WTM/SKM/CFD/ 21 /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	**THIRUMALAI CHEMICALS LIMITED**
ACQUIRERS	**1. SAMPATH FAMILY TRUST** **2. SUJATA SAMPATH FAMILY TRUST** **3. VIDYA FAMILY TRUST** **4. RAMYA FAMILY TRUST** **5. R PARTHASARATHY FAMILY TRUST** **6. TARA PARTHASARATHY FAMILY TRUST** **7. MEERA PARTHASARATHY FAMILY TRUST** **8. BHOOMA PARTHASARATHY FAMILY TRUST**

Background

1. Thirumalai Chemicals Limited (for convenience "***Target Company***") was incorporated on 27th November 1972 as under the Indian Companies Act, 1956. The registered address of the *Target Company* is Thirumalai House, Road No. 29, Plot No. 101/102, Sion East, Mumbai 400022, India. The *Target Company* is leading manufacturer of Phthalic Anhydride, Malic Acid, Maleic Anhydride, Fumaric Acid and other Chemicals. The Equity Shares of the *Target Company* are listed on NSE since 2003 and BSE since 1974.

2. An Application dated January 29, 2021 (for convenience "***Application***") seeking exemption from the applicability of regulations 3 and 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("***Takeover Regulations, 2011***") in the matter of proposed direct acquisition of shares in the *Target Company* was received by SEBI from Sampath Family Trust (***Acquirer 1***), Sujata Sampath Family Trust (***Acquirer 2***), Vidya Family Trust (***Acquirer 3)***, Ramya Family Trust (***Acquirer 4)***, R Parthasarathy Family Trust (***Acquirer 5)***, Tara Parthasarathy Family Trust (***Acquirer 6)***, Meera Parthasarathy Family Trust (***Acquirer 7)*** and Bhooma Parthasarathy Family Trust (***Acquirer 8)*** (hereinafter collectively referred to as "***Proposed Acquirers / Acquirer Trusts / Applicant Trusts***").

3. Vide the *Application* and subsequent submissions/clarifications, the *Proposed Acquirers* has submitted the following:

(a) The issued, subscribed and paid up Equity Share Capital of the *Target Company* is ₹10,23,88,120/- divided into 10,23,88,120 equity shares of ₹1/- each. *Target Company* has a public shareholding of 58.14% and the non-public shareholding of 41.86% is entirely held by the promoters and the promoter group.

(b) As on the date of the *Application*, R. Sampath (2.88 %), Sujata Sampath (2.88%), Parthasarathy Rangaswamy (2.34%), Bhooma Parthasarathy (2.28%), Meera Parthasarathy (0.68%), Tara Parthasarathy (0.72%), S.Vidya (0.46%), Ramya Bharathram (0.29%) are the promoters of the *Target Company*. (The figures in parenthesis denote the % holding of the promoter in the *Target Company*.)

(c) They have settled irrevocable Family Trusts for the purpose of orderly succession planning of the family and have proposed to transfer their shareholding to their respective Family Trusts. The Trustees and beneficiaries are the family members of the Transferors.

(d) The Proposed Acquisition as submitted in the *Application* is as under:

i. R. Sampath is a promoter of the *Target Company* who currently holds 2.88 % equity shares in the *Target Company*. He intends to gift/settle his entire shareholding in the *Target Company* to Sampath Family Trust.

ii. Sujata Sampath is a promoter of the *Target Company* who currently holds 2.88 % equity shares in the *Target Company*. She intends to gift/settle her entire shareholding in the *Target Company* to Sujata Sampath Family Trust.

iii. Parthasarathy Rangaswamy is a promoter of the *Target Company* who currently holds 2.34 % equity shares in the *Target Company*. He intends to gift/settle his entire shareholding in the *Target Company* to R Parthasarathy Family Trust.

iv. Bhooma Parthasarathy is a promoter of the *Target Company* who currently holds 2.28 % equity shares in the Target Company. She intends to gift/settle her entire shareholding in the *Target Company* to Bhooma Parthasarathy Family Trust.

v. Meera Parthasarathy is a promoter of the *Target Company* who currently holds 0.68 % equity shares in the Target Company. She intends to gift/settle her entire shareholding in the *Target Company* to Meera Parthasarathy Family Trust.

vi. Tara Parthasarathy is a promoter of the *Target Company* who currently holds 0.72 % equity shares in the *Target Company*. She intends to gift/settle her entire shareholding in the *Target Company* to Tara Parthasarathy Family Trust.

vii. S.Vidya is a promoter of the *Target Company* who currently holds 0.46 % equity shares in the *Target Company*. She intends to gift/settle her entire shareholding in the *Target Company* to Vidya Family Trust.

viii. Ramya Bharathram is a promoter of the *Target Company* who currently holds 0.29 % equity shares in the *Target Company*. She intends to gift/settle her entire shareholding in the *Target Company* to Ramya Family Trust.

(e) The aforesaid proposed acquisition trigger regulation 3(2) and 4 of the *Takeover Regulations, 2011*.

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

Details of *Acquirer 1*: Sampath Family Trust

Name of Settlor	Name of Trustees	Name of Beneficiaries	Relationship
Sujata Sampath	1. Sujata Sampath	A. Rangaswamy Sampath	Spouse
	2. Rangaswamy Sampath	B. Ramya Bharathram	Daughter
		C. Vidya Sampath	Daughter
		D. Gayatri Pravin	Daughter
		E. Childrens and Lineal descendants of the beneficiaries mentioned in A to D	

Details of *Acquirer 2*: Sujata Sampath Family Trust

Name of Settlor	Name of Trustees	Name of Beneficiaries	Relationship
Rangaswamy Sampath	1. Sujata Sampath	A. Sujata Sampath	Spouse
	2. Rangaswamy Sampath	B. Ramya Bharathram	Daughter
		C. Vidya Sampath	Daughter
		D. Gayatri Pravin	Daughter
		E. Childrens and Lineal descendants of the beneficiaries mentioned in A to D	

Details of *Acquirer 3*: Vidya Family Trust

Name of Settlors	Name of Trustees	Name of Beneficiaries	Relationship
1. Sujata Sampath	1. Sujata Sampath	A. Vidya Sampth	Daughter
2. Rangaswamy Sampth	2. Rangaswamy Sampath	B. Childrens and lineal descendants of Vidya Sampath	
		C. Spouses of Children and lineal descendants of Vidya Sampath	

Details of *Acquirer 4*: Ramya Family Trust

Name of Settlors	Name of Trustees	Name of Beneficiaries	Relationship
1. Sujata Sampath	1. Sujata Sampath	A. Ramya Bharathram	Daughter
2. Rangaswamy Sampth	2. Rangaswamy Sampath	B. Childrens and lineal descendants of Ramya Bharathram	
		C. Spouses of Children and lineal descendants of Ramya Bharathram	

Details of *Acquirer 5*: Parthasarathy Family Trust

Name of Settlor	Name of Trustees	Name of Beneficiaries	Relationship
Rangaswamy Parthasarathy	1. Rangaswamy Parthasarathy	A. Bhooma Parthasarathy	Spouse
	2. Bhooma Parthasarathy	B. Tara Parthasarathy	Daughter
		C. Meera Parthasarathy	Daughter

		D. Childrens and Lineal descendants of the beneficiaries mentioned in B & C	

Details of *Acquirer 6*: Tara Parthasarathy Family Trust

Name of Settlors	Name of Trustees	Name of Beneficiaries	Relationship
1. Rangaswamy Parthasarathy	1. Rangaswamy Parthasarathy	A. Tara Parthasarathy	Daughter
2. Bhooma Parthasarathy	2. Bhooma Parthasarathy	B. Childrens and lineal descendants of Tara Parthasarathy	

Details of *Acquirer 7*: Meera Parthasarathy Family Trust

Name of Settlors	Name of Trustees	Name of Beneficiaries	Relationship
1. Rangaswamy Parthasarathy	1. Rangaswamy Parthasarathy	A. Meera Parthasarathy	Daughter
2. Bhooma Parthasarathy	2. Bhooma Parthasarathy	B. Childrens and lineal descendants of Meera Parthasarathy	

Details of *Acquirer 8*: Bhooma Parthasarathy Family Trust

Name of Settlor	Name of Trustees	Name of Beneficiaries	Relationship
Bhooma Parthasarathy	1. Bhooma Parthasarathy	A. Rangaswamy Parthasarathy	Spouse
	2. Rangaswamy Parthasarathy	B. Tara Parthasarathy	Daughter
		C. Meera Parthasarathy	Daughter

		D. Childrens and Lineal descendants of the beneficiaries mentioned in B & C	

4. Further, vide the *Application* and subsequent communications, the *Applicant Trusts* have provided following grounds for seeking exemption:

(a) The proposed inter se transfer to the Trust(s) (*Proposed Acquirers*) is pursuant to an internal reorganization within the promoter family and is intended to streamline succession and promote welfare of the promoter family. This proposed acquisition would not affect or prejudice the interests of the public shareholders of the *Target Company* in any manner.

(b) The proposed transfer to the Trust(s) (*Proposed Acquirers*) is for efficient succession planning and for holding the controlling interest in the *Target Company* in the Trusts rather than spreading the holding amongst different individuals.

(c) The proposed transfer would not result in change in control and management of the *Target Company*. The trustees of the *Acquirer Trusts* through whom control would be exercised over the assets of the Trusts, are also the members belonging to promoter and promoter group of the *Target Company* in their personal capacity. The pre-acquisition shareholding and post-acquisition shareholding of promoter and members of the promoter group in the *Target Company* would remain the same.

(d) As specified in the Trust deed, only individual promoters of their immediate relatives or lineal descendants are trustees and beneficiaries of *Acquirers Trusts*.

(e) The *Acquirers Trusts* are irrevocable discretionary private family trust. The trustees and the ultimate beneficiaries are individuals from the promoter family.

(f) The Trusts (*Acquirers Trusts*) are submitting an undertaking that no outsider other than family members and their descendants shall be part of the acquirer and any change in the trustees or beneficiaries of the *Acquirer Trusts* resulting in change in ownership or control of the *Target Company* shall be in compliance with the *Target Company* and shall be adequately disclosed.

(g) The *Acquirers Trusts* shall comply with the provisions of the SEBI Circular dated December 22, 2017 (SEBI/HO/CFD/DCR1/CIR/P/2017/131).

Consideration

5. Before I proceed with my consideration, I find it appropriate to quote the relevant regulatory provisions of *Takeover Regulations, 2011*, for facility of reference:

Substantial acquisition of shares or voting rights

> ***Reg. 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*

Acquisition of Control

> ***Reg 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. 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 acquisitions of shares and voting rights in the *Target Company* i.e. **Thirumalai Chemicals Limited.** The proposed acquisitions as detailed above, which are to be made by the *Acquirer Trusts*, will attract the provisions of regulations 3(2) and 4 of the *Takeover Regulations, 2011*.

(b) Pursuant to the proposed acquisitions, the *Acquirer Trusts* would directly and indirectly hold the same number of shares in the *Target Company* as currently being indirectly held by the transferors who are part of the promoters and promoter group of the *Target Company*.

(c) The proposed acquisitions are in furtherance to an internal reorganization within the Promoter Family and are intended to streamline succession and promote welfare of Promoter Family. The proposed direct and indirect acquisitions would be non-commercial transactions which would not affect or prejudice the interests of the public shareholders of the *Target Company* in any manner.

(d) 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.

(e) The pre–acquisition and post–acquisition shareholding of the promoters and promoter group in the *Target Company* will remain the same. The shareholding pattern is produced below for reference:

Particulars	Shareholding before he proposed acquisition		Proposed transaction		After the proposed acquisition	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Promoters & Promoter group other than Acquirer(s)						
Ultramarine & Pigments Ltd	20451770	19.97	--	---	20451770	19.97
Jasmine Limited	6754050	6.60	--	---	6754050	6.60
R. Sampath	2944655	2.88	(2944655)	(2.88)	0	0
Sujata Sampath	2944655	2.88	(2944655)	(2.88)	0	0
Parthasarathy Rangaswamy	2398330	2.34	(2398330)	(2.34)	0	0
Bhooma Parthasarathy	2333950	2.28	(2333950)	(2.28)	0	0
Meera Parthasarathy	692730	0.68	(692730)	(0.68)	0	0

Tara Parthasarathy	732330	0.72	(732330)	(0.72)	0	0
S. Vidya	468130	0.46	(468130)	(0.46)	0	0
Ramya Bharathram	294620	0.29	(294620)	(0.29)	0	0
Indira Sundararajan	1869210	1.83	---	---	1869210	1.83
V. S. Sundararajan	58730	0.06	---	---	58730	0.06
Kala Sundarvedha	2000	0.00	---	---	2000	0
S Sridhar HUF	140	0.00	---	---	140	0
Geetha S	246440	0.24	---	---	246440	0.28
Uttara B	40000	0.04	---	---	40000	0.04
S. Narayan	198201	0.19	---	---	198201	0.22
S. Vardarajan	363880	0.36	---	---	363880	0.41
DEEPA AJAY	62500	0.06	---	---	62500	0.06
Acquirers and PAC						
Sampath Family Trust	0	0.00	2944655	2.88	2944655	2.88
Sujata Sampath	0	0.00	2944655	2.88	2944655	2.88

Family Trust						
R Parthasarathy Family Trust	0	0.00	2398330	2.34	2398330	2.34
Bhooma Parthasarathy Family Trust	0	0.00	2333950	2.28	2333950	2.28
Meera Parthasarathy Family Trust	0	0.00	692730	0.68	692730	0.68
Tara Parthasarathy Family Trust	0	0.00	732330	0.72	732330	0.72
Vidya Family Trust	0	0.00	468130	0.46	468130	0.46
Ramya Family Trust	0	0.00	294620	0.29	294620	0.29
Total	**0**	**0.00**	**+12809400**	**12.53**	**12809400**	**12.53**
Public						
Public Shareholding	59531799	58.14	0	0.00	59531799	58.14
Total	**102388120**	**100.00**	**0**	**0.00**	**102388120**	**100.00**

(f) There will also 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 Trusts* have confirmed that they are in compliance with the Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017, as reproduced at paragraph 7 below. Further, they have undertaken to carry out amendments in the Trust Deeds for compliance of the Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017.

7. The *Acquirer Trusts*, vide the *Application* and subsequent communications vide email dated February 26, 2021 and March 19, 2021 have confirmed compliance with the following Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017:

(a) The *Acquirer Trust* is in substance, only a 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 of the *Acquirer Trusts*.

(c) The beneficial interests of the beneficiaries of the *Acquirer Trusts* have 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 Trust*, the assets will be distributed only to the beneficiaries of the *Acquirer Trust* 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 transferors 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 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.

(j) The *Acquirer Trusts* 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.

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

(l) 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.

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

(n) 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.

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. **Sampath Family Trust, Sujata Sampath Family Trust, Vidya Family Trust, Ramya Family Trust, R Parthasarathy Family Trust, Tara Parthasarathy Family trust, Meera Parthasarathy Family Trust and Bhooma Parthasarathy Family Trust** from complying with the requirements of regulations 3(2) and 4 of the *Takeover Regulations, 2011* with respect to the proposed direct acquisitions in the *Target Company*, viz. **Thirumalai Chemicals Limited**, by way of proposed transactions as mentioned in this Order.

10. The exemption so granted is subject to the following conditions:

(a) The proposed acquisitions shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.

(b) Prior to the proposed acquisitions, the Trust Deeds shall be amended as per the undertakings mentioned at paragraph 7 above.

(c) On completion of the proposed acquisitions, 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*.

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

(e) 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.

(f) The *Proposed Acquirers* shall also ensure that the covenants in the Trust Deeds are not contrary to the above conditions and undertaking provided by the transferor. In such case, the Trust Deeds 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 January 29, 2021 read with other submissions of **Sampath Family Trust, Sujata Sampath Family Trust, Vidya Family Trust, Ramya Family Trust, R Parthasarathy Family Trust, Tara Parthasarathy Family trust, Meera Parthasarathy Family Trust and Bhooma Parthasarathy Family Trust**, are accordingly disposed of.

-Sd-

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

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

SECURITIES AND EXCHANGE BOARD OF INDIA