.

(e) The *Proposed Acquirers* shall also ensure that the covenants in the Trust Deed are not contrary to the above conditions and undertaking provided by the transferor. In such case, the Trust Deed 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 *Application* dated November 28, 2020 read with other submissions, filed by *Applicants*, are accordingly disposed of.

-Sd-

Place: Mumbai **S.K. MOHANTY**

Date: May 24, 2021 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA