WTM/SM/CFD/ 52 / 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	**Subros Limited**
ACQUIRER	**J S Family Trust**

1. Background –

1.1. Subros Limited (the "**Target Company**") was incorporated on February 14, 1985 under the Companies Act, 1956 and has its registered office at Lower Ground Floor, World Trade Centre, Barakhamba Lane, New Delhi - 110001.

1.2. The Target Company is engaged in the business of manufacturing and supply of products to all major auto makers in the passenger and commercial vehicle space, covering the Railways, and Home A/C applications. The shares of the Company are listed on BSE and NSE since December 05, 1988 and July 13, 2005 respectively.

2. The Application –

2.1. An application dated April 27, 2021 seeking exemption from the applicability of Regulation 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "**Takeover Regulations, 2011**") in the matter of proposed acquisition of shares in the Target Company was received by SEBI from J S Family Trust (the "**Proposed Acquirer/Acquirer Trust**"). Subsequent to the receipt of the above mentioned application dated April 27, 2021, further clarifications and submissions have been received from the Acquirer Trust. Accordingly, the application dated April 27, 2021 and subsequent replies thereto shall be collectively referred to hereafter as the **Application**.

2.2. It is gathered from the Application that the Acquirer Trust has been instituted as a private trust under the Indian Trusts Act, 1882 by way of a Trust Deed dated February 23, 2021, subsequently amended by way of a Supplementary Trust Deed dated November 30, 2021, for the benefit of the identified beneficiaries. The Settlor, Trustees and Beneficiaries of the said Acquirer Trust are as under –

Table-1

Name of Settlor	Name of Trustees	Name of Beneficiaries	Relationship between the Settlor and Beneficiaries
1 Dr. Jyotsna Suri	1 Mrs. Divya Suri Singh 2 Mrs. Ritu Suri	1 (a) Ms. Tarini Singh	Grand Daughter
		1 (b) Master Sumer Singh	Grand Son
		2 Mrs. Shradha Suri Marwah	Biological Daughter [Adopted daughter of Mr. Ramesh Suri/Mrs. Ritu Suri]
		3 Mrs. Deeksha Suri Murti	Daughter
		4 Mr. Keshav Suri	Son

2.3. It has been submitted by the Acquirer Trust that the total issued share capital of the Target Company was INR 130,482,900 representing 65,241,450 equity shares of INR 2 each. Similarly, the subscribed and paid-up equity share capital of the Target Company, as on the date of the Application, was INR 130,471,000 representing 65,235,750 equity shares of INR 2 each. All the equity shares had uniform voting rights and there were no calls in arrears in respect of the shares of the Target Company.

2.4. It has been further submitted by the Acquirer Trust that, as per the shareholding pattern for the quarter ending March, 2021, the promoters and members of the promoter group held a total of 2,40,00,000 shares constituting 36.79 % of the paid up equity shareholding in the Target Company.

2.5. In this regard, it has been proposed by the Acquirer Trust that it would acquire 2.48 % shares of the Target Company by way of gift from the following promoter, who is part of the promoter and members of the promoter group of the Target Company:

Table -2

Name of Shareholders	**Shareholding**	
	No. of shares	**Shareholding & Voting Rights (%)**
Dr. Jyotsna Suri	16, 19,200	2.48 %
Total	**16, 19,200**	**2.48 %**

2.6. It is seen from the Application that pursuant to the acquisition of shares and voting rights, the Acquirer Trust along with other promoters and members of promoter group shall directly hold voting rights of the Target Company, and post-acquisition the overall shares held by the promoter and members of the promoter group of the Target Company shall continue to be 36.79 %.

2.7. The shareholding of the Target Company before and after the proposed acquisition is as under:

Table-3

Name of the Promoter	**Pre-transaction shareholding %**	**Post-transaction shareholding %**
Ramesh Suri	6.84	6.84
Jyotsna Suri ('Seller')	2.48	0
Ritu Suri	1.73	1.73
Deeksha Holding Limited	15.54	15.54
Jyotsna Holding Pvt. Ltd	5.28	5.28
RR Holdings Private Limited	4.92	4.92
Acquirer Trust	**0**	**2.48**
Total Promoter Shareholding	**36.79%**	**36.79%**
Total Public Shareholding	**63.21%**	**63.21%**

2.8. Further, the Acquirer Trust, vide the Application has relied on the following grounds for exemption:

a. The Settlor has set up the trust to *inter alia* provide a suitable succession structure to ensure seamless intergenerational transfer of the Trust fund amongst the beneficiaries, who are family members.

b. The Settlor intends to transfer and the Acquirer Trust proposes to acquire entire shareholding of the Settlor in the Target Company.

c. To acquire shares in the Target Company and for being inserted as a member of Promoter and Promoter group in the Target Company, the Acquirer, being a Trust, requires specific exemption from the obligation to make Open Offer under Regulation 4 of SEBI (SAST) Regulations, 2011 as—

    i. the Acquirer Trust does not fall under the definition of 'Promoter group' as defined under SEBI (ICDR) Regulations, 2018; and

    ii. the Acquirer Trust does not qualify as 'Qualifying Persons' in terms of the provisions of Regulation 10 of SEBI (SAST) Regulations, 2011.

d. Pursuant to the proposed acquisition, there would be no direct change in the control and management of the Target Company.

e. The Acquirer Trust presently holds NIL shares in the Target Company.

f. The Acquirer Trust has declared that the proposed transaction is a non-commercial transaction and will not prejudice the interest of public shareholders of the Target Company.

g. The principle laid down in catena of cases by SEBI where exemption from making open offer were granted in cases of acquisition by the same group

– especially in case of Family Trusts, would also apply to the facts of the present case.

2.9. Furthermore, vide the Application, the Acquirer Trust, has confirmed compliance with the Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017. In this regard, it has submitted that -

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 Trust.

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 the event of dissolution of the Trust, the assets will be distributed only to the beneficiaries of the trust or to their legal heirs.

e. The Trustees of the Trust 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 Trust 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 Trust.

i. The Acquirer Trust 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 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 Trust 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 acquisition is in accordance with the provisions of the Companies Act, 2013 and other applicable laws.

l. The transferor is disclosed as promoter of the Target Company in the shareholding pattern filed with the Stock Exchanges for a period of more than 3 years prior to the proposed acquisition.

m. There is no layering in terms of trustees / beneficiaries in case of the Acquirer Trust.

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.

3. Consideration –

3.1. Before proceeding with the consideration of the Application and the prayer made therein, I find it appropriate to place hereunder the relevant provisions of the Takeover Regulations, 2011 for the facility of reference:

Acquisition of control:

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.

3.2. I have considered the Application submitted by the Acquirer Trust 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 acquisitions of shares and voting rights in the Target Company i.e. Subros Limited. The proposed acquisition, as detailed above, to be made by the Acquirer Trust, will attract the provisions of Regulation 4 of the Takeover Regulations, 2011.

b. Pursuant to the proposed acquisition, the Acquirer Trust would hold 2.48% of the shares in the Target Company as currently being held by the transferor, who is part of the promoters and promoter group of the Target Company.

The total promoter shareholding in the Target Company would remain unchanged at 36.79 %.

c. The proposed acquisition is intended to have a suitable succession structure and promote welfare of Promoter Family. The proposed acquisition would be non-commercial transactions which would not affect or prejudice the interests of the public shareholders of the Target Companies 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. There will be no change in the total promoter shareholding of the Target Company. There will also be no change in the public shareholding of the Target Companies.

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 Trust has confirmed that it is in compliance with the Guidelines outlined in the Schedule to the SEBI Circular dated December 22, 2017.

3.3. 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 Acquirer Trust, subject to certain conditions as ordered herein below.

4. Order –

4.1. 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 Acquirer, viz. **J.S. Family Trust** from complying with the requirements of Regulation 4 of the Takeover Regulations, 2011 with respect to the proposed direct acquisition in the Target Company, viz. **Subros Limited**, by way of the proposed acquisition as mentioned in the Application.

4.2. 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. On completion of the proposed acquisition, the Proposed Acquirer 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 Acquirer are true and correct.

d. The Proposed Acquirer shall ensure compliance with the statements, disclosures and undertakings made in the Application. The Proposed Acquirer shall also ensure compliance with the provisions of the SEBI Circular dated December 22, 2017.

e. The Proposed Acquirer 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 Deed shall be suitably modified and expeditiously reported to SEBI.

4.3. 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.

4.4. The Application dated April 27, 2021 read with other submissions filed by J S Family Trust, is accordingly disposed of.

-Sd-

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

Date: January 12, 2022 **WHOLE TIME MEMBER**

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