

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

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TARGET COMPANY	GUJARAT LEASE FINANCING LIMITED
PROPOSED ACQUIRERS	1. MEHTA FAMILY TRUST 1 2. MEHTA FAMILY TRUST 2 3. MEHTA FAMILY TRUST 3 4. MEHTA FAMILY TRUST 4

Background –

1. Gujarat Lease Financing Limited (“**Target Company**”) is a company incorporated under the Companies Act, 1956 and has its registered office at 6th Floor, Hasubhai Chambers, Opp. Town Hall, Ellis bridge, Ahmedabad – 380006, Gujarat. It was incorporated on July 13, 1983. The equity shares of the Target Company are listed on BSE Ltd. (“**BSE**”) and the National Stock Exchange of India Ltd. (“**NSE**”).
2. An application dated July 31, 2023 has been received from Mehta Family Trust 1, Mehta Family Trust 2, Mehta Family Trust 3 and Mehta Family Trust 4, (“**Acquirer Trusts / Proposed Acquirers**”) along with emails dated August 25, 2023, September 09, 2023, September 15, 2023 and October 16, 2023 seeking exemption from the applicability of

Regulations 3 and 5 read with Regulation 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**“Takeover Regulations, 2011”**) with respect to the proposed indirect acquisition of shares in the Target Company. The above-mentioned application along with the emails mentioned above is hereinafter referred to as the **“Application”**.

3. The Acquirer Trusts vide their Application have submitted the following:--

A. The issued, subscribed and paid up equity share capital of the Target Company was Rs. 27,12,57,670 divided into 2,71,25,767 equity shares of Rs. 10 each. The Target Company had a public shareholding of 54.33% and non-public shareholding of 45.67 %, which was entirely held by the promoters and promoter group. As on July 31, 2023, the shareholding pattern of the Target Company was as under:

Sr. No	Name	No. of Shares	% shareholding
A.	Promoter/Promoter Group		
1.	Torrent Investments Private Limited	80,15,525	29.55
2.	Other Promoters	43,71,697	16.12
Total Promoter Shareholding		1,23,87,222	45.67
B.	Public shareholding	1,47,38,545	54.33
Total Shareholding		2,71,25,767	100

B. In order to facilitate succession planning, Sudhir Uttamlal Mehta and Samir Uttamlal Mehta had created the Acquirer Trusts to streamline the family’s shareholding in Torrent Investments Private Limited (**“TIPL”**).

C. The Acquirer Trusts intended to acquire interest in the Target Company, indirectly from TIPL, one of the promoters of the Target Company. Pursuant to the proposed acquisition of shares and voting rights, the Acquirer Trusts shall indirectly have control over the Target Company.

D. The Acquirer Trusts intended to acquire 6,36,810 shares of TIPL, which holds 29.55% of the share capital of the Target Company, by way of gift. The shareholding pattern of TIPL was as under:

Sr. No	Name	No. of Shares	% shareholding
1	Sudhir Uttamlal Mehta	152,407	23.93
2	Sudhir Uttamlal Mehta(HUF)	42,322	6.65
3	Anita Sudhir Mehta	60,000	9.42
4	Jinal Sudhir Mehta	31,840	5.00
5	Varun Sudhir Mehta	31,840	5.00
6	Samir Uttamlal Mehta	258,407	40.58
7	Sapna Samir Mehta	60,000	9.42
8	Aman Mehta	1	0
9	Shaan S. Mehta	1	0
Total		6,36,818	100

E. The Acquirer Trusts intended to acquire 6,36,810 equity shares in TIPL in the following manner:

- i. Acquirer Trust 1 would acquire 1,59,202 (25%) equity shares of TIPL from Sudhir Uttamlal Mehta and Sudhir Uttamlal Mehta (HUF).
- ii. Acquirer Trust 2 would acquire 1,59,202 (25%) equity shares of the TIPL from Samir Uttamlal mehta and Sapna Samir Mehta.
- iii. Acquirer Trust 3 would acquire 1,59,203 (25%) equity shares of the TIPL from Sudhir Uttamlal Mehta (HUF), Anita Sudhir Mehta, Jinal Sudhir Mehta and Varun Sudhir Mehta.
- iv. Acquirer Trust 4 would acquire 1,59,203 (25%) equity shares of the TIPL from Samir Uttamlal Mehta.

- v. Transfer of shares from Sudhir Uttamlal Mehta(HUF) would be subsequent to partition of the HUF to the respective beneficiaries, and the beneficiaries in turn would transfer the shares to the respective Acquirer Trusts.
- vi. Further, eight (8) Promoters of TIPL would continue to hold one (1) share each in TIPL.
- vii. Upon the completion of the above-mentioned acquisitions, the Acquirer Trusts would be able to indirectly exercise rights over shares constituting 29.55% of the share capital of the Target Company.
- viii. There would be no alteration in total equity share capital of the Target Company as a result of the proposed acquisitions. The shareholding pattern of the Target Company before and after the proposed acquisition would be as under:

Particulars	Shareholding before the 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)						
Torrent Investments Private Limited	80,15,525	29.55	-	-	80,15,525	29.55
Gujarat Industrial Investment Corporation Limited	17,93,572	6.61	-	-	17,93,572	6.61
Gujarat State Investments Limited	13,28,125	4.91	-	-	13,28,125	4.90
Gujarat Maritime Board	6,25,000	2.30	-	-	6,25,000	2.30
Gujarat Industrial Development Corporation	6,25,000	2.30	-	-	6,25,000	2.30
Acquirers and Persons Acting in Concert (PAC)						
Acquirer Trusts	-	-	-	-	-	-
Public						
Public Shareholding	1,47,38,545	54.33	-	-	1,47,38,545	54.33
Total	2,71,25,767	100			2,71,25,767	100

F. The Settlers, Trustees and Beneficiaries of the aforementioned Acquirer Trusts were the following:

Mehta Family Trust 1 (Acquirer Trust 1)		
Status	Name	Relationship
Settlor	Mrs. Shardaben Uttamlal Mehta	Self
Trustee(s)	Sudhir Uttamlal Mehta	Son of Shardaben Uttamlal Mehta
	Anita Sudhir Mehta	Wife of Sudhir Uttamlal Mehta
Beneficiaries	Sudhir Uttamlal Mehta	Son of Shardaben Uttamlal Mehta
	Anita Sudhir Mehta	Wife of Sudhir Uttamlal Mehta
	Jinal Sudhir Mehta	Son of Sudhir Uttamlal Mehta
	Varun Sudhir Mehta	Son of Sudhir Uttamlal Mehta
	Lineal descendants of Jinal Sudhir Mehta and Varun Sudhir Mehta	

Mehta Family Trust 2 (Acquirer Trust 2)		
Status	Name	Relationship
Settlor	Mrs. Shardaben Uttamlal Mehta	Self
Trustee(s)	Samir Uttamlal Mehta	Son of Shardaben Uttamlal Mehta
	Sapna Samir Mehta	Wife of Samir Uttamlal Mehta
Beneficiaries	Samir Uttamlal Mehta	Son of Shardaben Uttamlal Mehta
	Sapna Samir Mehta	Wife of Samir Uttamlal Mehta
	Aman Samir Mehta	Son of Samir Uttamlal Mehta
	Shaan Samir Mehta	Son of Samir Uttamlal Mehta
	Lineal descendants of Aman Samir Mehta and Shaan Samir Mehta	

Mehta Family Trust 3 (Acquirer Trust 3)		
Status	Name	Relationship
Settlor	Mrs. Shardaben Uttamlal Mehta	Self
Trustee(s)	Sudhir Uttamlal Mehta	Son of Shardaben Uttamlal Mehta
	Anita Sudhir Mehta	Wife of Sudhir Uttamlal Mehta
Beneficiaries	Sudhir Uttamlal Mehta	Son of Shardaben Uttamlal Mehta
	Anita Sudhir Mehta	Wife of Sudhir Uttamlal Mehta
	Jinal Sudhir Mehta	Son of Sudhir Uttamlal Mehta
	Varun Sudhir Mehta	Son of Sudhir Uttamlal Mehta
	Lineal descendants of Jinal Sudhir Mehta and Varun Sudhir Mehta	

Mehta Family Trust 4 (Acquirer Trust 4)		
Status	Name	Relationship
Settlor	Mrs. Shardaben Uttamlal Mehta	Self
Trustee(s)	Samir Uttamlal Mehta	Son of Shardaben Uttamlal Mehta
	Sapna Samir Mehta	Wife of Samir Uttamlal Mehta
Beneficiaries	Samir Uttamlal Mehta	Son of Shardaben Uttamlal Mehta
	Sapna Samir Mehta	Wife of Samir Uttamlal Mehta
	Aman Samir Mehta	Son of Samir Uttamlal Mehta
	Shaan Samir Mehta	Son of Samir Uttamlal Mehta
	Lineal descendants of Aman Samir Mehta and Shaan Samir Mehta	

4. Further, vide the Application, the Acquirer Trusts have *inter-alia* provided following grounds for seeking exemption: --

- A. The proposed acquisitions of shares were to carry out an internal reorganisation within the promoter family and were intended to streamline succession 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 Company in any manner.
- B. The Acquirer Trusts would fall within the definition of 'Promoter group' under SEBI ICDR Regulations, 2018 as the Trustees and ultimate beneficiaries of the Acquirer Trusts were promoters and members of the promoter group of the Target Company. The proposed acquisitions would not result in any increase or decrease in the holding of the promoters or promoter group in the Target Company.
- C. The proposed acquisitions would also not result in any change in the control or management of the Target Company. Sudhir Mehta and Samir Mehta were directly not disclosed as members of the Promoter/promoter group of the Target company. However, Sudhir Mehta and Samir Mehta and their family owned 100% shares and control of TIPL, which was duly disclosed as a member of the promoter/promoter group of the Target Company.
- D. The Acquirer Trusts have been set up for the benefit of the members of the families of Sudhir Mehta and Samir Mehta who owned 100% of the shares of TIPL, which was duly disclosed as a member of the promoter/promoter group of the Target Company. Accordingly, the Trustees of the Acquirer Trusts would exercise control as part of the promoter family.
- E. There would be no effective change in the exercise of voting power or in the control/management of the Target Company. The pre-acquisition shareholding and post-acquisition shareholding of the promoter and members of the promoter group in the Target Company would therefore remain same. Further, the change in the identity of persons exercising voting rights over TIPL would only be between persons, who in their individual capacities were persons who owned 100% of the shares of TIPL, which was disclosed as a member of the promoter/promoter group of the Target Company.

- F. Trustees, in their individual capacities were representatives of the Acquirer Trusts and accordingly all regulations could therefore be enforced on the Trustees in their individual capacities. Accordingly, there would be no difficulty as regards enforceability of the provisions of the SEBI Act and the regulations framed thereunder if the shares of TIPL were held by the Trustees for the benefit of the beneficiaries of the Acquirer Trusts.
- G. The Acquirer Trusts are private family trusts, set up specifically for the benefit of the members of the promoter group. The structure in no way has resulted in a lack of transparency, and did not in any way impact the interest of investors.
- H. No person other than immediate relatives (as defined under the Takeover Regulations, 2011) or lineal descendants of legal heirs of the members of the families of Sudhir Mehta and Samir Mehta would be added as Trustees or beneficiaries of the Acquirer Trusts.

Consideration –

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

“Substantial acquisition of shares or 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...”*

6. The Acquirer Trusts, vide their Application have confirmed compliance with the following conditions outlined in the Schedule to the SEBI Circular dated December 22, 2017, as applicable to the Acquirer Trusts:

- (a) The Trust is 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 Trust.*
- (c) The beneficial interest of the beneficiaries of the Trust has 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 Trust, the assets will be distributed only to the beneficiaries of the 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 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 transfers to the Trust.*
- (i) *The Trust 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 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 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 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 Trust.*
- (n) *The Trust Deed Agreement 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.*

7. With respect to the condition prescribed in the SEBI Circular that – “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)”, the Acquirer Trusts have submitted vide email on August 25, 2023 that—

- A. TIPL, being the promoter of the Target Company, and controlled by the Mehta Family, was already disclosed as the promoter for more than 3 years of the Target Company, therefore, the said condition would be deemed to have been complied with; and
- B. SEBI had, vide its order dated February 14, 2020, in the case of MPS Limited, specifically stated, in Para 7G that in case of indirect acquisition, if the transferor is not shown as the promotor, but the immediate holding company whose shares are proposed to be transferred is shown as the promotor of the Target Company for more

than 3 years, then that should be considered as a deemed compliance with the required condition.

8. 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 6,36,810 shares in TIPL (promoter of Target Company) by the Acquirer Trusts. The proposed acquisitions, as detailed at paragraph 3(E) above, to be undertaken by the Acquirer Trusts, will lead to the indirect acquisition of control of the Target Company i.e. Gujarat Lease Financing Limited and will attract the provisions of Regulations 3, 4 and 5 of the Takeover Regulations 2011.
- B. The proposed acquisitions are intended to streamline succession and promote welfare of the Mehta Family. The proposed acquisitions will be non-commercial transactions that will not affect or prejudice the interests of the public shareholders of the Target Company.
- C. There will be no change in the 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 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 (“**LODR, 2015**”).
- G. The Acquirer Trusts have also confirmed that they were in compliance of the conditions outlined in the Schedule to the SEBI Circular dated December 22, 2017 (as reproduced at paragraph 6 above). With respect to the condition that the transferors should be disclosed as promoters in the shareholding pattern filed with the Stock Exchanges for a period of at least 3 years prior to transfer, I note that –
 - i. all the transferors do not directly hold shares of the Target Company;

- ii. this is a case of indirect acquisition and all the transferors are not shareholders of the Target Company;
- iii. however, TIPL which is controlled by the transferors has been shown as a promoter in the shareholding pattern of the Target Company for more than 3 years.

H. Considering the aforementioned, I am of the view that exemption as sought for in the Application may be granted to the Acquirer Trusts, subject to 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 Acquirer Trusts, viz. Mehta Family Trust 1, Mehta Family Trust 2, Mehta Family Trust 3, Mehta Family Trust 4, from requiring to comply with the requirements of Regulation 5 and 3 read with Regulation 4 of the Takeover Regulations 2011 with respect to the proposed indirect acquisition in the Target Company, i.e. Gujarat Lease Financing Limited, by way of proposed transaction/s as mentioned in the Application.

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) On completion of the proposed acquisitions, the 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 Acquirer Trusts are true and correct.
- (d) The Acquirer Trusts shall ensure compliance with the statements, disclosures and undertakings made in the Application. The Acquirer Trusts shall also ensure compliance with the provisions of the SEBI Circular dated December 22, 2017.

(e) The Acquirer Trusts shall also ensure that the covenants in the Trust Deeds are not contrary to the above conditions and undertakings. 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 / LODR, 2015 or any other applicable Acts, Rules and Regulations.
12. The exemption granted in this Order (at paragraph 9) from making an open offer in respect of the proposed acquisitions shall remain valid for a period of 1 year from the date of this Order and the Acquirer shall complete the implementation of the proposed acquisitions within such period, failing which the granted exemption shall lapse and cease to exist.
13. The Application filed by the Acquirer Trusts, viz. Mehta Family Trust 1, Mehta Family Trust 2, Mehta Family Trust 3, Mehta Family Trust 4, accordingly stands disposed of.

Place: Mumbai

Date: October 17, 2023

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA