

Shielding Wealth It's a Matter of Trust for Promoters

From startup IPOs to legacy houses, families shift shares to safeguard assets, ease succession and avoid messy disputes

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Mumbai: Business families and startup founders are increasingly turning to trust structures to hold their shares, driven by the need to safeguard wealth, enhance tax efficiency, guard assets from creditors and ease the handover of control.

The trend is noticeable in most companies that have gone public in recent times, with first-time entrepreneurs transferring part of their stakes to private trusts before hitting the primary market, as with Groww. On September 1, its promoters Lalit Keshre, Harsh Jain, Neeraj Singh and Ishan Bansal each transferred 15 million shares of the investment tech company to four family trusts—Sangam, Aarambh, Fortune and Ikigai—as gifts. Groww's IPO is currently in progress, with plans to list

on the bourses next week.

The pattern runs in legacy companies as well. Among the 2,757 companies listed on the NSE, promoters hold their shares through trusts in 878 of them, according to Prime Database numbers.

Several billionaires including Gautam Adani (Adani Enterprises), Radhakishan Damani (Avenue Supermarts/DMart), Pankaj Patel (Zydus Lifesciences), Falguni Nayar (FSN E-Commerce/Nykaa), Glenn Saldanha (Glenmark Pharma), BK Goenka (Welspun Enterprises) and Siddhartha Lal (Eicher Motors) hold a significant chunk of their stakes through trusts. In some cases, it's 90% or even 100% of the entire promoter holdings.

While these are private family trusts, there are also public trusts like the Tata Trusts, which own a majority of Tata Sons, the holding company of the Tata Group.

The Securities and Exchange Board of

Holders and Holdcos

NSE-listed Companies with Trusts as Promoters

CATEGORY	NO. OF NSE LISTED COS	NO. OF SHAREHOLDERS
TRUST	525	2,123
PRIVATE TRUST	44	88
FAMILY TRUST	283	922
FAMILY PRIVATE TRUST	26	64



India (Sebi) has been receiving an increasing number of applications from family trusts seeking waivers on open offers after acquiring shares from individual promoters or corporate bodies such as priva-

te limited companies, said people with knowledge of the matter.

Sebi grants these exemptions if the transfers are non-commercial, don't affect public shareholder interest, mainta-

in promoter group holdings and avoid any change in control triggers.

"Moving shares to trust structures streamlines estate planning, facilitates smooth succession, and ring-fences control," said Prime Database MD Pranav Haldea.

Globally, trusts form a key part of how founders spread out ownership, said Noshir Dadrawala, programme director of the Centre for Advancement of Philanthropy.

Tesla founder Elon Musk's headline-grabbing purchase of stock worth \$1 billion in September was made through the Elón Musk Revocable Trust, of which he's a trustee.

Lawyers say they make passing wealth on easier, reducing family disputes and drawn-out court fights although not fully proof from them.

"Private irrevocable trusts safeguard family inheritance and ensure unity in share-

holding after the death of a dominant shareholder," said Vishwang Desai, managing partner at law firm Desai & Diwanji. "When carefully structured—with precise language and the informed consent of all interested parties—such trusts can offer greater certainty and legal security than a traditional last will and testament."

A will's key feature is that it can be changed. "This creates a risk that the testator may later act contrary to the family's prior understanding, as the underlying shares and assets remain their personal property until death," Desai said.

A senior counsel who has assisted several south Mumbai promoters with estate plans agreed.

"A will shifts with the wind. Children or others can sway the writer. But putting assets like shares in a trust guards against your own changes. It also gives clear rules on your estate and who gets what after," he said. "In case of insolvency, the structure shields your assets from debt collectors."