

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under sections 11(1) and 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	ACQUIRER
HCL Technologies Limited	Roshni Nadar Malhotra

Background –

1. HCL Technologies Limited (“**Target Company**”) was incorporated on November 12, 1991 under the provisions of Companies Act, 1956 having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi-110019. The equity shares of the Target Company are listed on the BSE Ltd. (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”).
2. An Application dated September 30, 2024 (“**Application**”) seeking exemption from the applicability of regulations 3(1), 4 and 5(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations, 2011**”) was received by SEBI from Ms. Roshni Nadar Malhotra (“**Proposed Acquirer/ Applicant**”), in respect of the proposed indirect acquisition of shares and voting rights in the Target Company by the Applicant.
3. In the aforesaid Application, the following was, *inter alia*, stated:
 - (a) The issued, subscribed and paid up Equity Share Capital of the Target Company is Rs. 5,42,73,30,192 divided into 2,71,36,65,096 equity shares of Rs. 2 each. The Target Company has a Promoter and Promoter Group shareholding of 60.82% and public shareholding of 38.98%.

- (b) The shareholding pattern of the Target Company, as on September 30, 2024 (Source: BSE Website), is as follows:

S. No.	Name of Shareholder	No. of Equity Shares held	Percentage of Shareholding (%)
Promoter and Promoter group			
1.	Vama Sundari Investments (Delhi) Pvt. Ltd. (VS IPL)	1,19,85,49,941	44.17
2.	HCL Corporation Private Limited	45,93,104	0.17
3.	HCL Holdings Private Limited	44,66,62,032	16.46
4.	Mr. Shiv Nadar	736	0.00
5.	Ms. Kiran Nadar	4,94,602	0.02
6.	Ms. Roshni Nadar Malhotra	696	0.00
Total (A)		16,50,30,1111	60.82
Public Shareholding (B)		1,05,76,57,174	38.98
Non-promoter non-public (Employee Benefit Trust) (C)		57,06,811	0.21
Total Shareholding (A+B+C)		2,71,36,65,096	100.00

- (c) Vama Sundari Investments (Delhi) Pvt. Ltd. ("**VS IPL**") is a non-deposit taking NBFC classified as a core-investment company registered with RBI. VS IPL, which is classified as a part of the Promoters and Promoter Group of the Target Company, currently holds 44.17% of the equity share capital in the Target Company. The equity shareholding pattern of VS IPL, as on the date of filing the Application, is as under:

S. No.	Name of shareholder	No. of Shares Held	Percentage of Shareholding (%)
1.	Mr. Shiv Nadar	12,968	51.00
2.	Ms. Kiran Nadar	8,320	32.72
3.	Ms. Roshni Nadar Malhotra	2,626	10.33
4.	Mr. Shikhar Neelkamal Malhotra	1,514	5.95
Total		25,428	100

- (d) The Applicant, who is part of the Promoter and Promoter Group of the Target Company, intends to acquire 11,951 shares representing 47% of the share capital of VSIPL from Mr. Shiv Nadar, who is also part of the Promoter and Promoter Group, by way of gift.
- (e) The proposed acquisition is an *inter se* transfer of shares of VSIPL (a promoter group company of the Target Company) among immediate relatives, i.e., father and daughter, both of whom are part of the Promoter and Promoter Group of the Target Company.
- (f) The shareholding pattern of VSIPL, before and after the abovementioned proposed acquisition, would be as follows:

Particulars	Before the proposed transaction		Proposed Transaction		After the proposed transaction	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Mr. Shiv Nadar	12,968	51.00	(11,951)	(47)	1,017	4.00
Ms. Kiran Nadar	8,320	32.72	-	-	8,320	32.72
Ms. Roshni Nadar Malhotra	2,626	10.33	11,951	47	14,577	57.33
Mr. Shikhar Neelkamal Malhotra	1,514	5.95	-	-	1,514	5.95
Total	25,428	100.00	-	-	25,428	100.00

- (g) HCL Corporation Private Limited (“**HCL Corp**”) is a non-deposit taking systemically important non-banking finance company (“NBFC”) registered with Reserve Bank of India (“RBI”). HCL Corp, which is classified as a part of the Promoters and Promoter Group of the Target Company, currently holds 0.17% equity share capital of the Target Company. The equity shareholding pattern of HCL Corp, as on the date of filing the Application, is as under:

S. No.	Name of shareholder	No. of Shares Held	Percentage of Shareholding (%)
5.	Mr. Shiv Nadar	10,200	51.00
6.	Ms. Kiran Nadar	6,544	32.72
7.	Ms. Roshni Nadar Malhotra	2,065	10.33
8.	Mr. Shikhar Neelkamal Malhotra	1,191	5.95
Total		20,000	100.00

- (h) The Applicant, who is part of the Promoter and Promoter Group of the Target Company, intends to acquire 9,400 shares representing 47% of the share capital of HCL Corp from Mr. Shiv Nadar, who is also part of the Promoter and Promoter Group, by way of gift.
- (i) The proposed acquisition of shares of HCL Corp (a promoter group company of the Target Company) is an *inter se* transfer of shares of HCL Corp among immediate relatives, i.e., father and daughter, both of whom are part of the Promoter and Promoter Group of the Target Company.
- (j) The shareholding pattern of HCL Corp, before and after the abovementioned proposed acquisition, would be as follows:

Particulars	Before the proposed transaction		Proposed Transaction		After the proposed transaction	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Mr. Shiv Nadar	10,200	51.00	(9,400)	(47)	800	4
Ms. Kiran Nadar	6,544	32.72	-	-	6,544	32.72
Ms. Roshni Nadar Malhotra	2,065	10.33	9400	47	11,465	57.33
Mr. Shikhar Neelkamal Malhotra	1,191	5.95	-	-	1,191	5.95
Total	20,000	100.00	-	-	20,000	100.00

- (k) The abovementioned proposed acquisition of shares and voting rights in VSIPL and HCL Corp by the Applicant shall result in indirect acquisition of shares and voting rights in the Target Company by the Applicant.
4. Further, vide the Application, the Applicant has, *inter alia*, provided the following grounds for seeking exemption:
- (a) Pursuant to the proposed acquisition, the majority of the shareholding in and the control over VSIPL and HCL Corp would be held by Ms. Roshni Nadar Malhotra (the Applicant). The same would result in indirect acquisition of shares and voting rights in the Target Company by the Applicant. The transferor (Mr. Shiv Nadar) and transferee (the Applicant), being father and daughter respectively, are immediate relatives in terms of regulation 2(1)(l) of the Takeover Regulations, 2011. Additionally, both Mr. Shiv Nadar and the Applicant have been disclosed as promoters of the Target Company in the shareholding pattern filed by the Target Company under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for more than three years. Therefore, the proposed acquisition of shares and voting rights in VSIPL and HCL Corp, resulting in indirect acquisition of shares and voting rights in the Target Company by the Applicant from Mr. Shiv Nadar, is an *inter se* indirect transfer of shares between qualifying persons (i.e., immediate relatives and disclosed promoters) and meets the requirements for availing the general exemption both under regulation 10(1)(a)(i) and regulation 10(1)(a)(ii) of the Takeover Regulations, 2011.
- (b) In this regard, in the informal guidance issued to Vidli Restaurants Limited dated June 23, 2023, SEBI was of the view that general exemption under regulation 10(1)(a) in relation to *inter se* transfer of shares amongst qualifying persons would not be available in case of acquisition at an indirect level, and that SEBI may be approached for a specific exemption under regulation 11(1) of the Takeover Regulations, 2011. As the facts of the present case are similar to the facts in the matter of Vidli Restaurants

Limited, the Application seeking exemption has been filed under regulation 11(1) of the Takeover Regulations, 2011.

- (c) The proposed acquisition is in furtherance of an internal family reorganization intended to streamline succession and welfare of the members of the Nadar family which would ensure continuity of ownership and control by the promoter family and would provide the desired stability to the Target Company.
- (d) Subsequent to the proposed indirect acquisition, the aggregate shareholding of the Promoter and Promoter Group in the Target Company would remain unchanged at 60.82%. Further, the proposed acquisition would not have any adverse impact on the Target Company or the wider securities market in India.
- (e) The proposed acquisition is not pursuant to a commercial transaction and would not affect or prejudice the interests of the public shareholders of the Target Company in any manner.
- (f) There will be no change in the public shareholding of the Target Company, and the Target Company shall continue to be in compliance of the minimum public shareholding requirements prescribed under the Securities Contracts (Regulation) Rules, 1957.

CONSIDERATION

- 5. I have considered the Application submitted by the Applicant and other material available on record.
- 6. In this regard, reference is drawn to regulations 3(1), 4 and 5(1) of the Takeover Regulations, 2011, which state as under –

“Substantial acquisition of shares and voting rights.

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.

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.”

“Indirect acquisition of shares or control.

5. (1) For the purposes of regulation 3 and regulation 4, acquisition of shares or voting rights in, or control over, any company or other entity, that would enable any person and persons acting in concert with him to exercise or direct the exercise of such percentage of voting rights in, or control over, a target company, the acquisition of which would otherwise attract the obligation to make a public announcement of an open offer for acquiring shares under these regulations, shall be considered as an indirect acquisition of shares or voting rights in, or control over the target company.”

7. I note that in a similar matter of Nuvoco Vistas Corporation Limited involving *inter se* transfer of shares and voting rights at indirect level among qualifying persons under regulation 10(1)(a) of the Takeover Regulations, 2011, the Takeover Panel constituted in terms of the proviso to regulation 11(5) of the Takeover Regulations, 2011 in its meeting held on May 31, 2024, had made the following observations:

“The Panel deliberated on the item and noted that the proposed transaction in the application was between immediate relative’s, i.e., father and son which falls under definition of immediate relative under Regulation 2(1)(l) of SEBI (SAST) Regulations, 2011. Further, there is no ultimate change in control in the Target Company.

In view of the above, the Panel recommended for granting exemption in the instant matter”.

8. Having considered the recommendation of the Takeover Panel in the matter of Nuvoco Vistas Corporation Limited and other material available on record, without reiterating the facts as stated above, the following are noted:
 - (a) The Application submitted is in respect of the proposed indirect acquisition of shares and voting rights in the Target Company.
 - (b) Pursuant to the proposed acquisition, the Proposed Acquirer along with other promoters would continue to hold 60.82% shares in the Target Company.
 - (c) The proposed acquisition as detailed above, which is to be undertaken by the Proposed Acquirer, shall attract the provisions of regulations 3(1), 4 and 5 (1) of the Takeover Regulations, 2011.
 - (d) The shareholding pattern of the Target Company, before and after the proposed acquisition, would be as produced below:

Particulars	Before the proposed transaction		Proposed Transaction		After the proposed transaction	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Promoter and Promoter Group						
Vama Sundari Investments (Delhi) Pvt. Ltd. (VSIPL)	1,19,85,49,941	44.17	-	-	1,19,85,49,941	44.17
HCL Corporation Pvt. Ltd. (HCL Corp)	45,93,104	0.17	-	-	45,93,104	0.17
HCL Holdings Private Limited	44,66,62,032	16.46	-	-	44,66,62,032	16.46
Mr. Shiv Nadar	736	0.00	-	-	736	0.00
Ms. Kiran Nadar	4,94,602	0.02	-	-	4,94,602	0.02
Ms Roshni Nadar Malhotra	696	0.00	-	-	696	0.00
Total (A)	16,50,30,1111	60.82	-	-	16,50,30,1111	60.82
Public (B)	1,05,76,57,174	38.98	-	-	1,05,76,57,174	38.98
Non-promoter non-public (Employee Benefit Trust) (C)	57,06,811	0.21	-	-	57,06,811	0.21
Total (A+B+C)	2,71,36,65,096	100.00	-	-	2,71,36,65,096	100.00

- (e) The proposed indirect acquisition would not affect or prejudice the interests of the public shareholders of the Target Company in any manner.
- (f) There shall be no change in control of the Target Company pursuant to the proposed acquisition.
- (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.

9. Considering the aforementioned, I am of the view that exemption as sought for in the Application (read with other submissions) may be granted to the Proposed Acquirer, subject to certain conditions as ordered herein below.

ORDER

10. 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., **Ms. Roshni Nadar Malhotra**, from complying with the requirements of regulations 3(1), 4 and 5 (1) of the Takeover Regulations, 2011 with respect to the proposed indirect acquisition in the Target Company, viz., **HCL Technologies Limited**, by way of proposed transaction as mentioned in the Application.
11. 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 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.
 - (e) The exemption is granted without prejudice to the applicability of any approvals to be obtained under any laws, rules or regulations for the time being in force.

12. 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.
13. The exemption granted in this Order (at paragraph 10) from making an open offer in respect of the proposed acquisition shall remain valid for a period of one year from the date of this Order and the Applicant shall complete the implementation of the proposed acquisition within such period, failing which the granted exemption shall lapse and cease to exist.
14. The Application dated September 30, 2024 filed by the Applicant is accordingly disposed of.

PLACE: MUMBAI

DATE: NOVEMBER 22, 2024

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA