WTM/SKM/CFD/ 37 /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	**GULSHAN POLYOLS LIMITED**
ACQUIRER	1. **GULSHAN FAMILY BENEFIT TRUST** 2. **MRIDULA FAMILY TRUST (formerly known as GULSHAN HOLDING TRUST)** 3. **CHANDRA HOLDING TRUST** 4. **LOTUS HOLDING TRUST**

Background

1. Gulshan Polyols Limited (for convenience "***Target Company***") is a company incorporated on October 20, 2000 having its registered office address at 9th K M Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001 and the equity shares of the *Target Company* are listed on BSE Limited (for short "**BSE**") and National Stock Exchange of India Limited (for short "**NSE")**.

2. An Application dated February 02, 2021 (for convenience "***Application***") seeking exemption from the applicability of *inter alia* regulation 3(1) & regulation 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (for convenience "***Takeover Regulations, 2011***") in the matter of proposed acquisitions of shares of the *Target Company*, was received by SEBI from the trustees of Gulshan Family Benefit Trust, Mridula Family Trust (formerly known as Gulshan Holding Trust), Chandra Holding Trust and Lotus Holding Trust (hereinafter collectively referred to as "***Acquirer Trusts"/ "Applicants*" / "*Proposed Acquirers***").

3. Regulations 3 (1), and 4 of the *Takeover Regulations, 2011* states as under –

Substantial acquisition of shares or voting rights.

Reg. 3(1): *No acquirer shall acquire shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, entitle them to exercise twenty-five per cent or more of the voting rights in 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*

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."*

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

(a) The shareholding of the *Target Company* as on the date of *Application*, is as under:

Sr. no.	**Names**	**No. of shares**	%
A.	***PROMOTER/PROMOTER GROUP***		
1.	Chandra Kumar Jain	35,46,990	7.56
2.	Mridula Jain	4,60,105	0.98
3.	Arushi Jain	3,80,545	0.81
4.	Aditi Pasari	72,599	0.15
5.	Anubha Gupta	1,98,132	0.42
6.	Gulshan Holdings Private Limited	2,63,75,047	56.22
7.	East Delhi Importers & Exporters Private Limited	9,65,020	2.06
B.	***TOTAL PROMOTER HOLDING***	**3,19,98,438**	**68.20**
C.	***PUBLIC SHAREHOLDING***	1,46,29,542	31.18
D.	***NON-PROMOTER NON-PUBLIC***	2,89,040	0.62
TOTAL		**4,69,17,020**	**100%**

(b) Detail of proposed acquisitions by *Acquirer Trust***:**

i. Dr. Chandra Kumar Jain, Mrs. Mridula Jain, Ms. Anubha Gupta, Mr. Aditi Pasari, Ms. Arushi Jain, Gulshan Holdings Pvt. Ltd. and East Delhi Importers & Exporters Pvt. Ltd. are the promoters of the *Target Company*.

ii. Dr. Chandra Kumar Jain, Mrs. Mridula Jain, Ms. Anubha Gupta, Mr. Aditi Pasari, Ms. Arushi Jain are immediate relatives and holds 100% shares of Gulshan Holdings Pvt. Ltd. and East Delhi Importers & Exporters Pvt. Ltd.

iii. A Scheme of Amalgamation ("Scheme") proposing amalgamation of Gulshan Holdings Pvt. Ltd and East Delhi Importers & Exporters Pvt. Ltd. ("Transferor Companies") with the *Target Company* on a going concern basis has been filed with the Stock Exchange(s) on September 11, 2020 and with NCLT's Allahabad Bench on March 18, 2021. Upon the Scheme becoming effective, the Transferor Companies will get dissolved and in return, the shareholders of the Transferor Companies will be issued shares of the *Target Company*. Shareholding pattern of the *Target Company* after of approval of amalgamation scheme shall be as under:

Sr. no.	**Names**	**No. of shares**	%
A.	***PROMOTER/PROMOTER GROUP***		
1.	Dr. Chandra Kumar Jain	1,18,85,326	23.98
2.	Smt. Mridula Jain	77,15,809	15.57
3.	Ms. Arushi Jain	50,46,129	10.18
4.	Ms. Aditi Pasari	50,13,751	10.12
5.	Ms. Anubha Gupta	49,79,892	10.05
B.	***TOTAL PROMOTER HOLDING***	**3,46,40,907**	**69.90**
C.	***PUBLIC SHAREHOLDING***	**1,46,29,542**	**29.52**
D.	***NON-PROMOTER NON-PUBLIC***	**2,89,040**	**0.58**
TOTAL		**4,95,59,489**	**100**

iv. After the approval of amalgamation scheme, the promoters of the *Target Company* shall transfer shares to *Acquirer Trusts* in following manner:

- **Gulshan Family Benefit Trust (*Acquirer Trust 1*)**: Ms. Arushi Jain intends to settle/contribute 36,60,494 equity shares (7.39%). Ms. Aditi Pasari intends to settle/contribute 36,28,116 equity shares (7.32%)**.** Ms. Anubha Gupta intends to settle/contribute 35,94,257 equity shares (7.25%). Accordingly, *Acquirer Trust 1* will acquire **1,08,82,867 equity shares (21.96%)** pursuant to proposed

contribution/settlement/gift of equity shares of the *Target Company* by Ms. Arushi Jain, Ms. Aditi Pasari and Ms. Anubha Gupta.

- **Mridula Family Trust (*Acquirer Trust 2*)**: Dr. Chandra Kumar Jain intends to settle/contribute 34,99,896 equity shares (7.06%). Smt. Mridula Jain intends to settle/contribute 21,10,057 equity shares (4.26%). Accordingly, *Acquirer Trust 2* will acquire **56,09,953 equity shares (11.32%)** pursuant to proposed contribution/settlement/gift of equity shares of the *Target Company* by Dr. Chandra Kumar Jain and Smt. Mridula Jain.

- **Chandra Holding Trust (*Acquirer Trust 3*)**: Dr. Chandra Kumar Jain intends to settle/contribute 34,99,896 equity shares (7.06%). Smt. Mridula Jain intends to settle/contribute 21,10,057 equity shares (4.26%). Accordingly, *Acquirer Trust 3* will acquire **56,09,953 equity shares (11.32%)** pursuant to proposed contribution/settlement/gift of equity shares of the *Target Company* by Dr. Chandra Kumar Jain and Smt. Mridula Jain.

- **Lotus Holding Trust (*Acquirer Trust 4*)**: Dr. Chandra Kumar Jain intends to settle/contribute 34,99,896 equity shares (7.06%). Smt. Mridula Jain intends to settle/contribute 21,10,057 equity shares (4.26%). Accordingly, *Acquirer Trust 4* will acquire **56,09,953 equity shares (11.32%)** pursuant to proposed contribution/settlement/gift of equity shares of the *Target Company* by Dr. Chandra Kumar Jain and Smt. Mridula Jain.

v. In aggregate, *Acquirer Trusts* are proposed to acquire 2,77,12,726 (55.92%) shares of the *Target Company* and together with other promoters shall have control 3,46,40,907 (69.90%) shares of the *Target Company*.

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

***Acquirer Trust 1* - Gulshan Family Benefit Trust**

Settlor	Trustees	Beneficiaries	Relationship
Mr. Rahul Jain	Dr. Chandra Kumar Jain Smt. Mridula Jain	Dr. Chandra Kumar Jain Smt. Mridula Jain **Conditional Beneficiaries:**	Trustee and beneficiaries are immediate

	Ms. Arushi Jain	Daughters of Dr. Chandra Kumar Jain and Smt. Mridula Jain on demise of Dr. Chandra Kumar Jain.	relatives and part of promoter group of Target Company.

***Acquirer Trust 2* - Mridula Family Trust**

Settlor	Trustees	Beneficiaries	Relationship
Smt. Mridula Jain	Dr. Chandra Kumar Jain Ms. Arushi Jain	Ms. Arushi Jain	Trustee and beneficiaries are immediate relatives and part of promoter group of Target Company

***Acquirer Trust 3*- Chandra Holding Trust**

Settlor	Trustees	Beneficiaries	Relationship
Smt. Mridula Jain	Dr. Chandra Kumar Jain Ms. Aditi Pasari	Ms. Aditi Pasari	Trustee and beneficiaries are immediate relatives and part of promoter group of Target Company

***Acquirer Trust 4*- Lotus Holding Trust**

Settlor	Trustees	Beneficiaries	Relationship
Smt. Mridula Jain	Dr. Chandra Kumar Jain Ms. Anubha Gupta	Ms. Anubha Gupta	Trustee and beneficiaries are immediate relatives and part of promoter group of Target Company

(d) The prior and the post shareholding subsequent to the Proposed Acquisition by *Acquirer Trusts* will be as under:

Shareholders' category	Pre holding	Post holding

	No. of shares	% of share holding	No. of shares	% of share holding
Promoter and Promoter Group other than Acquirer				
Dr. Chandra Kumar Jain	1,18,85,326	23.98	13,85,638	2.80
Smt. Mridula Jain	77,15,809	15.57	13,85,638	2.80
Ms. Arushi Jain	50,46,129	10.18	13,85,635	2.80
Ms. Aditi Pasari	50,13,751	10.12	13,85,635	2.80
Ms. Anubha Gupta	49,79,892	10.05	13,85,635	2.80
Acquirers				
Gulshan Family Benefit Trust	0	0	1,08,82,867	21.96
Mridula Family Trust	0	0	56,09,953	11.32
Chandra Holding Trust	0	0	56,09,953	11.32
Lotus Holding Trust	0	0	56,09,953	11.32
Total promoter shareholding	**3,46,40,907**	69.90	**3,46,40,907**	69.90
Public shareholding	1,46,29,542	29.52	1,46,29,542	29.52
Non promoter - Non-Public	2,89,040	0.58	2,89,040	0.58
Total	**4,95,59,489**	**100**	**4,95,59,489**	**100**

Grounds for seeking exemption

5. The *Acquirer* Trust has sought exemption vide its *Application* on the following grounds:

(a) The Proposed Acquisition is only a private family arrangement and a non-commercial transaction for the smooth succession planning of the promoter's family and to streamline the promoter's family assets and businesses. The structure in no way results in lack of transparency and does not in any way impact the interest of investors;

(b) The Proposed Acquisition would not result in any change in the control or management of the *Target Company*;

(c) The Proposed Acquisition would not affect or prejudice the interests of the public shareholders of the *Target Company* in any manner;

(d) The Proposed Acquisition of shares is not being done with any of third parties, but with the private family trusts created solely for the benefits of the Promoters and their immediate relatives.

(e) The sole and exclusive beneficiaries of the *Acquirers Trusts* are promoters or their immediate relatives only and no third party is a beneficiary. The beneficiaries of the *Acquirer Trusts* are not entitled to transfer their beneficial ownership interest in the Trust property to any third party.

(f) The Promoters will subsequently hold the shares of the *Target Company* as the Trustee of the *Acquirer Trusts*;

(g) Pursuant to the Proposed Acquisition, *Acquirer Trusts* will be considered as part of the promoter group of the *Target Company* through direct acquisition as the trustees and the ultimate beneficiaries of the *Acquirer Trusts* are promoters of the *Target Company*.

(h) Efficient succession planning for the next generation is being facilitated through the *Acquirer Trusts*.

(i) The Proposed Acquisition will not alter the board of directors of the *Target Company*.

(j) The proposed transfer by the Promoters is only an internal reorganization of the shareholding of the *Target Company* within the promoter's family for the purpose of a private family arrangement for the benefit of the members of promoter's family.

(k) The application is necessitated only because the *Acquirer Trusts* are not named as promoter as required under Regulation 10(1)(a) for general exemption, although the Proposed Acquisition is inter-se between the PACs and no third party is involved.

(l) 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.

6. The *Acquirer Trusts* (vide the *Application* dated February 02, 2021 and emails dated March 11, 2021, May 19, 2021 and May 27, 2021 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 a mirror image of the Promoters' 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 interest of the beneficiaries of the *Acquirer Trusts* have not been and will 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 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 *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 transfers to the 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 acquisition is 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 transfer (except for holding on account of inheritance).

(m) There is no layering in terms of trustees / beneficiaries in case of *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 acquisitions of shares and voting rights in the *Target Company* i.e. **Gulshan Polyols Limited.** The proposed acquisitions as detailed at paragraph 4 (b) above, will attract the provisions of regulation 3(1) & regulation 4 of the *Takeover Regulations, 2011* as per the *Application* made on behalf of the proposed *Acquirer Trusts*.

(b) Pursuant to the proposed acquisitions, the shareholding of *Acquirer Trusts together* would be 2,77,12,726 (55.92%) equity shares in the *Target Company*.

(c) The objective of the proposed acquisitions is to achieve efficient succession planning and for holding the controlling interest in the *Target Company* in one entity rather than spreading the holding amongst different individuals which may not be in the best interest of the *Target Company*. Efficient succession planning for the next generation is being facilitated through the *Acquirer Trusts*.

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

(e) The pre–acquisition and post–acquisition shareholding of the Promoters in the *Target Company* will remain the same.

(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 ("**SCRR**") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(h) The proposed *Acquirer Trust* has also 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).

(i) 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 *Acquirer Trust*, subject to certain conditions as ordered herein below.

Order

8. I, in exercise of the powers conferred upon me under Section 19 read with Section 11(1) and Section 11(2)(h) of the Securities and Exchange Board of India Act, 1992 and Regulation 11(5) of the *Takeover Regulations, 2011* hereby grant exemption to the *Proposed Acquirers*, viz. **Gulshan Family Benefit Trust, Mridula Family Trust Chandra Holding Trust and Lotus Holding Trust** from complying with the requirements of regulation 3(1) & regulation 4 of the *Takeover Regulations, 2011* with respect to the proposed acquisitions of shareholding in the *Target Company* viz. **Gulshan Polyols Limited** by way of proposed transactions as mentioned in the *Application*.

9. 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 acquisitions, the proposed *Acquirer Trusts* shall file a report with SEBI within a period of 21 days from the date of such acquisitions, 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 Trust* shall also ensure that the covenants in the Trust Deeds are not contrary to the above conditions and undertaking provided by the transferors. In such case, the Trust Deeds shall be suitably modified and expeditiously reported to SEBI.

(f) The exemption is subject to the approval of Scheme of Amalgamation of Transferor Companies with the *Target Company* by NCLT as mentioned in the *Application*.

10. 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.

11. The *Application* dated February 02, 2021 and related correspondences, filed by Gulshan Family Benefit Trust, Mridula Family Trust Chandra Holding Trust and Lotus Holding Trust is accordingly disposed of.

-Sd-

Place: Mumbai
Date: June 22, 2021

S. K. MOHANTY
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA