

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	GREENPLY INDUSTRIES LIMITED
ACQUIRER	MITTAL BUSINESS HOLDINGS TRUST

Background

1. Greenply Industries Limited (for convenience "*Target Company*") is a company incorporated on November 28, 1990 under the Companies Act, 1956 and has its registered office at Makum Road, Tinsukia, Assam – 786125. The equity shares of the *Target Company* are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").
2. An Application dated March 22, 2022 read with emails dated April 09, 2022; May 17, 2022; June 23, 2022; July 07, 2022; July 13, 2022; and July 18, 2022 (for convenience "*Application*") seeking exemption from the applicability of inter alia regulation 5(1) read with 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 direct and indirect acquisitions of shares in the *Target Company*, was received by SEBI from Mr. Rajesh Mittal and Mr. Sanidhya Mittal (Trustees) on behalf of Mittal Business Holdings Trust (for convenience "*Acquirer Trust / Applicant*").

3. Regulations 3 (1), 4 and 5(1) 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.”

Indirect acquisition of shares or control.

Reg. 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.

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

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

Name	Number of shares/total voting rights held	% of shares/total voting capital held
Rajesh Mittal	50,07,250	4.08
Sanidhya Mittal	1,21,300	0.10

Karuna Mittal	7,10,600	0.58
Showan Investment Pvt. Ltd.	4,64,17,179	37.85
Other Promoter	1,18,64,201	9.68
Mittal Business Holdings Trust	-	-
Total Promoter & Promoter Group	6,41,20,530	52.29
Public Shareholding	5,85,06,865	47.71
TOTAL	12,26,27,395	100.00

(b) Proposed transaction involves direct and indirect acquisitions of shares of *Target Company* by *Acquirer Trust*. The proposed transaction is planned to be executed in three phases as follows -

Phase I

- Transfer of equity shares of the *Target Company* from Mr. Rajesh Mittal and Mr. Sanidhya Mittal (Promoters) to Mrs. Karuna Mittal.

Sr. No.	Name of Promoter (Transferor)	Gifted to (Transferee)	Number of shares	Percentage of shares	Relationship
1	Mr. Rajesh Mittal	Mrs. Karuna Mittal	50,07,250	4.08%	Husband-wife
2	Mr. Sanidhya Mittal	Mrs. Karuna Mittal	1,21,300	0.10%	Son-mother
Total			51,28,550	4.18%	

- Mrs. Karuna Mittal's current shareholding in *Target Company* is 7,10,600 (0.58%) equity shares and pursuant to the transfers contemplated in Phase 1 as above, she will hold 59,39,150 equity shares in the *Target Company* amounting to 4.76% of the share capital of the *Target Company*.

Phase II

- Showan Investment Private Limited (SIPL) is a private limited company and forms part of the promoter group of the *Target Company* and holds 4,64,17,179 equity shares in *Target Company* amounting to 37.58% of the share capital of the *Target Company*.
- As on March 22, 2022, the entire share capital of SIPL was held by Mr. Sanidhya Mittal and Mrs. Karuna Mittal in ratio of 50:50. i.e. Mr. Sanidhya Mittal holds 25,000 equity shares in SIPL and Mrs. Karuna Mittal holds 25,000 equity shares in SIPL.
- Mr. Sanidhya Mittal, also a promoter of the *Target company* will transfer his holding in SIPL to Mrs. Karuna Mittal in following manner:

Sr. No.	Name of Promoter (Transferor)	Gifted to (Transferee)	Number of shares	Percent age of shares	Relationship
1.	Mr. Sanidhya Mittal	Mrs. Karuna Mittal	24,990	49.98	Son-Mother
Total			24,990	49.98	

- Presently, Mr. Sanidhya Mittal holding 25,000 (50.00%) equity shares of SIPL. Out of that, Mr. Sanidhya Mittal will transfer 24,990 (49.98%) shares to Ms. Karuna Mittal and will keep 10 shares with him to comply the companies act requirement of minimum number of members in private company.
- Pursuant to aforementioned transfer of shares, Mrs. Karuna Mittal will hold 49,990 (99.98%) equity shares in SIPL and the nominal shares i.e. 10 (0.02%) equity shares would be held by Mr. Sanidhya Mittal.

Phase III

Mrs. Karuna Mittal will transfer by way of settlement through gift (without consideration):

- her entire shareholding in *Target Company* i.e. shares acquired above and the shares previously held by her i.e. 58,39,150 (4.76%) shares of the *Target Company* to the *Acquirer Trust*.
- 49,990 equity shares of SIPL amounting to 99.98% of the share capital of SIPL, to the *Acquirer Trust*, as the settlor of the *Acquirer Trust*.
- Pursuant to the above mentioned acquisition, the *Acquirer Trust* will be able to exercise rights over shares constituting 42.61% of the share capital of the *Target Company*. There will be no change of beneficial ownership or control of the shares or voting rights of such shares or of the *Target Company*.

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

Settlor	Trustees	Beneficiaries	Relationship
Mrs. Karuna Mittal	Mr. Rajesh Mittal Mr. Sanidhya Mittal	Mr. Rajesh Mittal Mr. Sanidhya Mittal Lineal descendants of Mr. Sanidhya Mittal	Trustee and beneficiary are immediate relatives and promoters of <i>Target company</i>

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

Shareholders Category	Before the Proposed Acquisition		After The Proposed Acquisition	
	Number of shares/total voting rights held	% of shares/total voting capital held	Number of shares/voting rights	% of shares/voting rights
Promoter & Promoter group other than Acquirer Trust				
Rajesh Mittal	50,07,250	4.08	-	-
Sanidhya Mittal	1,21,300	0.10	-	-
Karuna Mittal	7,10,600	0.58	-	-
Showan Investment Pvt Ltd	4,64,17,179	37.85	4,64,17,179	37.85
Other Promoter	1,18,64,201	9.68	1,18,64,201	9.68

Acquirer Trust				
Mittal Business Holdings Trust	-	-	58,39,150	4.76
Total Promoter & Promoter Group	6,41,20,530	52.29	6,41,20,530	52.29
Public Shareholding	5,85,06,865	47.71	5,85,06,865	47.71
TOTAL	12,26,27,395	100.00	12,26,27,395	100.00

Grounds for seeking exemption

5. The *Acquirer Trust* has sought exemption vide its *Application* on the following grounds:
- The proposed Acquisition is being undertaken as a non-commercial transaction and an internal family arrangement intended to streamline succession and welfare of the Mittal family. Pursuant to the Proposed Acquisition, there would be no change in the management or control of the *Target Company* and the Proposed Acquisition would not affect or prejudice the interests of the public shareholders of the *Target company*.
 - There will be no new acquisition of shares by the promoters/ promoter group pursuant to the Proposed Acquisition and the pre-acquisition and post- acquisition shareholding of the promoter group in the *Target Company* would remain the same at 52.29%.
 - There will not be any resultant changes in the effective control and management of the *Target Company* pursuant to the Proposed Transfer.
 - In any event, since the *Acquirer Trust* has been set up for the benefit of the members of Mittal Family, the trustees of the *Acquirer Trust* will exercise control only as part of Mittal Family. Therefore, regardless of whether the managing trustee or the trustees exercise control in their personal capacity or as trustees, Mittal family and their lineal descendants would continue to be in control of the target.
 - In light of the intent and spirit behind regulation 10 of the *Takeover Regulations, 2011* that exempts transfer of shares inter-se between immediate relatives (which includes immediate lineal descendants), the Proposed Acquisition would merit an exemption under the *Takeover Regulations, 2011*.

- (f) Further, the *Acquirer Trust* being a private family trust wherein the trustees and the ultimate beneficiaries are individuals belonging to the Mittal family (member of the promoter/promoter group of the Target), there is no lack of transparency in respect of the structure of the *Acquirer Trust* and the Proposed Acquisition in no way affects the interest of the public shareholders.
- (g) Further, pursuant to the Proposed Acquisition there will not be any change in the public shareholding of the *Target Company*. The *Target Company* will accordingly continue to be in compliance with the minimum public shareholding requirements under the Securities Contracts (Regulations) Rules, 1957 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (h) For the reasons above, the Proposed Acquisition will not affect or prejudice the interests of the public shareholders of the *Target Company* in any manner.
6. The *Acquirer Trust* (vide the *Application* dated March 22, 2022 and email dated April 09, 2022 has 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 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 Trust*.
- (c) The beneficial interest of the beneficiaries of the *Acquirer Trust* 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 Trust*, the assets will be distributed only to the beneficiaries of the trusts or to their legal heirs.
- (e) The Trustees of the *Acquirer 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 *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 transfers to the *Acquirer Trust*.
- (i) The *Acquirer 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 *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 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 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 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 direct and indirect acquisition of shares and voting rights in the *Target company* i.e. Greenply Industries Limited. The proposed acquisitions as detailed at paragraph 4 (b) above, will attract the provisions of regulation 5(1) read with regulation 3(1) & regulation 4 of the *Takeover Regulations, 2011* as per the *Application* made on behalf of the proposed *Acquirer Trust*.
- (b) Pursuant to the proposed acquisitions, the *Acquirer Trust* would directly hold in 58,39,150 (4.76%) equity shares in the *Target company* and would indirectly exercise control of 37.58% shares through Showan Investment Private Limited. In aggregate *Acquirer Trust* would acquire control over 42.61% equity shares of *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 Trust*.
- (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 mentioned at paragraph 6 of this Order).
- (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 acquirer, viz. Mittal Business Holdings Trust from complying with the requirements of regulation 5(1) read with regulation 3(1) & regulation 4 of the *Takeover Regulations, 2011* with respect to the proposed direct and indirect acquisitions in the *Target company* viz. Greenply Industries 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 Trust* 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 *Acquirer Trust* are true and correct.
- (d) The proposed *Acquirer Trust* shall ensure compliance with the statements, disclosures and undertakings made in the *Application*. The proposed *Acquirer Trust* shall also ensure compliance with the provisions of the SEBI Circular dated December 22, 2017.
- (e) The proposed *Acquirer 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.

10. It is observed from the material available on record that an Exemption from making an open offer under the *Takeover Regulations, 2011* was granted to the *Applicant* vide Order dated March 19, 2021, however, the *Applicant* did not proceed with the proposed acquisition in respect of which the said Exemption was granted. Therefore, it is hereby directed that the exemption being granted in this Order (at paragraph 8) from making an open offer in respect of the Proposed Acquisition shall remain valid for a period of 6 months from the date of this Order and the *Applicant* shall complete the implementation of the Proposed Acquisition within such period.

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 March 22, 2022 and related correspondences, filed by Mittal Business Holdings Trust is accordingly disposed of.

-Sd-

Place: Mumbai

Date: October 20, 2022

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA