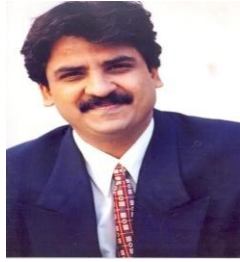


NATIONAL CONFERENCE ON
“New Takeover Code - *A Mirror of the Dynamic Economy*”

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MESSAGE

Capital Market Regulator, SEBI notified the much awaited New Takeover Regulations on 23rd September 2011 and **ASSOCHAM** jointly with '**Corporate Knowledge Foundation**', a newly formed Non-profit Organization aimed at disseminating knowledge and developing efficient & responsible professionals and corporates, has taken the initiative to organize the First National Conference on the new Regulations - "New Takeover Code- A Mirror of the Dynamic Economy".

As you all are aware that www.takeovercode.com is the pioneer venture of Corporate Professionals to disseminate information & provide online solutions on the complicated laws governing substantial acquisitions and takeovers of listed companies with more than forty thousand registered users all over the country and abroad. In continuation of its efforts to keep it with the pace of changes it has already provided Comparison of new and old regulations, analysis and Interpretation of provisions, FAQs, Glossary, various Online Calculators to simplify this new piece of legislation for its users.

It is our privilege to become the Knowledge Partner of this National Conference and present the background paper on "New Takeover Code- A Mirror of the Dynamic Economy". The background paper showcases the Highlights of SEBI Takeover Regulations, 2011 with an analysis of important concepts and comparison of SEBI Takeover Regulations, 1997 and SEBI Takeover Regulations, 2011.

I hope this National Conference would be a great platform for discussing and sharing the views of eminent speakers and gives rich insight and adequate knowledge about the New Takeover Regulations to all the interested stakeholders. I also hope that this Background Paper shall be supplement to the Conference and would be glad to receive comments /suggestions of the readers for making our future endeavors better.

With warm wishes.....

(Pavan Kumar Vijay)
Founder, www.takeovercode.com

11th October 2011
New Delhi



MESSAGE

Coming in the backdrop of shaky global markets and anxiety about policy inertia, SEBI's new regulations governing substantial acquisitions and takeovers ("New Code") give much food for thought to market constituents. While continuing with the theme of monitoring acquisitions of shares, voting rights and control, the new code extends the ambit to acquisition of any security carrying voting rights including depository receipts.

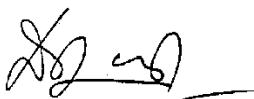
As more and more inbound and outbound investments take place, the new Takeover Code from SEBI is definitely a shot in the arm. Perhaps this will forcefully enhance India's capabilities as well as creditability for creating a better level playing field for bigger economic engagements.

ASSOCHAM has always been in forefront to bring to the Industry the latest of the reforms process so that the business climate improves and also provides a world class platform to undertake M&A transactions. In line with this ASSOCHAM and 'Corporate Professionals' have jointly come out with a backgrounder "**New Takeover Code- A Mirror of the Dynamic Economy**". This capsules the commentary of the bold steps SEBI has taken to create a transparent, creditable and business friendly climate in the country for quick and hassle free mergers & acquisitions.

We sincerely appreciate and acknowledge the Corporate Professionals team who has put in their best in bringing out this important study for the benefit of all the stakeholders. Hopefully this will be a reference point for all the interested constituents of the market, seeking good and lucid advice on Takeover Code of SEBI.

We once again thank for this backgrounder and extend good wishes for the National Conference on 'New Takeover Code' being organised on 11th Oct., 2011 at New Delhi.

With Best wishes



D.S Rawat
Secretary General
ASSOCHAM

11th October 2011
New Delhi



PREFACE

The globalization and initiation of various economic reforms in India during early nineties opened up the opportunities for International Mergers and Acquisitions and began the process of transformation of entire business scenario. To compete at the world platform, the scale of businesses in India was needed to be increased. This new weapon of M&A in the armory of corporate, though proved to be beneficial for growth, also created a need for some regulations to protect the interest of investors, especially in case of widely held companies, so that the process of M&A is used to develop the securities market and not to sabotage it.

Accordingly, in the year 1994, market watchdog SEBI came out with SEBI Takeover Regulations, 1994 which was later substituted by SEBI Takeover Regulations, 1997.

SEBI Takeover Regulations plays a major role in driving the acquisition and restructuring exercises of listed companies of India. The regulations have been developed to enshrine the interest of various concerned entities viz. by facilitating a guide to corporate sector in exploiting the business opportunities by way of acquisitions without prejudicing the interest of investors and by providing an instrument to investors to ensure that their funds vests in the same hands in which they have been bestowed.

SEBI Takeover Regulations, 1997 have been amended a number of times to address the changing business scenario. To review the SEBI Takeover Regulations, 1997, SEBI constituted an expert committee, Takeover Regulations Advisory Committee (or TRAC) under the chairmanship of Late Sh. C. Achuthan that released its report on July 19, 2010. Finally, on September 23, 2011, SEBI has notified the much awaited New Takeover Regulations i.e. SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 2011 that will come into force on the 30th day from the date of their publication in the Official Gazette i.e. w.e.f. October 22, 2011.

The object of this background material is to give an insight into SEBI Takeover Regulations, 2011. We hope that this will help the readers to understand the key concepts of New Takeover Regulations and its impact on the corporate world and general investors.

Team Takeovercode.com





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EXECUTIVE SUMMARY



Particulars	SEBI Takeover Regulations, 2011	SEBI Takeover Regulations, 1997
Initial Threshold Limit	25%	15%
Creeping acquisition limit	5% in each Financial Year for shareholders holding between 25%-75%	5% in each Financial Year for shareholders holding between 15%-55%
Offer Size	26%	20%
Non-Compete Fees/ Control Premium	To be included in the Offer Price	Upto 25% of the Offer Price can be paid without including in the Offer Price
Shareholding/ Voting Rights Determination	Individual Shareholding	Consolidated as well as Individual Shareholding
Public Announcement	<ul style="list-style-type: none"> - Short Public Announcement to Stock Exchange - Detailed Public Announcement in Newspaper 	Only one Public Announcement in Newspaper
Voluntary Open Offer	Detailed Provisions Provided	No Separate Provisions
Acquisition of Control	Through Open Offer Only	Can be either through Open Offer or shareholders approval obtained by way of Special Resolution passed by way of Postal Ballot
Indirect acquisition of shares or control	Detailed Provisions Provided	Provisions were there but not dealt in detailed manner
Independent Director Recommendations on Open Offer	Mandatory	Optional
Exemptions from Open Offer	Where the increase in shareholding is pursuant to: <ul style="list-style-type: none"> • CDR scheme • Buy Back of shares 	Not Provided
Event Based Disclosure	On the acquisition of 5% shares and whenever there is a change in shareholding of 2% or more	<ul style="list-style-type: none"> • On acquisition of 5%, 10%, 14%, 54%, or 74% shares; • Between 15%-55%, whenever there is a change in shareholding of 2% or more; • Between 55%-75%, on the acquisition of 2% or more in accordance with second proviso to regulation 11(2).



AN INSIGHT OF SEBI TAKEOVER REGULATIONS, 2011

On September 23, 2011, SEBI has notified the much awaited New SEBI Takeover Regulations namely “SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011” (hereinafter referred to as “**SEBI (SAST) Regulations, 2011**”/ “**SEBI Takeover Regulations, 2011**”). The Regulations shall come into force on the 30th day from the date of their publication in the Official Gazette i.e. on or after October 22, 2011, the transaction in the shares/voting rights or change in control of listed companies will be governed by SEBI (SAST) Regulations, 2011.

Prior to the notification of SEBI Takeover Regulations, 2011, SEBI has constituted an expert committee, Takeover Regulations Advisory Committee (TRAC) to review the SEBI Takeover Regulations, 1997. The Committee released its report on July 19, 2010 with a draft of New SEBI Takeover Regulations. After much deliberation, on September 23, 2011, SEBI finally notified SEBI Takeover Regulations, 2011 accepting most of the recommendations of the committee.

An analysis of important provisions of SEBI Takeover Regulations, 2011 is given below:

Definitions



- **“Control”-Modified**

The definition of Control as given in TRAC Report is accepted with the deletion of the word “**Ability**”. The new definition is read as follows:

*“**Control**” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:*

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

- **“Frequently Traded Shares”- Modified**

*“**Frequently traded shares**” means shares of a target company, in which the traded turnover on any stock exchange during the twelve calendar months preceding the calendar month in which the public announcement is made, is at least ten per cent of the total number of shares of such class of the target company:*

Provided that where the share capital of a particular class of shares of the target company is not identical throughout such period, the weighted average number of

total shares of such class of the target company shall represent the total number of shares

There has been a change in SEBI Takeover Regulations, 2011 with respect to the determination of frequency of shares for purpose of calculating the Offer Price. The new criteria prescribed for determining the frequency of shares are more realistic and fair. In accordance with SEBI Takeover Regulations, 2011, the trading turnover during the 12 months preceding the month in which the PA is made is to be considered as against the SEBI Takeover Regulations, 1997 that requires the trading turnover during the 6 months preceding the month in which PA is made is to be annualized. Further, SEBI Takeover Regulations, 1997 provides a trading turnover of 5% to consider the shares as frequently traded whereas in the SEBI Takeover Regulations, 2011 the level is raised to 10%.

- **“Identified Date” (Known as Specified Date)-Modified**

“Identified Date” means the date falling on the tenth working day prior to the commencement of the tendering period, for the purposes of determining the shareholders to whom the letter of offer shall be sent.

Identified date (Specified date) means a date fixed for determining the names of the shareholders to whom the letter of offer would be send. In SEBI Takeover Regulations, 1997, the specified date is fixed as a date which shall not be later than 30th day from the date of the PA. However, now this date has been modified and is given a new name **“Identified Date”** that shall be the 10th working day prior to the opening of tendering period.

- **“Promoter” – Modified**

The definition of promoter and promoter group as given in SEBI (ICDR) Regulations, 2009 shall also be considered for the purpose of SEBI Takeover Regulations, 2011.

- **“Shares”- Modified**

The definition of shares is modified to include depository receipts which entitle the holder thereof to exercise voting rights in the Target Company. Now the definition of shares is read as follows:

“Shares” means shares in the equity share capital of a target company carrying voting rights, and includes any security which entitles the holder thereof to exercise voting rights;

Explanation. — For the purpose of this clause shares will include all depository receipts carrying an entitlement to exercise voting rights in the target company;

The definitions of shares as given in SEBI Takeover Regulations, 1997 expressly excludes the preference shares from its gamut. The issue whether the preference shares on which the voting rights has been accrued pursuant to the nonpayment of dividend shall be treated as shares or not for the purpose of SEBI Takeover Regulations has always remain a issue. In the TRAC

Report as well as in the New SEBI Takeover Regulations, 2011, this issue has been addressed by specifically including this in the exemption category.

- **“Acquisition” – Introduced**



A definition of term Acquisition has been introduced in SEBI Takeover Regulations, 2011 that specifically provides that even the agreement to acquire the shares or voting or control in a listed company without the actual acquisition of shares will be treated as acquisition for the purpose of applicability of SEBI Takeover Regulations, 2011.

“Acquisition” means, directly or indirectly, acquiring or agreeing to acquire shares or voting rights in, or control over, a target company;

- **“Convertible Security” – Introduced**

“Convertible security” means a security which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder of the security, and includes convertible debt instruments and convertible preference shares;

- **“Enterprise Value” -Introduced**

“Enterprise Value” means the value calculated as market capitalization of a company plus debt, minority interest and preferred shares, minus total cash and cash equivalents;

Enterprise Value

Market capitalization+ Debt+ Minority Interest and Preferred Shares- Total Cash and Cash Equivalents

- **“Volume weighted average market price” -Introduced**

“Volume weighted average market price” means the product of the number of equity shares traded on a stock exchange and the price of each equity share divided by the total number of equity shares traded on the stock exchange;

**Number of shares traded on the Stock Exchange on a particular day: X
Market Price: Y**

$$\text{Volume weighted Average Market Price} = \frac{X1*Y1+X2*Y2+X3*Y3.....}{X1+X2+X3.....}$$

- **“Volume weighted average price” - Introduced**

“Volume weighted average price” means the product of the number of equity shares bought and price of each such equity share divided by the total number of equity shares bought;

<p>Number of shares bought on a particular day: A Market Price: B</p> $\text{Volume weighted Average Price} = \frac{A1*B1+A2*B2+A3*B3.....}{A1+A2+A3.....}$
--

- **“Weighted average number of total shares” - Introduced**

“Weighted average number of total shares” means the number of shares at the beginning of a period, adjusted for shares cancelled, bought back or issued during the aforesaid period, multiplied by a time-weighting factor;

Open Offer and Its Related Concepts



I. **Increase in Initial Trigger Point from 15% to 25%**

In SEBI Takeover Regulations, 2011, the initial trigger point for Open Offer is step up to 25% as against the 15% limit provided in SEBI Takeover Regulations, 1997. The increase in threshold would be beneficial for the Private Equity and Institutional Investors as they would now be able to increase their shareholding to 24.99% without making an Open Offer as against the present restriction limit of 14.99%.

However, the introduction of a new provision with respect to the determination of shareholding for Open Offer obligation has caught the concern of the corporate world specifically of the promoters. The new provision requires that Individual Acquirer Shareholding shall also be considered for determining the Open Offer Trigger Points apart from consolidated shareholding of Acquirer and Persons Acting in Concert.



For example:

Name	Pre Holding	Creeping Acquisition	Post Holding	Applicability of SEBI Takeover Regulations, 2011
A	23%	3%	26%	Open Offer Obligations
B	7%	2%	9%	-
Total	30%	5%	35%	-

On the analysis of the above table, it can be seen that although the acquisition made by promoters as a group is within the creeping acquisition limit, however, pursuant to the above acquisition of shares, the shareholding of A is increased beyond 25% of the total voting rights of the Target Company. Accordingly, in terms of SEBI Takeover Regulations, 2011, the above acquisition of shares by A would result into triggering the Open Offer obligations.

The increase in threshold also aligns with Global M&A practice. For instance, the initial threshold prescribed for giving the Open Offer in Hong Kong, is 30%, in U.K. also it is 30% and in Australia it is 20%.

Issue

Concern for the promoters/shareholders who at present are holding more than 15% but less than 20% shares in the listed company as prior to the applicability of SEBI Takeover Regulations, 2011, they are eligible for making creeping acquisition of 5% only that would not increase their shareholding to more than 25% and as such they would be required to give Takeover Open Offer to the shareholders of the Target Company to again come within the creeping acquisition zone.

II. Change in Creeping Acquisition Zone

SEBI Takeover Regulations, 2011 provide more prospects to the promoters to consolidate their shareholding as the scope of creeping acquisition zone has been widened from 15%-55% to 25%-75%. In terms of SEBI Takeover Regulations, 2011, an acquirer who is holding 25% or more but less than 75% shares in the Target Company can acquire upto 5% shares as creeping acquisition without making an Open Offer to the shareholders of the Company.

III. Acquisition of Control

In accordance with SEBI Takeover Regulations, 2011, irrespective of whether there is an acquisition of shares or not, an acquirer who wishes to acquire the control over a listed company can do so only by making an Open Offer to the shareholders of such Company and the option available in SEBI Takeover Regulations, 1997 for change in control by passing a special resolution through the process of postal ballot has been withdrawn.

Acquisition of Control: Only through Open Offer

IV. Increase in Offer Size

The Offer Size for mandatory Open Offer is increased from 20% to 26% of the total shares of the Target Company as against the TRAC recommendation of keeping the Offer size to 100% of the remaining shareholders of the Target Company to give equal opportunity to all the public shareholders of the Target Company. However, keeping in view the lack of funding arrangement in India, the option of keeping the Offer Size to 100% is not acceptable.

The purpose of increasing the offer size to 26% is just to make the total holding of the acquirer to 51% after taking into account the initial threshold limit of 25% and assuming 100% response of the shareholders in the Open Offer.

V. Non-compete fees or control premium to be included in the Offer Price

Non-compete fee clause is a normal feature in any commercial transaction concerning the acquisition of substantial stake in or control over a listed company that is paid to the exiting promoter's sellers for not competing with the acquirer for a certain period. SEBI Takeover Regulations, 1997 allowed the payment of non-compete fee upto 25% of the Offer Price to the exiting sellers without including in the Offer Price to be paid to the shareholders of the Target Company. However, SEBI Takeover Regulations, 2011 requires that any amount paid as non-compete fees or control premium or otherwise to the sellers shall be added in the Offer Price to be paid to the shareholders of the Target Company. There is no prohibition in the payment of non-compete fees or control premium to the sellers. The only condition is that the same also be considered while determining the Offer Price to be paid to the shareholders of the Target Company.

The logic for the payment of non-compete fee is that the promoters has certain unique knowledge and expertise in the industry in which the Target Company is engaged and if they are allowed to start the same business again, then they would become the competitor for the New Acquirer. This expertise entitles them to a payment which is not given to the general public shareholders. Thus, it can be said that the new provision could have the effect of discouraging acquirers from paying a non-compete fee to the selling promoter, which in turn would make the selling promoter unwilling to provide such a non-compete clause in the first place.

VI. Offer Price

The criteria's for the determination of Offer Price has been widened and has been made more specific by providing separately for direct acquisition and indirect acquisition. The New Takeover Regulations provides for the **volume-weighted average market price** instead of the **simple average** and further, the period for calculating the average price is fixed at 60 days. This is done in view of the fact that the 26-week average is considerably a long period and a 2-week average is a too volatile period to be considered for determining the Offer Price.

Thus, it can be said that the price calculated considering volume-weighted average market price would be more representative of fair value and eliminate the outlier effects of high and low prices and is a more accurate determinant of the prices at which shares are actually transacted.

VII. Voluntary Open Offer

SEBI Takeover Regulations, 2011 provides separate provisions with respect to the voluntary Open Offer. Although, there are number of voluntary open offers in the past, however, it has not been specifically dealt in SEBI Takeover Regulations, 1997.

SEBI Takeover Regulations, 2011 provides the following eligibility criteria's, conditions and restrictions in respect of voluntary open offers:

❖ Eligibility:

- Prior holding of atleast 25% or more shares of the Target Company.
- No acquisition during the preceding 52 weeks except by way of Open Offer.

❖ Offer Size:

- Minimum of 10% of the total shares of the Target Company.

❖ Conditions:

- Aggregate shareholding not to exceed the maximum permissible non-public shareholding after the completion of Open Offer.
- No acquisition during the offer period except under the Open Offer.

❖ Restrictions:

- Ineligibility to acquire further shares for a period of six months after the completion of Open Offer except by way of:
 - Another Voluntary Open Offer or
 - Competing Offer.

VIII. Obligation on the board of Target Company

In SEBI Takeover Regulations, 2011, an obligation is cast on the board of the Target Company to constitute a committee of Independent Directors (“**IDC**”) after the issuance of the detailed public announcement to provide the written reasoned recommendations on the Open Offer to the shareholders of the Target Company and such recommendations shall be published in newspapers. In SEBI Takeover Regulations, 1997, such recommendations are voluntary on the part of the directors of the Target Company.

A specific format is also provided for giving the recommendations by IDC wherein IDC Member's relationship with the Target Company and Acquirer (Director, Equity shares owned, any other contract/relationship), if any, is to be disclosed so that Independency of the Directors

can be analyzed. This seems to be beneficial for the general shareholders of the Target Company as the advice of the Independent Person from the Target Company would give them an idea as to whether to tender the shares in the Offer or to continue with the new management.

IX. Acquisition under the agreement attracting the obligation for Open Offer

In SEBI Takeover Regulations, 1997, the acquirer is not allowed to complete the acquisition of shares or voting rights in, or control over, the Target Company under any agreement attracting the obligation to make an open offer for acquiring shares until the completion of offer formalities. However, SEBI Takeover Regulations, 2011 has removed this restriction and allowed the completion of acquisition under any agreement which has resulted into triggering the open offer obligations after a period of 21 days from the date of Public Announcement subject to the acquirer depositing 100% of the consideration payable under the open offer in the escrow account, assuming the full acceptance. The most important point to be noted here is that while allowing the freedom to execute the transaction, the SEBI Takeover Regulations, 2011 have also prescribed the maximum time within which the acquisition under the agreement must be completed which is 26 weeks from the expiry of the offer period. In other words, where the acquirer has not taken the advantage of the completion of the acquisition before the expiry of the offer period by not depositing 100% of the consideration payable under the offer, then the acquirer is allowed to do so after the expiry of offer period but not later than 26 weeks from the expiry of such period.

X. Consequences of increase in shareholding beyond the maximum permissible non-public shareholding due to Open Offer

Where after the completion of Takeover Open Offer, the shareholding of the acquirer together with PACs with him increases beyond the maximum permissible non-public shareholding, then in that event:

- It is obligatory on the acquirer to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957;
- Further, the Acquirer also becomes ineligible to make a voluntary delisting offer under SEBI (Delisting of Equity Shares) Regulations, 2009, unless a period of twelve months has elapsed from the date of the completion of the offer period.

However, the new provision has given rise to an issue i.e. whether the acquirer can keep his shareholding in violation of clause 40A of Listing Agreement for a period of 12 months where he intends to give voluntary open offer under SEBI (Delisting of Equity Shares) Regulations, 2009.

XI. Redecoration of Exemption (New Exemptions Introduced)

- **Acquisition of shares pursuant to scheme of Corporate Debt Restructuring subject to certain conditions**
 - No change in control
 - Shareholders' approval by way of Special Resolution passed by Postal Ballot.

- **Increase in shareholding pursuant to buy back by Target Company**

- Where pursuant to buy back, the shareholding increases beyond 25%, then such an increase is exempt from Open Offer obligation provided that such shareholder reduces his shareholding below 25% within 90 days of increase;
- Where the prior holding of the shareholder is between 25-75% and pursuant to buy back, there is an increase of more than 5% in the shareholding of such shareholder, then such an increase is exempt from Open Offer obligation subject to the following:
 - Approval of shareholders by way of postal ballot, in case of shareholder resolution and such shareholder has not voted in favour of resolution;
 - In case of Board Resolution, such shareholder in the capacity of director has not voted;
 - No change in control.



Disclosures

In SEBI Takeover Regulations, 2011, the obligation to give the disclosures on the acquisition of certain limits is only on the acquirer and not on the Target Company. Further as against the Open Offer obligations where the individual shareholding is also to be considered, the disclosure shall be of the aggregated shareholding and voting rights of the acquirer or promoter of the target company or every person acting in concert with him.

The important point to be noted here is that the acquisition and holding of any convertible security shall also be regarded as shares, and disclosures of such acquisitions and holdings is also to be made accordingly.

I. Event Based Disclosures

- On the Acquisition of 5% or more shares; and
- Whenever there is a change in shareholding of 2% or more after the acquisition of 5%.

Such disclosure is required to be filed with the Target Company and the Stock Exchange within 2 working days of acquisition or sale of shares as the case may be.

II. Continual Disclosures

- By any person who together with PACs is holding 25% or more shares in the Company; and
- By every promoter of the Company.

Such disclosure is required to be filed with the Company and the Stock Exchange within 7 working days from the end of each financial year.

III. Disclosure of Encumbered Shares

Such disclosure is required to be made by promoter on the encumbrance, invocation or release of encumbrance with 7 working days from the creation or invocation or release of encumbrance, as the case may be to the Target Company and Stock Exchange.

International Provisions



Areas of comparison	India	US	Hong Kong	U.K	Singapore	South Africa
Are takeovers regulated	Yes	Yes	Yes	Yes	Yes	Yes
Who Regulates	Securities and Exchange Board of India (SEBI)	Securities and Exchange Commission (SEC)	Securities and Futures Commission (SFC)	Financial Services Authority (FSA)	Securities Industry Council	Securities Regulation Panel (SRP)
Threshold limit (Initial Acquisition)	25% (Earlier 15%)	Offers are only voluntary	30%	30%	30%	35%
Offer size	Minimum 26% of the voting share capital of the target company (Earlier 20% of the voting share capital of the target company)	No Percentage Prescribed	To all the remaining shareholders	To all the remaining shareholders	To all the remaining shareholders	To all the remaining shareholders
Non Compete Fees	Not Allowed (Earlier upto 25% of the Offer Price is allowed)	-	-	Not Allowed	Not Allowed	Not Allowed (But Panel may be consulted in

Areas of comparison	India	US	Hong Kong	U.K	Singapore	South Africa
	without including it in the Offer Price)					this regard)

Conclusion:

To conclude this, it can be said that in SEBI Takeover Regulations, 2011, various issues that exist in SEBI Takeover Regulations, 1997 have been addressed and the provisions have been made simpler in understanding and implementation and in much better way aligned to the international practice. It may be beneficial for Investors on account of increase in threshold and hence would help in attracting foreign investments. However, there are still some issues that remained unanswered such as increase in shareholding on account on forfeiture of shares.

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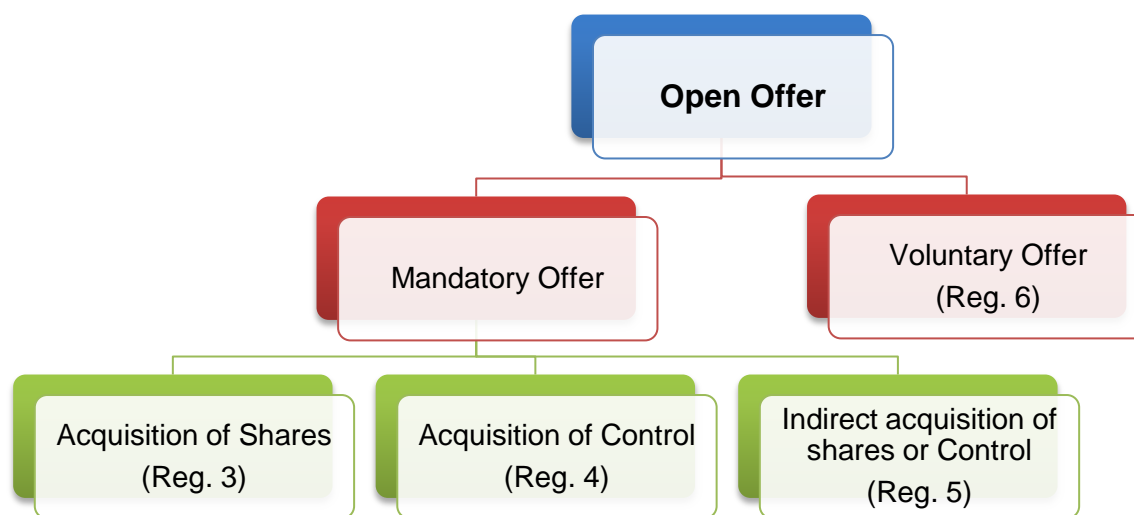
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IMPORTANT CONCEPTS

Open Offer and Its Related Provisions

SEBI Takeover Regulations, 2011 provides certain trigger events wherein the Acquirer is required to give Open Offer to the shareholders of the Target Company to provide them exit opportunity. The objective behind giving opportunity to the shareholders of the Target Company is to safeguard their interest in the event of change in management and control of the Target Company or where the promoters desires to consolidate their shareholding to the maximum permissible level. Besides this, SEBI Takeover Regulations, 2011 also provides the provisions for Voluntary Open Offer i.e. an Open Offer not triggered pursuant to the acquisition of shares or voting rights or control over the Target Company.



I. Mandatory Open Offer

SEBI Takeover Regulations, 2011 provides a threshold for mandatory Open Offer. The regulations provides that whenever an acquirer acquires the shares in excess of the threshold as prescribed under regulation 3 and 4 of SEBI Takeover Regulations, 2011, then the acquirer is required to make a public announcement of offer to the shareholders of the Target Company.

Regulation 3 of the SEBI Takeover Regulations, 2011 necessitate the Acquirer to give an open offer to the shareholders of Target Company on the acquisition of shares or voting rights entitling the Acquirer along with the persons acting in concert with him to exercise 25% or more voting rights in the Target Company. **[Regulation 3(1)]**

Further any Acquirer who holds shares between 25%-75%, together with PACs can acquire further 5% shares as creeping acquisition without giving an Open Offer to the shareholders of

the Target Company upto a maximum of 75%. The quantum of acquisition of additional voting rights shall be calculated after considering the following:

a) No Netting off allowed:

For the purpose of determining the quantum of acquisition of additional voting rights, the gross acquisitions without considering the disposal of shares or dilution of voting rights owing to fresh issue of shares by the target company shall be taken into account.

b) Incremental voting rights in case of fresh issue

In the case of acquisition of shares by way of issue of new shares by the target company, the difference between the pre-allotment and the post-allotment percentage voting rights shall be regarded as the quantum of additional acquisition. **[Regulation 3(2)]**

The most important point to be noted here is that now the Individual Acquirer Shareholding shall also be considered for determining the Open Offer Trigger Points apart from consolidated shareholding of Acquirer and Persons Acting in Concert. **[Regulation 3(3)]**

Regulation 4 of the SEBI Takeover Regulations, 2011 specifies that if any acquirer including person acting in concert acquires control over the Target Company irrespective of the fact whether there has been any acquisition of shares or not, then he has to give public announcement to acquire shares from shareholders of the Target Company. **[Regulation 4]**

The time within which the public announcement is required to be made is prescribed under regulation 13 of the SEBI Takeover Regulations, 2011.

II. Voluntary Open Offer

Voluntary Open Offer means the Open Offer given by the Acquirer voluntarily without triggering the mandatory Open Offer obligations as envisaged under the regulations.

The concept of Voluntary Open Offer has been separately dealt with in SEBI Takeover Regulations, 2011. Voluntary Offers are an important means for substantial shareholders to consolidate their stake and therefore recognized the need to introduce a specific framework for such Open Offers. Regulation 6 of New Takeover Regulations provides the threshold and conditions for making the Voluntary Open Offer which are detailed below:

✓ **Eligibility- Prior holding of atleast 25% shares**

To be eligible for making a Voluntary Open Offer, the regulations mandates the **prior holding of atleast 25% stake** in the Target Company by the Acquirer along with the PACs.

✓ **Shareholding of the Acquirer and PACs post completion of Open Offer**

Post completion of the Open Offer, the shareholding of the Acquirer along with PACs shall not exceed the **“maximum permissible non-public shareholding”**.

✓ **Acquisition of shares prior to the Voluntary Open Offer**

The Acquirer shall become ineligible to make a Voluntary Open Offer if during the preceding 52 weeks, the Acquirer or PACs with him has acquired shares of the Target Company without attracting the obligation to make a Public Announcement of an Open Offer.

This condition is given because the Voluntary Open Offer is permitted as an exception to the general rule on the offer size, thus the ability to voluntarily make an Open Offer should not be available if in the proximate past, any of such persons have made acquisitions within the creeping acquisition limits permitted under the Regulations.

✓ **Prohibition on the acquisition of shares during the Offer Period**

SEBI Takeover Regulations, 2011 prohibits the acquirer who has made a Voluntary Open Offer from further acquiring the shares during the Offer Period otherwise than under the Open Offer.

✓ **Restriction of the acquisition of shares post completion of Voluntary Open Offer**

An acquirer and PACs who have made a Voluntary Open Offer shall not be entitled to further acquire shares for a period of 6 months after completion of the Open Offer except pursuant:

- a. To another Voluntary Open Offer.
- b. To Competing Open Offer to the Open Offer made by any other person for acquiring shares of the Target Company.

✓ **Offer size**

The Voluntary Open Offer shall be made for the acquisition of at least ten per cent (10%) of the voting rights in the Target Company and shall not exceed such number of shares as would result in the post-acquisition holding of the acquirer and PACs with him exceeding the maximum permissible non-public shareholding applicable to such Target Company.

The glimpse of the important aspects relating to the Open Offer is provided herein below:

I. Short Public Announcement

A short public announcement shall be made on the same day or as prescribed under Regulation 13(1), (2) and (3) of the Regulations as the date of transaction which triggered the Open Offer to all the stock exchanges where the shares of the Target Company are listed for the purpose of dissemination of the information to the public. Further, a copy of the public announcement shall be sent to SEBI and to the Target Company at its registered office within one working day of the date of short public announcement. **[Regulation 13 read with Regulation 14(1) and 14(2)]**

II. Detailed Public Announcement

After the short Public Announcement, a detailed Public Announcement shall be made by the Acquirer within 5 working days from the date of short Public Announcement. Such public announcement is required to be published in all editions of any one English national daily with wide circulation, any one Hindi national daily with wide circulation, and any one regional language daily with wide circulation at the place where the registered office of the Target

Company is situated and one regional language daily at the place of the stock exchange where the maximum volume of trading in the shares of the Target Company are recorded during the sixty trading days preceding the date of the public announcement. **[Regulation 13(4) read with Regulation 14(3)]**

Simultaneously, a copy of the publication shall be sent to SEBI, Stock Exchanges where the shares of the Target Company are listed and to the Target Company at its registered office. **[Regulation 14(4)]**

III. Provision of Escrow

The Acquirer shall open an escrow account atleast two working days prior to the date of detailed Public Announcement and deposit an amount aggregating to 25% of the consideration on first Rs. 500 crore and additional amount of 10% of the balance consideration. **[Regulation 17(1)]**

IV. Submission of Draft Letter of Offer

The Acquirer shall submit a draft letter of offer to SEBI within 5 working days from the date of detailed public announcement along with a non-refundable fee as applicable. **[Regulation 16(1)]**

Simultaneously, a copy of the draft letter of offer shall be send to the Target Company at its registered office and to all the Stock Exchanges where the shares of the Company are listed. **[Regulation 18(1)]**

V. Identified Date

The Acquirer shall fix a date for determining the names of the shareholders to whom the letter of offer would be send which shall be a date falling on the tenth working day prior to the commencement of the tendering period. **[Regulation 2(1) (k)]**

VI. Dispatch of Letter of Offer

The Acquirer shall ensure that the letter of offer is dispatched to the shareholders whose names appear on the register of members of the Target Company as of the identified date, and to the custodian of shares underlying depository receipts, if any, of the Company, within maximum 7 working days from the date of receipt of communication of comments from the Board or where no comments are offered by the Board, within 7 working days from the expiry 15 working days from the date of receipt of draft letter of offer by SEBI. **[Regulation 18(2)]**

However it is provided that where a shareholder holding hold less than 5% of the voting rights of the Target Company is resident outside India and local laws or regulations of such jurisdiction may expose the acquirer or the target company to material risk of civil, regulatory or criminal liabilities in the event the letter of offer in its final form were to be sent without material amendments or modifications into such jurisdiction, then the acquirer may refrain from dispatch of the letter of offer into such jurisdiction.

VII. Upward Revision of Offer Price or Number of Shares to be acquired

The Acquirer is allowed to make upward revision to the Offer Price and the number of shares sought to be acquired under the Open Offer, at any time prior to the commencement of the last three working days prior to the commencement of the tendering period. **[Regulation 18(4)]**

VIII. Recommendation by the Independent Directors

On the receipt of detailed public announcement, the Board of Directors of the Target Company shall constitute a committee of Independent Directors to provide reasoned recommendations on the Open Offer to the shareholders of the Target Company and such recommendations shall be published at least two working days before the commencement of the tendering period, in the same newspapers where the public announcement of the Open Offer was published and a copy of the same shall also be sent to SEBI, all Stock Exchanges where the shares of the Target Company are listed and to Manager to the Offer. The Committee can also seek advice of the external professionals at the expense of the Target Company. **[Regulation 26 (6) and (7)]**

IX. Issue of Advertisement

One working day before the commencement of the tendering period, the Acquirer shall publish an advertisement in all the newspapers in which the detailed public announcement had been made announcing the details of schedule of activities, status of statutory and other approvals, if required, any unfulfilled conditions, the procedure of tendering acceptance and any such other material details as may be specified. Such advertisement shall also be send to SEBI, Stock Exchanges and to the Target Company. **[Regulation 18(7)]**

X. Opening of the Offer

The tendering period shall start within maximum 12 working days from date of receipt of comments from the Board and shall remain open for 10 working days. **[Regulation 18(8)]**

XI. Completion of requirements

Within 10 working days from the last date of the tendering period, the acquirer shall complete all requirements as prescribed under these regulations and other applicable law relating to the Open Offer including payment of consideration to the shareholders who have accepted the open offer. **[Regulation 18(10)]**

XII. Report to SEBI by Manager to the Offer

The manager to the Open Offer shall file a report with the Board within fifteen working days from the expiry of the tendering period, in such form as may be specified, confirming status of completion of various Open Offer requirements. **[Regulation 27 (7)]**

XIII. Restriction on acquisition

If the acquirer or persons acting in concert with him acquires shares of the target company during the period of 26 weeks after the tendering period at a price higher than the offer price, then the acquirer shall pay the difference between the highest acquisition price and the offer

price, to all the shareholders whose shares were accepted in the open offer, within 60 days from the date of such acquisition. However such revision shall not be applicable if the acquisition is made through another open offer, Delisting of shares or open market purchase in the ordinary course on the stock exchange. **[Regulation 8(10)]**

Activity Chart for Takeover Open Offer

Activity	Timeline
Short Public Announcement (PA) to SE	X (on the date of agreeing to acquire voting rights or control)
PA to Target Company	X+1
Detailed Public Announcement in newspapers, sending to SEs, SEBI, Target company	Not later than 5 working days from PA*
Draft letter of offer to be submitted to SEBI and sent to Target Company	Not later than 5 working days from Detailed Public Announcement
SEBI provides its comments on the Letter of Offer (LoF)	Not later than 15 working days from filing the draft LoF with SEBI
Identified Date for determination of names of shareholders to whom letter of offer is to be sent	10th working days prior to start of the tendering period
Dispatch of letter of offer to shareholders	Not later than 7 working days from the date of receipt of comments from SEBI
Upward revision in offer	Up to 3 working days prior to commencement of tendering period
Comments on the offer by independent directors of Target Company	2 working days prior to commencement of the tendering period
Issue of advertisement announcing the schedule of activities for open offer	1 working day prior to commencement of the tendering period
Date of opening of Offer	Not later than 12 working days from the date of receipt of comments from SEBI
Last date for withdrawal of tendered shares by shareholders	Withdrawal not permitted
Date of closure of offer	10 working days from the opening of the tendering period
Payment to shareholders	Not later than 10 working days from the close of the tendering period
Report to be sent by Merchant Banker to SEBI	Within 15 working days from the close of the tendering period

Disclosure Requirements

Chapter V of SEBI Takeover Regulations, 2011 provides for the disclosure of shareholding in a Listed Company that can be classified as Event Based Disclosure and Annual Disclosure. In SEBI Takeover Regulations, 2011, the obligation to give the disclosures on the acquisition of certain limits is only on the acquirer and not on the Target Company. Further as against the Open Offer obligations where the individual shareholding is also to be considered, the disclosure shall be of the aggregated shareholding and voting rights of the acquirer or promoter of the target company or every person acting in concert with him.

The important point to be noted here is that the acquisition and holding of any convertible security shall also be regarded as shares, and disclosures of such acquisitions and holdings is also to be made accordingly.

SEBI Takeover Regulations, 2011			
Reg. No.	Triggering Point	To and by whom	Time Period
<u>EVENT BASED DISCLOSURES</u>			
29(1)	Acquisition of 5% or more shares or voting rights	To the Target Company and Stock Exchange by the Acquirer	Within 2 working days of: a. Receipt of intimation of allotment of shares; or b. The acquisition of shares or voting rights.
29(2)	Acquirer already holding 5% or more shares or voting rights, On acquisition/ disposal of 2% or more shares or voting rights.	To the Target Company and Stock Exchange by the Acquirer/Seller	Within 2 working days of such acquisition/disposal
<u>CONTINUAL DISCLOSURES</u>			
30(1)	Any person holding 25% or more shares or voting rights	Target Company & Stock Exchange by such person	Within 7 working days from the end of each financial year
30(2)	Promoter /Person having control over the Target Company	Target Company & Stock Exchange by Promoter	Within 7 working days from the end of each financial year

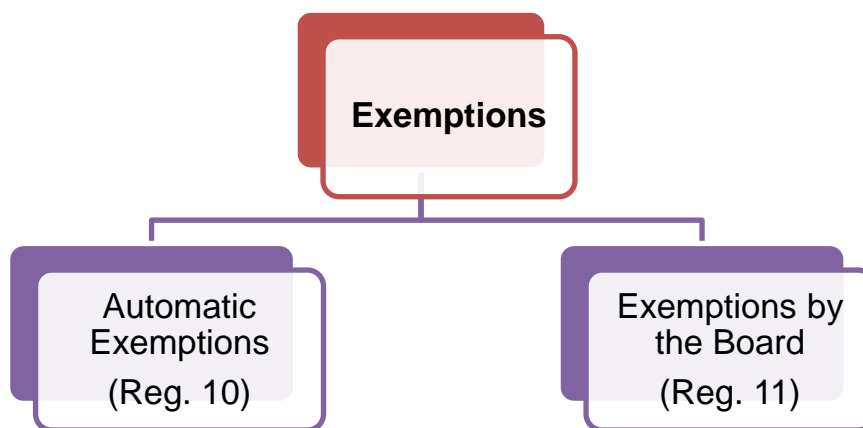
SEBI Takeover Regulations, 2011

Reg. No.	Triggering Point	To and by whom	Time Period
<u>DISCLOSURE OF PLEDGED/ENCUMBERED SHARES</u>			
31(1)	On the encumbrance of shares by the promoter or person acting in Concert with him	Target Company & Stock Exchange by the promoter	Within 7 working days from the date of creation of encumbrance
31(2)	On the invocation of or release of such encumbrance by the promoter	Target Company & Stock Exchange by the promoter	Within 7 working days from the date of invocation of encumbrance

Important Exemptions

Regulation 10 of the SEBI Takeover Regulations, 2011 provides the Acquirer automatic exemptions from the applicability of making Open Offer to the shareholders of the Target Company in respect of certain acquisitions subject to the compliance of certain conditions specified therein.

Further Regulation 11 of SEBI Takeover Regulations, 2011 provides the provisions whereby the acquirer can apply to SEBI for availing the exemption from the Open Offer obligations and the Target Company can apply for relaxation from strict compliance with any procedural requirement relating to Open Offer as provided under Chapter III and IV of the regulations.



Regulation 10 - Automatic Exemptions

Some of the important exemptions provided therein along with their conditions for exemption are detailed below:

i. Inter se transfer of shares

Regulation 10(1) (a) of the SEBI Takeover Regulations, 2011 provides the automatic exemption from the provisions of regulation 3 and 4 where the acquisition of shares has been made through inter se transfer that is to say acquisition through inter se transfer is not subject to open offer if the conditions as specified therein are complied with.

Acquisition pursuant to inter se transfer of shares amongst qualifying parties, being,—

i. Immediate relatives.

The term “**Immediate Relative**” is defined under Regulation 2(l) which provides that immediate relatives means any spouse of a person, and includes parent, brother, sister or child of such person or of the spouse.

- ii. **Inter se transfer of shares between persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or these regulations for not less than three years prior to the proposed acquisition.**

In SEBI (SAST) Regulations, 2011, the scope of inter se transfer of shares amongst the promoters of the company has been contracted as it provides the exemption only in the case of inter se transfer of shares amongst the persons named as promoters in the shareholding pattern which is only one of the clause amongst the others which have been exempted under SEBI Takeover Regulations, 1997.

- iii. **Acquisition pursuant to inter se transfer of shares amongst qualifying parties being:**
- a. a company,
 - b. its subsidiaries,
 - c. its holding company,
 - d. other subsidiaries of such holding company,
 - e. persons holding not less than 50% of the equity shares of such holding company,
 - f. other companies in which such persons hold not less than 50% of the equity shares, and
 - g. their subsidiaries subject to control over such qualifying parties being exclusively held by the same persons.

- iv. **Inter se transfer of shares amongst persons acting in concert for not less than three years prior to the proposed acquisition, and disclosed as such pursuant to filings under the listing agreement.**

The transfer of shares inter se amongst the persons where such persons have been shown as person acting in concert in any filing made under listing agreement for a period of three years prior to the proposed acquisition.

- v. **Inter se transfer of shares between**

- **shareholders of a target company who have been persons acting in concert for a period of not less than three years prior to the proposed acquisition and are disclosed as such pursuant to filings under the listing agreement, and**
- **any company in which the entire equity share capital is owned by such shareholders in the same proportion as their holdings in the target company without any differential entitlement to exercise voting rights in such company:**

The exemption under this clause is available subject to the compliance of the following conditions:

- ✓ If the shares of the Target Company are frequently traded, then the acquisition price per share shall not be higher by more than 25% of the volume-weighted average market price for a period of sixty trading days preceding the date of issuance of notice for the proposed

inter se transfer under regulation 10 (5), as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period.

- ✓ If the shares of the Target Company are infrequently traded, then the acquisition price shall not be higher by more than 25% of the price determined under Regulation 8(2)(e) of the Regulations.
- ✓ The benefit of exemption will be available subject to such transferor(s) and transferee(s) having complied with Chapter V i.e. disclosure under Regulation 29-Disclosure of acquisition and disposal, Regulation 30-Continual Disclosure and Regulation 31-Disclosure of encumbered shares.
- ✓ The Acquirer shall intimate the stock exchange where the shares of the company are listed, the details of the proposed acquisition at least 4 working days prior to the proposed acquisition. **[Regulation 10(5)]**
- ✓ The Acquirer is required to file a report within 4 working days of the date of acquisition to the Stock Exchange giving all details in respect of acquisitions and the stock exchange shall disseminate the information to public. **[Regulation 10(6)]**
- ✓ The Acquirer is further required to file a report within 21 working days from the date of acquisition to SEBI giving all details in respect of acquisitions with supporting documents along with non refundable fees of Rs. 25,000 by way of banker's cheque or demand draft in favor of Securities & Exchange Board of India. **[Regulation 10(7)]**

II. The acquisition of shares of a target company, not involving a change of control over such target company, pursuant to a scheme of corporate debt restructuring in terms of the Corporate Debt Restructuring Scheme notified by the Reserve Bank of India vide circular no. B.P.BC 15/21.04, 114/2001 dated August 23, 2001, or any modification or re-notification thereto provided such scheme has been authorised by shareholders by way of a special resolution passed by postal ballot, shall be exempted from the obligation to make an open offer under regulation 3.

Acquisition of shares pursuant to the CDR Scheme where such scheme is approved by the shareholders by way of special resolution passed by postal ballot and the acquisition does not result into change in control is exempt from the Open Offer obligations as envisaged under regulation 3 provided that following conditions have been complied with:

Compliances Required:

- ✓ The acquirer is required to file a report within 4 working days of the date of acquisition to the stock exchange giving all details in respect of acquisitions and the stock exchange shall disseminate the information to public. **[Regulation 10(6)]**
- ✓ The acquirer is further required to file a report within 21 working days from the date of acquisition to SEBI giving all details in respect of acquisitions with supporting documents along with non refundable fees of Rs. 25,000 by way of banker's cheque or demand draft in favor of Securities & Exchange Board of India. **[Regulation 10(7)]**

- III. An increase in voting rights in a target company of any shareholder beyond the limit attracting an obligation to make an open offer under sub-regulation (1) of regulation 3 pursuant to buy-back of shares shall be exempt from the obligation to make an open offer provided such shareholder reduces his shareholding such that his voting rights fall to below the threshold referred to in sub-regulation (1) of regulation 3 within ninety days from the date on which the voting rights so increase.**

Where pursuant to the buy back by the Target Company, the shareholding of any person exceeds beyond the limit as specified under regulation 3(1) i.e. beyond 25%, then such increase in shareholding is exempt from the Open Offer obligations provided that the acquirer within a period of 90 days from the date of on which the voting rights have been increased reduces his shareholding below the level as provided under regulation 3(1).

Compliances Required:

- ✓ The acquirer is required to file a report within 4 working days of the date of acquisition to the stock exchange giving all details in respect of acquisitions and the stock exchange shall disseminate the information to public. **[Regulation 10(6)]**
- ✓ The acquirer is further required to file a report within 21 working days from the date of acquisition to SEBI giving all details in respect of acquisitions with supporting documents along with non refundable fees of Rs. 25,000 by way of banker's cheque or demand draft in favor of Securities & Exchange Board of India. **[Regulation 10(7)]**

IV. Increase in voting rights in a target company of any shareholder pursuant to buy-back of shares:

Provided that,—

- i. Such shareholder has not voted in favour of the resolution authorising the buy-back of securities under section 77A of the Companies Act, 1956 (1 of 1956);
- ii. In the case of a shareholder resolution, voting shall be by way of postal ballot; and
- iii. Where a resolution of shareholders is not required for the buy-back, such shareholder, in his capacity as a director, or any other interested director has not voted in favour of the resolution of the board of directors of the target company authorising the buy-back of securities under section 77A of the Companies Act, 1956 (1 of 1956);
- iv. the increase in voting rights does not result in an acquisition of control by such shareholder over the target company.

Provided further that where the aforesaid conditions are not met, in the event such shareholder reduces his shareholding such that his voting rights fall below the level at which the obligation to make an open offer would be attracted under sub-regulation (2) of regulation 3 within ninety days from the date on which the voting rights so increase, the shareholder shall be exempt from the obligation to make an open offer.

For availing the exemption under this sub regulation, the following conditions are required to be fulfilled by the Acquirer:



i. Such shareholder has not voted in favour of the resolution authorizing the buy-back of securities under Section 77A of the Companies Act, 1956

Section 77A (2)(b) of the Companies Act, 1956 provides that a Special Resolution has to be passed for authorising the buy-back for more than 10% of the paid up equity share capital and free reserves and upto 25% of the paid up share capital and free reserves . However, the first pre condition for obtaining the exemption under this sub regulation is that the Acquirer has not voted in favour of the resolution authorizing the buy-back of shares i.e. he is either against the resolution or has remained neutral.

ii. In the case of a shareholder resolution, voting shall be by way of postal ballot;

iii. Where a resolution of shareholders is not required for the buy-back, such shareholder, in his capacity as a director, or any other interested director has not voted in favour of the resolution of the board of directors of the target company authorising the buy-back of securities under section 77A of the Companies Act, 1956

Section 77A (2) of the Companies Act, 1956 provides that if the buy-back is or less than 10% of the total paid-up equity capital and free reserves of the company and such buy-back has been authorised by the Board by means of a resolution passed at its meeting, then the shareholders approval by way of Special Resolution is not required by the Target Company.

Accordingly, in order to get the exemption where the buy back is pursuant to the resolution passed by the Board of Directors, it is required that the Acquirer in his capacity as director or any other interested director has not voted in favour of the resolution authorizing the buyback.

iv. The increase in voting rights does not result in an acquisition of control by such shareholder over the target company.

Important Note:

Where the conditions specified in Regulation 10(4)(b) are not met by the Acquirer and pursuant to Buy-Back his shareholding increases beyond the threshold limit as specified in Regulation 3(2) of the SEBI Takeover Regulations, 2011 then such Acquirer shall also be exempted from the obligation of making Open Offer provided that such shareholder has reduced his shareholding below the level at which the obligation to make an open offer would be attracted under sub-regulation (2) of regulation 3 within ninety days from the date on which the voting rights so increase.

Compliances Required:

- ✓ The acquirer is required to file a report within 4 working days of the date of acquisition to the stock exchange giving all details in respect of acquisitions and the stock exchange shall disseminate the information to public. **[Regulation 10(6)]**
- ✓ The acquirer is further required to file a report within 21 working days from the date of acquisition to SEBI giving all details in respect of acquisitions with supporting documents along with non refundable fees of Rs. 25,000 by way of banker's cheque or demand draft in favor of Securities & Exchange Board of India. **[Regulation 10(7)]**

Regulation 11 - Exemption by the Board

Regulation 11 provides that on an **application being made by the acquirer** in writing giving the details of the proposed acquisition and grounds on which the exemption is sought alongwith duly sworn affidavit, the Board may grant exemption to the acquirer from the Open Offer obligations subject to the compliance with such conditions as it deems fits. For instance, in case where the exemptions is sought from the Open Offer obligations which has been triggered pursuant to the issue of shares by way preferential allotment, the Board may require that the approval of shareholders should be obtained by way of postal ballot.

Further, along with the application, the acquirer is also required to pay a non refundable fee of Rs. 50,000 by way of banker's cheque or demand draft in payable in favour of Mumbai.

However, it is to be noted that the Acquirer is not exempted from making other compliances related to the disclosure requirements as provided under regulation 29, 30 and 31 of the SEBI Takeover Regulations, 2011.

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FREQUENTLY ASKED QUESTIONS



1. What is meant by Takeovers & Substantial acquisition of shares?

When an "Acquirer" takes over the control of the "Target Company", it is termed as Takeover. When an acquirer acquires "substantial quantity of shares or voting rights" of the Target Company, it results into substantial acquisition of shares. The term "Substantial" which is used in this context has been clarified subsequently.

2. What is a Target company?

A Target company is a listed company i.e. whose shares are listed on any stock exchange and whose shares or voting rights are acquired/ being acquired or whose control is taken over/being taken over by an acquirer.

3. Who is an Acquirer?

An Acquirer means any individual/company/any other legal entity who himself, or through, or with persons acting in concert (PAC) with him acquires or intends to acquire substantial quantity of shares or voting rights of target company or acquires or agrees to acquire control over the Target Company.

4. What is meant by the term "Persons Acting in Concert (PACs)"?

PACs are individual(s) /company(ies)/ any other legal entity(ies) who are acting together for a common objective or for a purpose of acquisition of shares or voting rights or gaining control over the target company pursuant to an agreement or understanding whether formal or informal. Acting in concert would imply co-operation, co-ordination for acquisition of voting rights or control. This co-operation/ co-ordinated approach may either be direct or indirect.

The concept of PAC assumes significance in the context of acquisition of shares since it is possible for an acquirer to acquire shares or voting rights in a company "in concert" with any other person in such a manner that the acquisition made by them may remain individually below the threshold limit but may collectively exceed the threshold limit.

Unless the contrary is established certain entities are deemed to be persons acting in concert like companies with its holding company or subsidiary company, mutual funds with its sponsor / trustee / Asset Management Company, etc.

5. How substantial quantity of shares or voting rights is defined?

The SEBI Takeover Regulations, 2011 has defined substantial quantity of shares or voting rights distinctly for two different purposes:

I. Trigger point for making disclosure

Event based disclosure

1) Threshold of disclosure to be made by Acquirer(s):

5% and more shares or voting rights: A person who, alongwith PAC, if any, (collectively referred to as "Acquirer") acquires shares or voting rights (which when taken together with his existing holding) would entitle them to exercise 5% or more of the voting rights of Target Company, is required to disclose their aggregate shareholding and voting rights to the Target Company and the Stock Exchanges within 2 Working Days of acquisition or receipt of intimation of allotment of shares.

- 2) Any person who holds 5% or more shares or voting rights of Target Company, and who purchases or sells shares representing 2% or more of the voting rights of the Target Company shall within 2 Working Days disclose such purchase/ sale along with the aggregate of his shareholding to the Target Company and the Stock Exchanges.

Continual Disclosure

- 3) Any person who together with PAC holds 25% or more shares or voting rights of Target Company shall within 7 working days from the financial year ending March 31 disclose every year his aggregate shareholding to the Target Company and the Stock Exchanges.
- 4) The promoter together with PAC shall disclose their aggregate shareholding within 7 working days from the financial year ending March 31 to the Target Company and the Stock Exchanges.

II. Trigger point for making an open offer by an Acquirer

1) 25% shares or voting rights:

An acquirer, alongwith PAC, if any, who intends to acquire shares which alongwith his existing shareholding would entitle him to exercise 25% or more voting rights, can acquire such additional shares only after making a Public Announcement (PA) to acquire minimum twenty six percent shares of the Target Company from the shareholders through an Open Offer.

2) Creeping acquisition limit:

An acquirer who holds 25% or more but less than maximum permissible non-public shareholding of the Target Company, can acquire such additional shares as would entitle him to exercise more than 5% of the voting rights in any financial year ending March 31 only after making a Public Announcement to acquire minimum twenty six percent shares of Target Company from the shareholders through an Open Offer.

6. How is Control defined?

Control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. However director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

7. What is a Public Announcement (PA)?

A Public Announcement is an announcement made by the Acquirer primarily disclosing his intention to acquire shares of the Target Company from existing shareholders by means of an Open Offer. The SEBI Takeover Regulations, 2011 provides two types of Public Announcement –

- a. Short Public Announcement
- b. Detailed Public Announcement

Short Public Announcement

1. In case of agreement to acquire, on the same day of executing the agreement for the acquisition of shares or voting rights in, or control over the target company.
2. In case of market purchase of shares at any time prior to the placement of such order with the stock broker;
3. In case of acquisition of Shares or voting rights upon conversion of convertible securities without a fixed date of conversion, on the same day of exercise of option to convert such securities;

4. In case of acquisition of Shares or voting rights upon conversion of convertible securities with a fixed date of conversion, on the second working day preceding the schedule date of conversion of such securities into shares;
5. In case of disinvestment of shares, on the same day of executing the agreement for the acquisition of shares or voting rights in, or control over the target company.
6. In the case of indirect acquisition of shares where parameters referred in regulation 5(2) are not met, short PA may be made at any time within four working days from the date on which the primary acquisition is contracted, or the date on which the intention or the decision to make the primary acquisition is announced in the public domain, whichever is earlier;
7. In the case of indirect acquisition of shares where parameters referred in regulation 5(2) are met, short PA shall be made on the same day on which the primary acquisition is contracted, or the date on which the intention or the decision to make the primary acquisition is announced in the public domain, whichever is earlier;
8. Pursuant to an acquirer acquiring shares or voting rights in, or control over the target company, under preferential issue, short PA shall be made on the date on which special resolution is passed for allotment of shares under section 81(1A) of the Companies Act, 1956;
9. Where the Buy-Back is not exempted under regulation 10, short PA shall be made within maximum 90th day from the date of increase in the voting rights;
10. Acquisition of shares or voting rights or control over the target company where the specific date on which title to such shares, voting rights or control is acquired is beyond the control of the acquirer, shall be made within maximum two working days from the date of receipt of intimation of having acquired such title.
11. Voluntary Open Offer: On the same day on which the Acquirer takes the decision to voluntary make a PA of an open offer.

Detailed Public Announcement

Within maximum 5 working days from the date of making Short Public Announcement

8. What are the disclosures required to be made under Public Announcement?

Short Public Announcement:

The disclosures in the announcement include the name and identity of the Acquirer and PAC with him, name and identity of seller, nature of the proposed acquisition of shares or voting rights or control over the Target Company, consideration for proposed acquisition and price per share, offer price, offer size, mode of payment of consideration, condition as to minimum level of acceptance, if any.

Detailed Public Announcement:

The detailed Public Announcement pursuant to short public announcement shall contain such information as may be specified in order to enable shareholders to make an informed decision with reference to the Open Offer.

The Public Announcement shall not omit any relevant information or contain any misleading information.

9. What is the objective of Public Announcement?

The Public Announcement is made to ensure that the shareholders of the Target Company are aware of an exit opportunity available to them.

10. Can an Acquirer make an offer for less than twenty six percent shares of the Target Company?

The Acquirer has to make offer for minimum twenty six percent shares of the Target Company.

However in case of Voluntary Offer the Acquirer is required to make offer for minimum 10% of the voting rights of the Target Company and the offer size shall not exceed the maximum permissible non public shareholding applicable to the Target Company.

11. Who is required to make a Public Announcement and when is the Public Announcement required to be made?

The Acquirer is required to appoint a Merchant Banker (MB) registered with SEBI before making a PA. PA is required to be made through the said MB.

The acquirer is required to make the short P.A to all the stock exchanges where the shares of the Company are listed which shall further disseminate the information to public. The copy of short PA shall be sent to the SEBI and the Target Company within one working day of the date of short PA.

The detailed public statement pursuant to the public announcement shall be published in all editions of any one English national daily with wide circulation, any one Hindi national daily with wide circulation, and any one regional language daily with wide circulation at the place where the registered office of the target company is situated and one regional language daily at the place of the stock exchange where the maximum volume of trading in the shares of the target company are recorded during the sixty trading days preceding the date of the public announcement.

Simultaneously the copy of newspapers shall be sent to the Board, Stock Exchanges where shares of Target Company are listed and the Target Company.

12. Whether appointment of Merchant Banker for the offer process is mandatory?

Yes

13. What documents are to be filed with SEBI after making a P.A. and when are these documents to be filed?

A hard and soft copy of the short PA is required to be submitted to SEBI within one working day of the date of Public Announcement.

A soft copy and copies of the newspapers publication of the detailed public announcement shall be sent to SEBI on the date of detailed public announcement.

A draft letter of offer is required to be filed with SEBI within 5 working days from the date of detailed Public Announcement alongwith a non-refundable fee per letter of offer as prescribed (payable by Banker's Cheque / Demand Draft). The manager to the open offer shall furnish to the Board a due diligence certificate along with the draft Letter of Offer.

14. Does SEBI "approve" the draft Letter of Offer?

Filing of draft Letter of Offer with SEBI should not in any way be deemed or construed that the same has been cleared, vetted or approved by SEBI. The Letter of Offer is submitted to SEBI for a limited purpose of overseeing whether the disclosures contained therein are generally adequate and are in conformity with the Takeover Regulations. This requirement is to facilitate the shareholders to take an informed decision with regard to the Offer. SEBI does not take any responsibility either for the truthfulness or correctness of for any statement, for financial soundness of Acquirer, or of Persons Acting in Concert, or of Target Company, whose shares are proposed to be acquired or for the correctness of the statements made or opinions expressed in the Letter of Offer. It should be understood that while Acquirer is primarily responsible for the correctness, adequacy and disclosure of all relevant information in this Letter of Offer,

the Manager to the Offer(a Merchant Banker) is expected to exercise due diligence to ensure that the Acquirer duly discharges its responsibility adequately.

15. What is a Letter of Offer?

A Letter of Offer is a document addressed to the shareholders of the Target Company containing disclosures of the acquirer/ PACs, Target Company, their financials, justification of the offer price, the offer price, number of shares to be acquired from the public, purpose of acquisition, future plans of acquirer, if any, regarding the Target Company, change in control over the Target Company , if any, the procedure to be followed by acquirer in accepting the shares tendered by the shareholders and the period within which all the formalities pertaining to the offer would be completed.

16. What happens once SEBI gives comments on the draft letter of offer?

The Board shall give its comments on the draft letter of offer within 15 working days from the receipt of draft letter of offer. The MB will incorporate in the letter of offer the comments made by SEBI and then send the letter of offer alongwith the blank acceptance form within 7 working days from the date of receipt of comments from SEBI to all the shareholders whose names appear in the register of the company on the Identified Date. The offer remains open for 10 working days. The shareholders are required to send their Share certificate(s) / related documents to registrar or Merchant Banker as specified in PA and Letter of Offer. The Acquirer is required to pay consideration to all those shareholders whose shares are accepted under the offer, within 10 working days from the last date of tendering period. In their own interest, the shareholders are advised to send such documents under registered post. Further, the shareholders may also note that under no circumstances such documents should be sent to the acquirer.

17. What are the criteria for determining whether the shares of the Target Company are frequently or infrequently traded?

The shares of the Company are deemed to be frequently traded if the trading turnover of the shares of the Company on any stock exchange during the twelve calendar months preceding the calendar month in which the Public Announcement is made is at least 10% of the total number of shares of such class of such Target Company.

18. Are only those shareholders whose names appear in the register of Target Company on a Identified Date, eligible to tender their shares in the open offer?

No. Any shareholder who holds the shares on or before the last date of tendering period is eligible to participate in the offer.

19. What is a competitive bid?

Competitive bid is an offer made by a person, other than the acquirer who has made the first Public Announcement.

20. Can the shareholders withdraw the shares tendered in the Open Offer?

The original acquirer and acquirer making competing offer can make the upward revision in the offer price up to three working days prior to the commencement of the tendering period. Since the last date of upward revision is prior to the opening of the open offer, thus the shareholders are expected to be in receipt of all information to enable them to decide on the open offer. Therefore, the shareholders who have tendered their shares in the open offer shall not be entitled to withdraw their acceptance during the tendering period.

21. Can an acquirer withdraw the offer once made?

No, the offer once made can not be withdrawn except in the following circumstances:

- Statutory approval(s) required have been refused;
- The sole acquirer being a natural person has died;
- Conditions stipulated in the agreement for triggering the obligation of open offer is not met for reasons outside the control of the Acquirer;
- Such circumstances as in the opinion of the Board merits withdrawal.

22. How can a person avail the offer if he/she has not received the Letter of Offer?

The Public Announcement contains procedure for such cases i.e. where the shareholders do not receive the Letter of Offer or do not receive the Letter of Offer in time. The shareholders are usually advised to send their consent to Registrar to offer, if any or to MB on plain paper stating the name, address, number of shares held, Distinctive Folio No, number of shares offered and bank details alongwith the documents mentioned in the Public Announcement, before closure of the tendering period. The public announcement and the Letter of Offer along with the form of acceptance are available on the SEBI website at www.sebi.gov.in.

23. Is there any compensation to a shareholder for delayed receipt of payment under the offer?

Acquirers are required to complete the payment of consideration to shareholders who have accepted the offer within 10 working days from the date of expiry of the tendering period. In case the delay in payment is on account of non receipt of statutory approvals and if the same is not due to wilful default or neglect on part of the acquirer, the Board may grant extension of time for making payment, subject to the acquirers would be liable to pay interest to the shareholders for the delayed period at such rate as may be specified by the Board.

If the delay in payment of consideration is not due to the above reasons, it would be treated as a violation of the Regulations and therefore, also liable for other action in terms of the Regulations.

24. Is the acquirer required to accept all the shares under the Open Offer?

No, if the shares received by the Acquirer are more than the shares agreed to be acquired by him, the acceptance would be on proportionate basis.

25. What are the safeguards incorporated in the takeover process so as to ensure that shareholders get their payments under the offer/ receive back their share certificates?

Before making the Public Announcement, the acquirer has to open an escrow account in the form of cash deposited with a scheduled commercial bank or bank guarantee in favour of the Merchant Banker or deposit of acceptable securities with appropriate margin with the Merchant Banker. The Merchant Banker is also required to confirm that firm financial arrangements are in place for fulfilling the offer obligations. In case, the acquirer fails to make the payment, MB has a right to forfeit the escrow account and distribute the proceeds amongst the Target Company, shareholders and credit to the investor protection fund.

The Merchant Banker is required to ensure that the rejected documents which are kept in the custody of the Registrar / Merchant Banker are sent back to the shareholder.

26. Whether all types of acquisitions of shares or voting rights over and above the limits specified in the SEBI Takeover Regulations necessarily require acquirer to make a public announcement followed up by an Open Offer?

No. Certain type of acquisitions as stipulated under Regulation 10 of the SEBI (SAST) Regulations, 2011, are specifically exempted from the Open Offer process subject to the acquirer complying with the requirements/conditions, as may be applicable, for such acquisitions. Such exemptions include acquisitions arising out of inter-se transfer amongst immediate relatives, promoters, acquirer and PACs, Buy back of shares, invocation of pledge shares, etc.

Further the Board has the power to grant exemption from the obligation to make an open offer for acquiring shares under these regulations subject to such conditions as the Board deems fit to impose in the interests of investors in securities and the securities market.

27. Which are those acquisitions/ transactions where reporting to SEBI is mandatory?

Reporting is mandatory under Regulation 10(7) in respect of acquisitions arising out of inter-se transfer of shares, arrangement or reconstruction not directly involving the target company including amalgamation, merger or demerger, acquisition of voting rights or of preference shares carrying voting rights under Section 87(2) of the Companies Act, acquisition of shares not involving change in control under CDR scheme, buy back of shares, right issue, acquisition from VCF or foreign venture capital investor by the promoters of Target Company.

28. What is the time frame to submit such report and procedure fee thereof?

The report is required to be submitted to SEBI within 21 working days from the date of acquisition / allotment alongwith a fee of Rs. 25,000 per report.

29. Is there any prescribed form of application for various reports/ documents mentioned above?

YES, SEBI has specified the format, which is available on the SEBI website at www.sebi.gov.in and www.takeovercode.com.

30. What information is required to be furnished to Stock Exchanges in compliance of the SEBI Takeover Regulations and when is it required to be furnished?

For transactions, which entail reporting requirements, details of the proposed acquisition need to be filed with SEs where shares of Target Company are listed.

A person who, alongwith PAC, if any acquires shares or voting rights (which when taken together with his existing holding) would entitle them to exercise 5% or more of the voting rights of Target Company, is required to disclose their aggregate shareholding and voting rights to the Target Company and the Stock Exchanges within 2 Working Days of acquisition or receipt of intimation of allotment of shares.

Any person who holds 5% or more shares or voting rights of Target Company, and who purchases or sells shares representing 2% or more of the voting rights of the Target Company shall within 2 Working Days disclose such purchase/ sale along with the aggregate of his shareholding to the Target Company and the Stock Exchanges.

Any person who together with PAC holds more than 25% shares or voting rights of Target Company and the promoter together with PAC, shall within 7 working days from the financial year ending March 31 disclose every year his aggregate shareholding to the Target Company and the Stock Exchanges.

Subsequently, upward revisions in offer, withdrawal of offer have also to be intimated to the Stock Exchanges simultaneously.

31. What happens if the Acquirer / Target Company /Merchant Banker violate the provisions of the Regulations?

The Regulations have laid down the general obligations of acquirer, Target Company and the Merchant Banker. For failure to carry out these obligations as well as for failure / non compliance of other provisions of the Regulations, the Regulations have laid down the penalties for non compliance. These penalties include

- a) Forfeiture of the escrow account,
- b) Directing the Acquirer to divest the shares acquired in violation of the regulations and directing appointment of Merchant Banker for such divestiture;
- c) Transfer the shares or any proceeds of a directed sale of shares acquired in violation of the regulations to Investor Protection and Education Fund;
- d) Directing the Target Company or any depository not to give effect to any transfer of shares acquired in violation of these regulations;
- e) Directing not to exercise any voting or other rights attached to shares acquired in violation of the regulations;
- f) Debarring any person who has violated these regulations from accessing the capital market or dealing in securities;
- g) Directing the acquirer to make an open offer at an offer price determined by the Board;
- h) Not to dispose off the assets of the Target Company or any of its subsidiaries contrary to the contents of letter of offer;
- i) To cease and desist from exercising control acquired over any Target Company;
- j) Directing divestiture of such number of shares as would result in the shareholding of an acquirer and persons acting in concert with him being limited to the maximum permissible non-public shareholding;
- k) Initiate enquiry proceedings against the intermediary registered for failure to carry out the requirement of these regulations.
- l) Monetary penalties and adjudication proceedings

32. Are mergers and amalgamations of companies also covered under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011?

No, only takeovers and substantial acquisition of shares of a listed company falls within purview of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Mergers and Amalgamations are outside the purview of SEBI as they are a subject matter of the Companies Act, 1956.

33. What is the procedure for making an application to the Board for seeking exemption?

The Acquirer shall make an application in the standard format specified by SEBI supported by a duly sworn affidavit, giving all the relevant details of the proposed acquisition and the grounds on which the exemption is sought along with a fee of Rs 50,000.

The Board after giving reasonable opportunity of being heard to the applicant and after considering all the relevant facts and circumstances, pass a reasoned order either granting or rejecting the exemption or relaxation sought as expeditiously as possible. SEBI, if consider necessary, forwards the application to the Panel of experts for its recommendations. The order passed by the Board shall be published.

34. Are there any specific provisions for disinvestment of government shareholding in listed Public Sector Undertakings (PSUs)?

Regulation 13(2)(d) provides that pursuant to a disinvestment the public announcement shall be made on the same day as the date of executing the agreement for acquisition of shares or voting rights in or control over the target company.

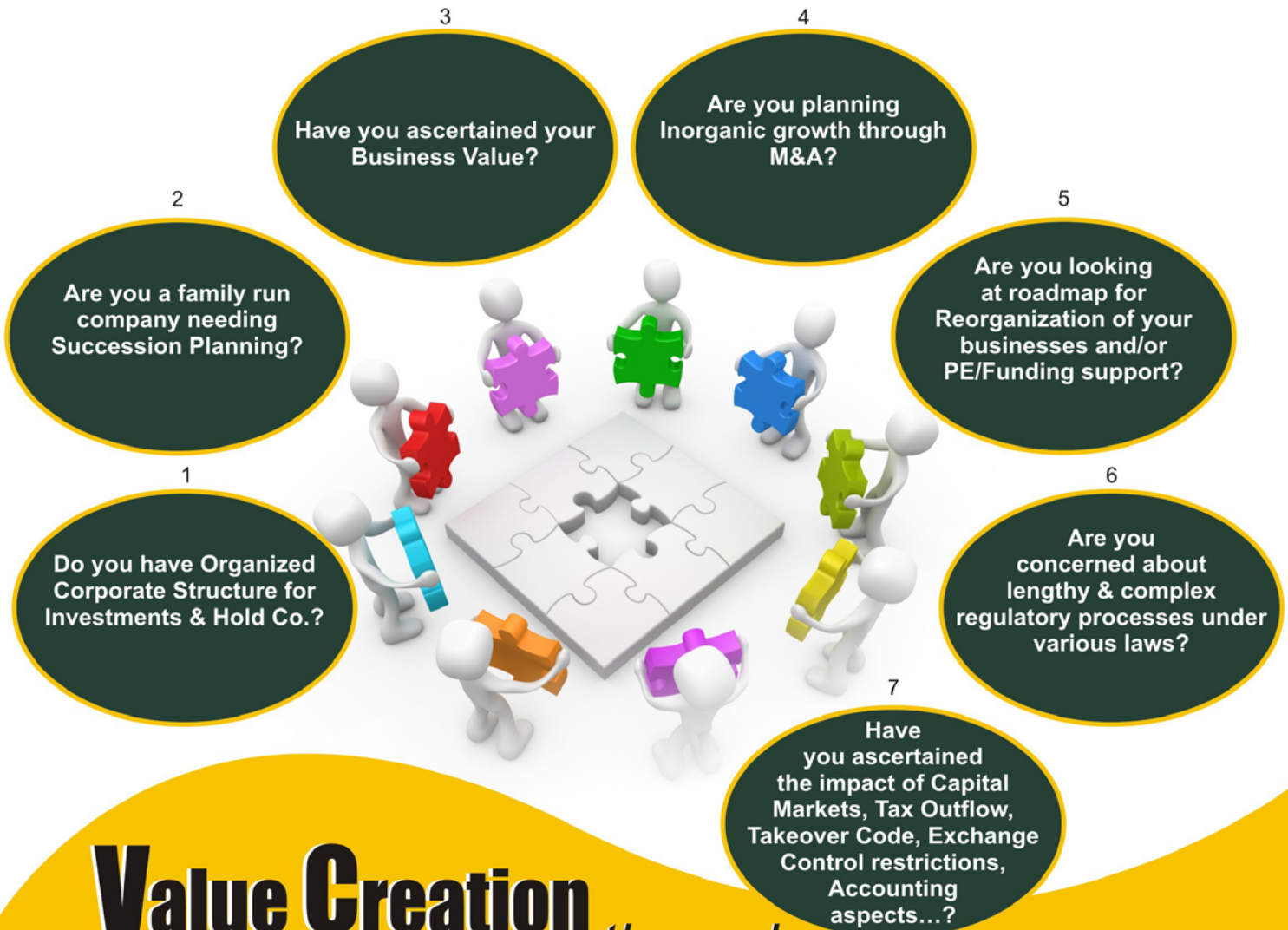
Regulation 10(1)(c) provides the exemption from making announcement in case of disinvestment of shares subject to the conditions stipulated therefore:-

Acquisitions by an acquirer who has made a public announcement of an open offer for acquiring shares pursuant to an agreement of disinvestment, at a subsequent stage as contemplated in such agreement:

Provided that,—

- i. both the acquirer and the seller are the same at all the stages of acquisition; and
- ii. full disclosures of all the subsequent stages of acquisition, if any, have been made in the public announcement of the open offer and in the letter of offer.

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COMPARISON OF LEGAL TEXT OF SEBI (SAST) REGULATIONS, 1997 AND SEBI (SAST) REGULATIONS, 2011

DEFINITIONS

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
Regulation 1 – Short Title and Commencement	
(1) These regulations shall be called the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.	(1) These regulations shall be called the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
(2) These regulations shall come into force on the date of their publication in the Official Gazette.	(2) These regulations shall come into force on the thirtieth day from the date of their publication in the Official Gazette.
	(3) These regulations shall apply to direct and indirect acquisition of shares or voting rights in, or control over any target company.
Regulation 2 – Definitions	
(1) In these regulations, unless the context otherwise requires: -	(1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions and variations shall be construed accordingly,—
(a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);	(c) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
(b) “Acquirer” means any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in the target company, or acquires or agrees to acquire control over the target company, either by himself or with any person acting in concert with the acquirer;	(a) “Acquirer” means any person who, directly or indirectly, acquires or agrees to acquire whether by himself, or through, or with persons acting in concert with him, shares or voting rights in, or control over a target company;
(c) “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. Explanation: — i. Where there are two or more persons in control over the target company, the cesser of any one of such persons from such control shall not be deemed to be a change in control of management nor shall any change in the nature and quantum of control amongst them constitute change in control of management: Provided that the transfer from joint control to sole	(e) “Control” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner: Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

<p>control is effected in accordance with clause (e) of sub-regulation (1) of regulation 3.</p> <p>ii. If consequent upon change in control of the target company in accordance with regulation 3, the control acquired is equal to or less than the control exercised by person(s) prior to such acquisition of control, such control shall not be deemed to be a change in control;</p>	
<p>cc) “Disinvestment” means the sale by the Central Government or by the State Government as the case may be of its shares or voting rights and/or control, in a listed Public Sector Undertaking;</p>	<p>(g) “Disinvestment” means the direct or indirect sale by the central government, any state government or by a government company, as the case may be, of shares or voting rights in, or control over, a target company, which is a public sector undertaking;</p>
<p>(d) “Investigating officer” means any person appointed by the Board under regulation 38;</p>	<p>-</p>
<p>(e) “Person acting in concert” comprises,—</p> <ol style="list-style-type: none"> 1. Persons who, for a common objective or purpose of substantial acquisition of shares or voting rights or gaining control over the target company, pursuant to an agreement or understanding (formal or informal), directly or indirectly co-operate by acquiring or agreeing to acquire shares or voting rights in the target company or control over the target company, 2. Without prejudice to the generality of this definition, the following persons will be deemed to be persons acting in concert with other persons in the same category, unless the contrary is established : <ol style="list-style-type: none"> i. a company, its holding company, or subsidiary or such company or company under the same management either individually or together with each other; ii. a company with any of its directors, or any person entrusted with the management of the funds of the company; iii. directors of companies referred to in sub-clause (i) of clause (2) and their associates; iv. mutual fund with sponsor or trustee or asset management company; v. foreign institutional investors with sub-account(s); vi. merchant bankers with their client(s) as acquirer; vii. portfolio managers with their client(s) as acquirer; viii. venture capital funds with sponsors; ix. banks with financial advisers, stock brokers of the acquirer, or any company which is a holding company, subsidiary or relative of the acquirer : Provided that sub-clause (ix) shall not apply to a bank whose sole relationship with the acquirer or with any company, which is a holding company or a subsidiary of the acquirer or with a relative of the acquirer, is by way of providing normal commercial banking services or such activities in connection with the offer such as confirming availability of 	<p>(q) “Persons acting in concert” means,—</p> <ol style="list-style-type: none"> (1) persons who, with a common objective or purpose of acquisition of shares or voting rights in, or exercising control over a target company, pursuant to an agreement or understanding, formal or informal, directly or indirectly co-operate for acquisition of shares or voting rights in, or exercise of control over the target company. (2) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be persons acting in concert with other persons within the same category, unless the contrary is established,— <ol style="list-style-type: none"> i. a company, its holding company, subsidiary company and any company under the same management or control; ii. a company, its directors, and any person entrusted with the management of the company; iii. directors of companies referred to in item (i) and (ii) of this sub-clause and associates of such directors; iv. promoters and members of the promoter group; v. immediate relatives; vi. a mutual fund, its sponsor, trustees, trustee company, and asset management company; vii. a collective investment scheme and its collective investment management company, trustees and trustee company; viii. a venture capital fund and its sponsor, trustees, trustee company and asset management company; ix. a foreign institutional investor and its sub-accounts; x. a merchant banker and its client, who is an acquirer; xi. a portfolio manager and its client, who is an acquirer; xii. banks, financial advisors and stock brokers of the acquirer, or of any company which is a holding company or subsidiary of the acquirer, and where the acquirer is an individual, of the immediate relative of such individual: <p>Provided that this sub-clause shall not apply to a bank whose sole role is that of providing normal commercial banking services or activities in relation to an open offer under these regulations;</p>

<p>funds, handling acceptances and other registration work;</p> <p>x. any investment company with any person who has an interest as director, fund manager, trustee, or as a shareholder having not less than 2 per cent of the paid-up capital of that company or with any other investment company in which such person or his associate holds not less than 2 per cent of the paid-up capital of the latter company. Note : For the purposes of this clause “associate” means,—a) any relative of that person within the meaning of section 6 of the Companies Act, 1956 (1 of 1956); and b) family trusts and Hindu undivided families</p>	<p>xiii. an investment company or fund and any person who has an interest in such investment company or fund as a shareholder or unitholder having not less than 10 per cent of the paid-up capital of the investment company or unit capital of the fund, and any other investment company or fund in which such person or his associate holds not less than 10 per cent of the paid-up capital of that investment company or unit capital of that fund:</p> <p>Provided that nothing contained in this sub-clause shall apply to holding of units of mutual funds registered with the Board;</p> <p><i>Explanation.</i>— For the purposes of this clause “associate” of a person means,—</p> <p>a) any immediate relative of such person;</p> <p>b) trusts of which such person or his immediate relative is a trustee;</p> <p>c) partnership firm in which such person or his immediate relative is a partner; and</p> <p>d) members of Hindu undivided families of which such person is a coparcener;</p>
<p>(f) “Offer Period” means the period between the date of entering into Memorandum of Understanding or the public announcement, as the case may be and the date of completion of offer formalities relating to the offer made under these regulations;</p>	<p>(p) “Offer Period” means the period between the date of entering into an agreement, formal or informal, to acquire shares, voting rights in, or control over a target company requiring a public announcement, or the date of the public announcement, as the case may be, and the date on which the payment of consideration to shareholders who have accepted the open offer is made, or the date on which open offer is withdrawn, as the case may be;</p>
<p>(g) “Panel” means a panel constituted by the Board for the purpose of regulation 4;</p>	<p>-</p>
<p>(h) “Promoter” means—</p> <p>a) any person who is in control of the target company;</p> <p>b) any person named as promoter in any offer document of the target company or any shareholding pattern filed by the target company with the stock exchanges pursuant to the Listing Agreement, whichever is later; and includes any person belonging to the promoter group as mentioned in Explanation I : Provided that a director or officer of the target company or any other person shall not be a promoter, if he is acting as such merely in his professional capacity.</p> <p>Explanation I : For the purpose of this clause, ‘promoter groups’ shall include :</p> <p>a. in case promoter is a body corporate—</p> <p>i. a subsidiary or holding company of that body corporate;</p> <p>ii. any company in which the promoter holds 10% or more of the equity capital or which</p>	<p>(s) “Promoter” has the same meaning as in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and includes a member of the promoter group;</p> <p>(t) “Promoter group” has the same meaning as in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;</p>

<p>holds 10% or more of the equity capital of the promoter;</p> <p>iii. any company in which a group of individuals or companies or combinations thereof who holds 20% or more of the equity capital in that company also holds 20% or more of the equity capital of the target company; and</p> <p>b. in case the promoter is an individual—</p> <p>i. the spouse of that person, or any parent, brother, sister or child of that person of his spouse;</p> <p>ii. any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relative is a member;</p> <p>iii. any company in which a company specified in (i) above, holds 10% or more, of the share capital; and</p> <p>iv. any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10 per cent of the total.</p> <p>Explanation II: Financial Institutions, Scheduled Banks, Foreign Institutional Investors (FIIs) and Mutual Funds shall not be deemed to be a promoter or promoter group merely by virtue of their shareholding. Provided that the Financial Institutions, Scheduled Banks and Foreign Institutional Investors (FIIs) shall be treated as promoters or promoter group for the subsidiaries or companies promoted by them or mutual funds sponsored by them.</p>	
<p>(i) “Public financial institution” means a public financial institution as defined in section 4A of the Companies Act, 1956;</p>	-
<p>(ii) “Public Sector Undertaking” means a company in which the Central Government or a State Government holds 50% or more of its equity capital or is in control of the company;</p>	<p>u) “Public sector undertaking” means a target company in which, directly or indirectly, majority of shares or voting rights or control is held by the central government or any state government or governments, or partly by the central government and partly by one or more state governments;</p>
<p>(j) “Public shareholding” means shareholding held by persons other than promoters as defined under clause (h);</p>	-
<p>(k) “Shares” means shares in the share capital of a company carrying voting rights and includes any security which would entitle the holder to receive shares with voting rights but shall not include preference shares;</p>	<p>(v) “Shares” means shares in the equity share capital of a target company carrying voting rights, and includes any security which entitles the holder thereof to exercise voting rights;</p> <p><i>Explanation.—</i> For the purpose of this clause shares will include all depository receipts carrying an entitlement to exercise voting rights in the target company;</p>
<p>(l) “Sick Industrial Company” shall have the same meaning assigned to it in clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special</p>	

Provisions) Act, 1985 (1 of 1986), or any statutory re-enactment thereof;	
(m) “ State level financial institution ” means a State Financial Corporation established under section 3 of the State Financial Institutions Act, 1951, and includes a development corporation established as a company by a State Government with the object of development of industries or agricultural activities in the State;	(x) “ State-level financial institution ” means a Financial Corporation established under section 3 or section 3A and institutions notified under section 46 of the State Financial Corporations Act, 1951 (63 of 1951), and includes a development corporation established as a company by a state government with the object of development of industries or agricultural activities in the state;
(n) “ Stock Exchange ” means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);	(y) “ Stock Exchange ” means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
(o) “ Target Company ” means a listed company whose shares or voting rights or control is directly or indirectly acquired or is being acquired;	(z) “ Target Company ” means a company and includes a body corporate or corporation established under a Central legislation, State legislation or Provincial legislation for the time being in force, whose shares are listed on a stock exchange;
(p) “ Working days ” shall mean the working days of the Board.	(ze) “ Working day ” means any working day of the Board.
-	(b) “ Acquisition ” means, directly or indirectly, acquiring or agreeing to acquire shares or voting rights in, or control over, a target company;
-	(d) “ Board ” means the Securities and Exchange Board of India established under section 3 of the Act;
-	(f) “ Convertible Security ” means a security which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder of the security, and includes convertible debt instruments and convertible preference shares;
-	(h) “ Enterprise Value ” means the value calculated as market capitalization of a company plus debt, minority interest and preferred shares, minus total cash and cash equivalents;
-	(i) “ Financial Year ” means the period of twelve months commencing on the first day of April;
-	(j) “ Frequently traded shares ” means shares of a target company in which the traded turnover on any stock exchange during the twelve calendar months preceding the calendar month in which the public announcement is made, is at least ten per cent of the total number of shares of such class of such target company: Provided that where the total share capital of the target company is not identical throughout such period, the weighted average number of total shares of the target company shall represent the total number of shares.
-	(k) “ Identified date ” means the date falling on the tenth working day prior to the commencement of the tendering period, for the purposes of determining the shareholders to whom the letter of offer shall be sent;
-	(l) “ Immediate relative ” means any spouse of a person, and

	includes parent, brother, sister or child of such person or of the spouse;
-	(m) "Listing agreement" means the agreement with the stock exchange governing the conditions of listing of shares of the target company;
-	(o) "Maximum permissible non-public shareholding" means such percentage shareholding in the target company excluding the minimum public shareholding required under the Securities Contracts (Regulation) Rules, 1957;
-	(n) "Manager to the open offer" means the merchant banker referred to in regulation 12;
-	(r) "Postal ballot" means a postal ballot as provided for under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 made under the Companies Act, 1956 (1 of 1956);
-	(w) "Specified" means as specified by the Board;
-	(za) "Tendering period" means the period within which shareholders may tender their shares in acceptance of an open offer to acquire shares made under these regulations;
-	(zb) "volume weighted average market price" means the product of the number of equity shares traded on a stock exchange and the price of each equity share divided by the total number of equity shares traded on the stock exchange;
-	(zc) "volume weighted average price" means the product of the number of equity shares bought and price of each such equity share divided by the total number of equity shares bought;
-	(zd) "weighted average number of total shares" means the number of shares at the beginning of a period, adjusted for shares cancelled, bought back or issued during the aforesaid period, multiplied by a time-weighting factor;
(2) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Act or the Securities Contracts (Regulation) Act, 1956, or the Companies Act, 1956, or any statutory modification or re-enactment thereto, as the case may be.	(2) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Act or the Securities Contracts (Regulation) Act, 1956, (42 of 1956) or the Companies Act, 1956 (1 of 1956), or any statutory modification or re-enactment thereto, as the case may be.

OPEN OFFER PROCESS

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
Regulation 10- Acquisition of fifteen per cent or more of the shares or voting rights of any company	Regulation 3(1) - Acquisition of shares
No acquirer shall acquire shares or voting rights which (taken together with shares or voting rights, if any, held by him or by persons acting in concert with him), entitle such acquirer to exercise fifteen per cent or more of the voting rights in a company, unless such acquirer makes a public announcement to acquire shares of such company in accordance with the regulations.	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.
Regulation 11 - Consolidation of holdings	Regulation 3(2) - Acquisition of shares
<p>(1) No acquirer who, together with persons acting in concert with him, has acquired, in accordance with the provisions of law, 15 per cent or more but less than fifty five per cent (55%) of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling him to exercise more than 5% of the voting rights, with post acquisition shareholding or voting rights not exceeding fifty five per cent., in any financial year ending on 31st March unless such acquirer makes a public announcement to acquire shares in accordance with the regulations.</p> <p>(2) No acquirer, who together with persons acting in concert with him holds, fifty-five per cent (55%) or more but less than seventy-five per cent (75%) of the shares or voting rights in a target company, shall acquire either by himself or through or with persons acting in concert with him any additional shares entitling him to exercise voting rights or voting rights therein, unless he makes a public announcement to acquire shares in accordance with these Regulations: Provided that in a case where the target company had obtained listing of its shares by making an offer of at least ten per cent (10%) of issue size to the public in terms of clause (b) of sub-rule (2) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, or in terms of any relaxation granted from strict enforcement of the said rule, this sub-regulation shall apply as if for the words and figures 'seventy-five per cent (75%)', the words and figures ninety per cent (90%)' were substituted. Provided further that such acquirer may, notwithstanding the acquisition made under regulation 10 or sub-regulation (1) of regulation 11, without making a public announcement under these Regulations, acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling him upto five per cent. (5%) voting rights in the target company subject to the following:- (i) the acquisition is made through open</p>	<p>No acquirer, who together with persons acting in concert with him, has acquired and holds in accordance with these regulations shares or voting rights in a target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights, unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations:</p> <p>Provided that such acquirer shall not be entitled to acquire or enter into any agreement to acquire shares or voting rights exceeding such number of shares as would take the aggregate shareholding pursuant to the acquisition above the maximum permissible non-public shareholding.</p> <p>Explanation.— For purposes of determining the quantum of acquisition of additional voting rights under this sub-regulation,—</p> <ol style="list-style-type: none"> i. gross acquisitions alone shall be taken into account regardless of any intermittent fall in shareholding or voting rights whether owing to disposal of shares held or dilution of voting rights owing to fresh issue of shares by the target company. ii. in the case of acquisition of shares by way of issue of new shares by the target company or where the target company has made an issue of new shares in any given financial year, the difference between the pre allotment and the post-allotment percentage voting rights shall be regarded as the quantum of additional acquisition .

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>market purchase in normal segment on the stock exchange but not through bulk deal /block deal/ negotiated deal/ preferential allotment; or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by the target company;</p> <p>(ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond seventy five per cent.(75%).</p> <p>(2A) Where an acquirer who (together with persons acting in concert with him) holds fifty-five per cent (55%) or more but less than seventy-five per cent (75%) of the shares or voting rights in a target company, is desirous of consolidating his holding while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the Listing Agreement, he may do so by making a public announcement in accordance with these regulations: Provided that in a case where the target company had obtained listing of its shares by making an offer of at least ten per cent (10%) of issue size to the public in terms of clause (b) of sub-rule (2) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, or in terms of any relaxation granted from strict enforcement of the said rule, this sub-regulation shall apply as if for the words and figures seventy-five per cent (75%)', the words and figures ninety per cent (90%)' were substituted.</p>	
<p>(3) Notwithstanding anything contained in regulations 10, 11 and 12, in case of disinvestment of a Public Sector Undertaking, an acquirer who together with persons acting in concert with him, has made a public announcement, shall not be required to make another public announcement at the subsequent stage of further acquisition of shares or voting rights or control of the Public Sector Undertaking provided:— (i) both the acquirer and the seller are the same at all the stages of acquisition, and (ii) disclosures regarding all the stages of acquisition, if any, are made in the letter of offer issued in terms of regulation 18 and in the first public announcement.</p>	<p>10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefore,—</p> <p>10(1)(c) acquisitions at subsequent stages, by an acquirer who has made a public announcement of an open offer for acquiring shares pursuant to an agreement of disinvestment, as contemplated in such agreement:</p> <p>Provided that,—</p> <ul style="list-style-type: none"> i. both the acquirer and the seller are the same at all the stages of acquisition; and ii. full disclosures of all the subsequent stages of acquisition, if any, have been made in the public announcement of the open offer and in the letter of offer.
<p>Explanation.—For the purposes of regulation 10 and regulation 11, acquisition shall mean and include,— (a) direct acquisition in a listed company to which the regulations apply;</p> <p>(b) indirect acquisition by virtue of acquisition of companies, whether listed or unlisted, whether in India or abroad.</p>	<p>Regulation 5- Indirect acquisition of shares or control</p> <p>(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</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
	these regulations, shall be considered as an indirect acquisition of shares or voting rights in, or control over the target company.
-	<p>(2) Notwithstanding anything contained in these regulations, in the case of an indirect acquisition attracting the provisions of sub-regulation (1) where,—</p> <p>(a) the proportionate net asset value of the target company as a percentage of the consolidated net asset value of the entity or business being acquired;</p> <p>(b) the proportionate sales turnover of the target company as a percentage of the consolidated sales turnover of the entity or business being acquired; or</p> <p>(c) the proportionate market capitalisation of the target company as a percentage of the enterprise value for the entity or business being acquired;</p> <p>is in excess of eighty per cent, on the basis of the most recent audited annual financial statements, such indirect acquisition shall be regarded as a direct acquisition of the target company for all purposes of these regulations including without limitation, the obligations relating to timing, pricing and other compliance requirements for the open offer.</p> <p>Explanation.— For the purposes of computing the percentage referred to in clause (c) of this sub-regulation, the market capitalisation of the target company shall be taken into account on the basis of the volume-weighted average market price of such shares on the stock exchange for a period of sixty trading days preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period.</p>
Regulation 12- Acquisition of control over a company	Regulation 4- Acquisition of Control
<p>Irrespective of whether or not there has been any acquisition of shares or voting rights in a company, no acquirer shall acquire control over the target company, unless such person makes a public announcement to acquire shares and acquires such shares in accordance with the regulations:</p> <p>Provided that nothing contained herein shall apply to any change in control which takes place in pursuance to a special resolution passed by the shareholders in a general meeting :</p> <p>Provided further that for passing of the special resolution facility of voting through postal ballot as specified under the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 shall also be provided.</p> <p>Explanation.—For the purposes of this regulation, acquisition shall include direct or indirect acquisition of</p>	<p>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.</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
control of target company by virtue of acquisition of companies, whether listed or unlisted and whether in India or abroad.	
Regulation 13- Appointment of a merchant banker	Regulation 12- Manager to the Open Offer
Before making any public announcement of offer referred to in regulation 10 or regulation 11 or regulation 12, the acquirer shall appoint a merchant banker in Category I holding a certificate of registration granted by the Board, who is not an associate of or group of the acquirer or the target company.	<p>(1) Prior to making a public announcement, the acquirer shall appoint a merchant banker registered with the Board, who is not an associate of the acquirer, as the manager to the open offer.</p> <p>Explanation— For the purposes of this regulation the term “associate” has the same meaning as in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.</p> <p>(2) The public announcement of the open offer for acquiring shares required under these regulations shall be made by the acquirer through such manager to the open offer.</p>
Regulation 14- Timing of the public announcement of offer	Regulation 13- Timing
(1) The public announcement referred to in regulation 10 or regulation 11 shall be made by the merchant banker not later than four working days of entering into an agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the respective percentage specified therein:	(1) The public announcement referred to in regulation 3 and regulation 4 shall be made in accordance with regulation 14 and regulation 15, on the date of agreeing to acquire shares or voting rights in, or control over the target company.
-	(2) Such public announcement,— (a) in the case of market purchases shall be made prior to placement of the purchase order with the stock broker to acquire the shares that would take the entitlement to voting rights beyond the stipulated thresholds;
14(1) Provided that in case of disinvestment of a Public Sector Undertaking, the public announcement shall be made by the merchant banker not later than 4 working days of the acquirer executing the Share Purchase Agreement or Shareholders Agreement with the Central Government or the State Government as the case may be, for the acquisition of shares or voting rights exceeding the percentage of shareholding referred to in regulation 10 or regulation 11 or the transfer of control over a target Public Sector Undertaking.	(2) Such public announcement,— (d) Pursuant to a disinvestment shall be made on the same day as the date of executing the agreement for acquisition of shares or voting rights in or control over the target company.
(2) In the case of an acquirer acquiring securities, including Global Depository Receipts or American Depository Receipts which, when taken together with the voting rights, if any already held by him or persons acting in concert with him, would entitle him to voting rights, exceeding the percentage specified in regulation 10 or regulation 11, the public announcement referred to in sub-regulation (1) shall be made not later than four working days before he acquires voting rights on such securities upon conversion, or exercise of option, as the case may be 3. Provided that in case of American Depository Receipts or	(2) Such public announcement,— (b) pursuant to an acquirer acquiring shares or voting rights in, or control over the target company upon converting convertible securities without a fixed date of conversion or upon conversion of depository receipts for the underlying shares of the target company shall be made on the same day as the date of exercise of the option to convert such securities into shares of the target company. (c) pursuant to an acquirer acquiring shares or voting rights in, or control over the target company upon conversion of

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
Global Depository Receipts entitling the holder thereof to exercise voting rights in excess of percentage specified in regulation 10 or regulation 11, on the shares underlying such depository receipts, public announcement shall be made within four working days of acquisition of such depository receipts.	convertible securities with a fixed date of conversion shall be made on the second working day preceding the scheduled date of conversion of such securities into shares of the target company.
(3) The public announcement referred to in regulation 12 shall be made by the merchant banker not later than four working days after any such change or changes are decided to be made as would result in the acquisition of control over the target company by the acquirer.	(1) The public announcement referred to in regulation 3 and regulation 4 shall be made in accordance with regulation 14 and regulation 15, on the date of agreeing to acquire shares or voting rights in, or control over the target company.
(4) In case of indirect acquisition or change in control, a public announcement shall be made by the acquirer within three months of consummation of such acquisition or change in control or restructuring of the parent or the company holding shares of or control over the target company in India.	(2) Such public announcement,— (e) in the case of indirect acquisition of shares or voting rights in, or control over the target company where none of the parameters referred to in sub-regulation (2) of regulation 5 are met, may be made at any time within four working days from the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain;
-	(2) Such public announcement,— (f) in the case of indirect acquisition of shares or voting rights in, or control over the target company where any of the parameters referred to in sub-regulation (2) of regulation 5 are met shall be made on the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain;
-	(2) Such public announcement,— (g) Pursuant to an acquirer acquiring shares or voting rights in, or control over the target company, under preferential issue, shall be made on the date on which special resolution is passed for allotment of shares under sub-section (1A) of section 81 of the Companies Act, 1956;
-	(2) Such public announcement,— (h) The public announcement pursuant to an increase in voting rights consequential to a buy-back not qualifying for exemption under regulation 10, shall be made not later than the ninetieth day from the date of such increase in the voting rights beyond the relevant threshold stipulated in regulation 3.
-	(2) Such public announcement,— (i) the public announcement pursuant to any acquisition of shares or voting rights in or control over the target company where the specific date on which title to such shares, voting rights or control is acquired is beyond the control of the acquirer, shall be made not later than two working days from the date of receipt of intimation of having acquired such title.

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
-	(3) The public announcement made under regulation 6 shall be made on the same day as the date on which the acquirer takes the decision to voluntarily make a public announcement of an open offer for acquiring shares of the target company.
-	(4) Pursuant to the public announcement made under sub-regulation (1) and sub regulation (3), a detailed public statement shall be published by the acquirer through the manager to the open offer in accordance with regulation 14 and regulation 15, not later than five working days of the public announcement: Provided that the detailed public statement pursuant to a public announcement made under clause (e) of sub-regulation (2) shall be made not later than five working days of the completion of the primary acquisition of shares or voting rights in, or control over the company or entity holding shares or voting rights in, or control over the target company. <i>Explanation.</i> — It is clarified that in the event the acquirer does not succeed in acquiring the ability to exercise or direct the exercise of voting rights in, or control over the target company, the acquirer shall not be required to make a detailed public statement of an open offer for acquiring shares under these regulations.
Regulation 15- Public announcement of offer	Regulation 14- Publication
Short Public Announcement	Short Public Announcement
-	(1) The public announcement shall be sent to all the stock exchanges on which the shares of the target company are listed, and the stock exchanges shall forthwith disseminate such information to the public. (2) A copy of the public announcement shall be sent to the Board and to the target company at its registered office within one working day of the date of the public announcement.
(1) The public announcement to be made under regulation 10 or 11 or 12 shall be made in all editions of one English national daily with wide circulation, one Hindi national daily with wide circulation and a regional language daily with wide circulation at the place where the registered office of the target company is situated and at the place of the stock exchange where the shares of the target company are most frequently traded.	(3) The detailed public statement pursuant to the public announcement referred to in sub-regulation (4) of regulation 13 shall be published in all editions of any one English national daily with wide circulation, any one Hindi national daily with wide circulation, and any one regional language daily with wide circulation at the place where the registered office of the target company is situated and one regional language daily at the place of the stock exchange where the maximum volume of trading in the shares of the target company are recorded during the sixty trading days preceding the date of the public announcement.
(2) Simultaneously with publication of the public announcement in the newspaper in terms of sub-regulation (1), a copy of the public announcement shall be, (i) submitted to the Board through the merchant	(4) Simultaneously with publication of such detailed public statement in the newspapers, a copy of the same shall be sent to,— i. the Board through the manager to the open offer;

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
banker, (ii) sent to all the stock exchanges on which the shares of the company are listed for being notified on the notice board, (iii) sent to the target company at its registered office for being placed before the Board of Directors of the company.	ii. all the stock exchanges on which the shares of the target company are listed, and the stock exchanges shall forthwith disseminate such information to the public; iii. the target company at its registered office, and the target company shall forthwith circulate it to the members of its board.
(3) Deleted	-
(4) The offer under these regulations shall be deemed to have been made on the date on which the public announcement has appeared in any of the newspapers referred to in sub-regulation (1).	-
Regulation 16- Contents of the public announcement of offer	Regulation 15- Contents
<p>The public announcement referred to in regulations 10 or 11 or 12 shall contain the following particulars, namely:—</p> <ul style="list-style-type: none"> i. the paid-up share capital of the target company, the number of fully paid-up and partly paid-up shares; ii. the total number and percentage of shares proposed to be acquired from the public, subject to a minimum as specified in sub-regulation (1) of regulation 21; iii. the minimum offer price for each fully paid-up or partly paid-up share; iv. mode of payment of consideration; v. the identity of the acquirer(s) and in case the acquirer is a company or companies, the identity of the promoters and, or the persons having control over such company(ies) and the group, if any, to which the company(ies) belong; vi. the existing holding, if any, of the acquirer in the shares of the target company, including holdings of persons acting in concert with him; (via) the existing shareholding, if any, of the merchant banker in the target company; vii. the salient features of the agreement, if any, such as the date, the name of the seller, the price at which the shares are being acquired, the manner of payment of the consideration and the number and percentage of shares in respect of which the acquirer has entered into the agreement to acquire the shares or the consideration, monetary or otherwise, for the acquisition of control over the target company, as the case may be; viii. the highest and the average price paid by the acquirer or persons acting in concert with him for acquisition, if any, of shares of the target company made by him during the twelve months period prior to the date of public announcement; 	<p>(1) The public announcement shall contain such information as may be specified, including the following,—</p> <ul style="list-style-type: none"> (a) name and identity of the acquirer and persons acting in concert with him; (b) name and identity of the sellers, if any; (c) nature of the proposed acquisition such as purchase of shares or allotment of shares, or any other means of acquisition of shares or voting rights in, or control over the target company; (d) the consideration for the proposed acquisition that attracted the obligation to make an open offer for acquiring shares, and the price per share, if any; (e) the offer price, and mode of payment of consideration; and (f) offer size, and conditions as to minimum level of acceptances, if any.

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>ix. the object and purpose of the acquisition of the shares and future plans, if any, of the acquirer for the target company, including disclosures whether the acquirer proposes to dispose of or otherwise encumber any assets of the target company in the succeeding two years except in the ordinary course of business of the target company: Provided that where the future plans are set out, the public announcement shall also set out how the acquirers propose to implement such future plans: Provided further that the acquirer shall not sell, dispose of or otherwise encumber any substantial asset of the target company except with the prior approval of the shareholders;</p> <p>(ixa) an undertaking that the acquirer shall not sell, dispose of or otherwise encumber any substantial asset of the target company except with the prior approval of the shareholders;</p> <p>x. the specified date as mentioned in regulation 19;</p> <p>xi. the date by which individual letters of offer would be posted to each of the shareholders;</p> <p>xii. the date of opening and closure of the offer and the manner in which and the date by which the acceptance or rejection of the offer would be communicated to the shareholders;</p> <p>xiii. the date by which the payment of consideration would be made for the shares in respect of which the offer has been accepted;</p> <p>xiv. disclosure to the effect that firm arrangement for financial resources required to implement the offer is already in place, including details regarding the sources of the funds whether domestic, i.e., from banks, financial institutions or otherwise or foreign, i.e., from Non-Resident Indians or otherwise;</p> <p>xv. provision for acceptance of the offer by person(s) who own the shares but are not the registered holders of such shares;</p> <p>xvi. statutory approvals, if any, required to be obtained for the purpose of acquiring the shares under the Companies Act, 1956 (1 of 1956), the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), the Foreign Exchange Regulation Act, 1973 (46 of 1973), and/or any other applicable laws;</p> <p>xvii. approvals of banks or financial institutions required, if any;</p> <p>xviii. whether the offer is subject to a minimum level of acceptances from the shareholders; and</p>	
<p>16(IX) such other information as is essential for the shareholders to make an informed decision in regard to the offer.</p>	<p>(2) The detailed public statement pursuant to the public announcement shall contain such information as may be specified in order to enable shareholders to make an informed decision with reference to the open offer.</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011																				
Regulation 17-Brochures, advertising material, etc.	Regulation 15- Content																				
The public announcement of the offer or any other advertisement, circular, brochure, publicity material or letter of offer issued in relation to the acquisition of shares shall not contain any misleading information.	(3) The public announcement of the open offer, the detailed public statement, and any other statement, advertisement, circular, brochure, publicity material or letter of offer issued in relation to the acquisition of shares under these regulations shall not omit any relevant information, or contain any misleading information.																				
Regulation 18- Submission of letter of offer to the Board	Regulation 16- Filing of letter of offer with the Board																				
(1) Within fourteen days from the date of public announcement made under regulation 10, 11 or 12 as the case may be, the acquirer shall, through its merchant banker, file with the Board, the draft of the letter of offer containing disclosures as specified by the Board.	(1) Within five working days from the date of the detailed public statement made under sub-regulation (4) of regulation 13, the acquirer shall, through the manager to the open offer, file with the Board, a draft of the letter of offer containing such information as may be specified along with a non-refundable fee as per the following scale by way of a banker's cheque or demand draft payable in Mumbai in favour of the Board,—																				
(3) The acquirer shall, while filing the draft letter of offer with the Board under sub-regulation (1), pay a fee as mentioned in the following table, by bankers' cheque or demand draft drawn in favour of the 'Securities and Board of India', payable at Mumbai:																					
Exchange																					
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Offer size</th> <th style="text-align: center;">Fee (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Less than or equal to ten crore rupees</td> <td>One lakh rupees (Rs. 1,00,000)</td> </tr> <tr> <td>More than ten crore rupees, but less than or equal to one thousand crore rupees</td> <td>0.125 per cent of the offer size</td> </tr> <tr> <td>More than one thousand crore rupees, but less than or equal to five thousand crore rupees.</td> <td>One crore twenty five lakh rupees (Rs. 1,25,00,000) plus 0.03125 per cent of the portion of the offer size in excess of one thousand crore rupees (Rs. 1000,00,00,000).</td> </tr> <tr> <td>More than five thousand crore rupees.</td> <td>A flat charge of three crore rupees (Rs. 3,00,00,000).</td> </tr> </tbody> </table>	Offer size	Fee (Rs.)	Less than or equal to ten crore rupees	One lakh rupees (Rs. 1,00,000)	More than ten crore rupees, but less than or equal to one thousand crore rupees	0.125 per cent of the offer size	More than one thousand crore rupees, but less than or equal to five thousand crore rupees.	One crore twenty five lakh rupees (Rs. 1,25,00,000) plus 0.03125 per cent of the portion of the offer size in excess of one thousand crore rupees (Rs. 1000,00,00,000).	More than five thousand crore rupees.	A flat charge of three crore rupees (Rs. 3,00,00,000).	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Consideration payable under the Open Offer</th> <th style="text-align: center;">Fee (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Upto ten crore rupees</td> <td>One Lakh twenty five thousands rupees (Rs.1,25,000)</td> </tr> <tr> <td>More than ten crores rupees, but less than or equal to one thousand crore rupees</td> <td>One Lakh twenty five thousand rupees (Rs.1,25,000) plus 0.025 percent of the portion of the offer size in excess of ten crore rupees (Rs.10,00,00,000)</td> </tr> <tr> <td>More than one thousand crore rupees, but less than or equal to five thousand crore rupees</td> <td>One crore twenty five lakh rupees (Rs.1,25,00,000) plus 0.03125 percent of the portion of the offer size in excess of one thousand crore rupees (Rs.1000,00,00,000)</td> </tr> <tr> <td>More than five Thousand crore rupees</td> <td>Two crore fifty lakh rupees (Rs.2,50,00,000) plus 0.01 percent of the portion of the offer size in excess of five thousand crore rupees (Rs.5000,00,00,000), subject to a maximum of three crore rupees (Rs.3,00,00,000)</td> </tr> </tbody> </table>	Consideration payable under the Open Offer	Fee (Rs.)	Upto ten crore rupees	One Lakh twenty five thousands rupees (Rs.1,25,000)	More than ten crores rupees, but less than or equal to one thousand crore rupees	One Lakh twenty five thousand rupees (Rs.1,25,000) plus 0.025 percent of the portion of the offer size in excess of ten crore rupees (Rs.10,00,00,000)	More than one thousand crore rupees, but less than or equal to five thousand crore rupees	One crore twenty five lakh rupees (Rs.1,25,00,000) plus 0.03125 percent of the portion of the offer size in excess of one thousand crore rupees (Rs.1000,00,00,000)	More than five Thousand crore rupees	Two crore fifty lakh rupees (Rs.2,50,00,000) plus 0.01 percent of the portion of the offer size in excess of five thousand crore rupees (Rs.5000,00,00,000), subject to a maximum of three crore rupees (Rs.3,00,00,000)
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SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>shareholders not earlier than 21 days from its submission to the Board under sub-regulation (1): Provided that if, within 21 days from the date of submission of the letter of offer, the Board specifies changes, if any, in the letter of offer (without being under any obligation to do so, the merchant banker and the acquirer shall carry out such changes before the letter of offer is dispatched to the shareholders : Provided further that if the disclosures in the draft letter of offer are inadequate or the Board has received any complaint or has initiated any enquiry or investigation in respect of the public offer, the Board may call for revised letter of offer with or without rescheduling the date of opening or closing of the offer and may offer its comments to the revised letter of offer within seven working days of filing of such revised letter of offer.</p>	<p>fifteen working days of the receipt of the draft letter of offer and in the event of no comments being issued by the Board within such period, it shall be deemed that the Board does not have comments to offer. Provided that in the event the Board has sought clarifications or additional information from the manager to the open offer, the period for issuance of comments shall be extended to the fifth working day from the date of receipt of satisfactory reply to the clarification or additional information sought. Provided that in the event the Board specifies any changes, the manager to the open offer and the acquirer shall carry out such changes in the letter of offer before it is dispatched to the shareholders.</p> <p>(6) In the event the disclosures in the draft letter of offer are inadequate the Board may call for a revised letter of offer and shall deal with the revised letter of offer in accordance with sub-regulation (4).</p>
-	<p>(2) The consideration payable under the open offer shall be calculated at the offer price, assuming full acceptance of the open offer, and in the event the open offer is subject to differential pricing, shall be computed at the highest offer price, irrespective of manner of payment of the consideration. Provided that in the event of consideration payable under the open offer being enhanced owing to a revision to the offer price or offer size the fees payable shall stand revised accordingly, and shall be paid within five working days from the date of such revision.</p>
-	<p>(3) The manager to the open offer shall provide soft copies of the public announcement, the detailed public statement and the draft letter of offer in accordance with such specifications as may be specified, and the Board shall upload the same on its website.</p>
-	<p>(5) In the case of competing offers, the Board shall provide its comments on the draft letter of offer in respect of each competing offer on the same day.</p>
Regulation 19- Specified date	Regulation 2(1)(k)- Identified Date
<p>The public announcement shall specify a date, which shall be the specified date for the purpose of determining the names of the shareholders to whom the letter of offer should be sent: Provided that such specified date shall not be later than the thirtieth day from the date of the public announcement.</p>	<p>Identified date means the date falling on the tenth working day prior to the commencement of the tendering period, for the purposes of determining the shareholders to whom the letter of offer shall be sent.</p>
Regulation 20- Offer Price	Regulation 8- Offer Price and Regulation 9- Mode of Payment
<p>(1) The offer to acquire shares under regulation 10, 11 or 12 shall be made at a price not lower than the price determined as per sub-regulations (4) and (5).</p>	<p>8(1) The open offer for acquiring shares under regulation 3, regulation 4, regulation 5 or regulation 6 shall be made at a price not lower than the price determined in accordance with sub-regulation (2) or sub-regulation (3), as the case may be.</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>(2) The offer price shall be payable— (a) in cash; (b) by issue, exchange and/transfer of shares (other than preference shares) of acquirer company, if the person seeking to acquire the shares is a listed body corporate; or (c) by issue, exchange and, or transfer of secured instruments of acquirer company with a minimum 'A' grade rating from a credit rating agency registered with the Board; (d) a combination of clause (a), (b) or (c) :</p> <p>Provided that where the payment has been made in cash to any class of shareholders for acquiring their shares under any agreement or pursuant to any acquisition in the open market or in any other manner during the immediately preceding twelve months from the date of public announcement, the letter of offer shall provide an option to the shareholders to accept payment either in cash or by exchange of shares or other secured instruments referred to above:</p> <p>Provided further that the mode of payment of consideration may be altered in case of revision in offer price or size subject to the condition that the amount to be paid in cash as mentioned in any announcement or the letter of offer is not reduced.</p>	<p>9(1) The offer price may be paid, —</p> <ol style="list-style-type: none"> in cash; by issue, exchange or transfer of listed shares in the equity share capital of the acquirer or of any person acting in concert; by issue, exchange or transfer of listed secured debt instruments issued by the acquirer or any person acting in concert with a rating not inferior to investment grade as rated by a credit rating agency registered with the Board; by issue, exchange or transfer of convertible debt securities entitling the holder thereof to acquire listed shares in the equity share capital of the acquirer or of any person acting in concert; or a combination of the mode of payment of consideration stated in clause (a), clause (b), clause (c) and clause (d): <p>Provided that where any shares have been acquired or agreed to be acquired by the acquirer and persons acting in concert with him during the fifty-two weeks immediately preceding the date of public announcement constitute more than ten per cent of the voting rights in the target company and has been paid for in cash, the open offer shall entail an option to the shareholders to require payment of the offer price in cash, and a shareholder who has not exercised an option in his acceptance shall be deemed to have opted for receiving the offer price in cash:</p> <p>Provided further that in case of revision in offer price the mode of payment of consideration may be altered subject to the condition that the component of the offer price to be paid in cash prior to such revision is not reduced.</p>
<p>(3) In case the offer price consists of consideration payable in the form of securities issuance of which requires approval of the shareholders, such approval shall be obtained by the acquirer within seven days from the date of closure of the offer: Provided that in case the requisite approval is not obtained, the acquirer shall pay the entire consideration in cash.</p>	<p>9(4) In the event the offer price consists of consideration to be paid by issuance of securities, which requires compliance with any applicable law, the acquirer shall ensure that such compliance is completed not later than the commencement of the tendering period:</p> <p>Provided that in case the requisite compliance is not made by such date, the acquirer shall pay the entire consideration in cash.</p>
<p>(4) For the purposes of sub-regulation (1), the offer price shall be the highest of—</p> <ol style="list-style-type: none"> the negotiated price under the agreement referred to in sub-regulation (1) of regulation 14; price paid by the acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty-six week period prior to the date of public announcement, whichever is higher; the average of the weekly high and low of the closing prices of the shares of the target company as quoted on the stock exchange where the shares of the company are most frequently traded during 	<p>8(2) In the case of direct acquisition of shares or voting rights in, or control over the target company, and indirect acquisition of shares or voting rights in, or control over the target company where the parameters referred to in sub-regulation (2) of regulation 5 are met, the offer price shall be the highest of,—</p> <ol style="list-style-type: none"> the highest negotiated price per share of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer; the volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>the twenty-six weeks or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two weeks preceding the date of public announcement, whichever is higher: Provided that the requirement of average of the daily high and low of the closing prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two weeks preceding the date of public announcement, shall not be applicable in case of disinvestment of a Public Sector Undertaking. Explanation.—In case of disinvestment of a Public Sector Undertaking, the relevant date for the calculation of the average of the weekly prices of the shares of the Public Sector Undertaking, as quoted on the stock exchange where its shares are most frequently traded, shall be the date preceding the date when the Central Government or the State Government opens the financial bid.</p>	<p>immediately preceding the date of the public announcement;</p> <ul style="list-style-type: none"> c. the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty six weeks immediately preceding the date of the public announcement; d. the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded; e. where the shares are not frequently traded, the price determined by the acquirer and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and f. the per share value computed under sub-regulation (5), if applicable.
<p>(5) Where the shares of the target company are infrequently traded, the offer price shall be determined by the acquirer and the merchant banker taking into account the following factors: (a) the negotiated price under the agreement referred to in sub-regulation (1) of regulation 14; (b) the highest price paid by the acquirer or persons acting in concert with him for acquisitions, if any, including by way of allotment in a public or rights or preferential issue during the twenty-six week period prior to the date of public announcement; (c) other parameters including return on networth, book value of the shares of the target company, earning per share, price earning multiple vis-a-vis the industry average : Provided that where considered necessary, the Board may require valuation of such infrequently traded shares by an independent merchant banker (other than the manager to the offer) or an independent chartered accountant of minimum ten years' standing or a public financial institution. Explanation.—</p> <ul style="list-style-type: none"> i. For the purpose of sub-regulation (5), shares shall be deemed to be infrequently traded if on the stock exchange, the annualised trading turnover in that share during the preceding six calendar months prior to the month in which the public announcement is made is less than five per cent (by number of shares) of the listed shares. For this purpose, the weighted average number of shares listed during the said six months period may be taken. ii. In case of disinvestment of a Public Sector 	<p>-</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>Undertaking, the shares of such an undertaking shall be deemed to be infrequently traded, if on the stock exchange, the annualised trading turnover in the shares during the preceding six calendar months prior to the month, in which the Central Government or the State Government as the case may be opens the financial bid, is less than five per cent (by the number of shares) of the listed shares. For this purpose, the weighted average number of shares listed during the six months period may be taken.</p> <p>iii. In case of shares which have been listed within six months preceding the public announcement, the trading turnover may be annualised with reference to the actual number of days for which the shares have been listed.</p>	
<p>(6) Notwithstanding anything contained in sub-regulation (5), in case of disinvestment of a Public Sector Undertaking, whose shares are infrequently traded, the minimum offer price shall be the price paid by the successful bidder to the Central Government or the State Government, arrived at after the process of competitive bidding of the Central Government or the State Government for the purpose of disinvestment.</p>	-
<p>(7) Notwithstanding anything contained in the provisions of sub-regulations (2), (4), (5) and (6), where the acquirer has acquired shares in the open market or through negotiation or otherwise, after the date of public announcement at a price higher than the offer price stated in the letter of offer, then, the highest price paid for such acquisition shall be payable for all acceptances received under the offer: Provided that no such acquisition shall be made by the acquirer during the last seven working days prior to the closure of the offer: Provided further that nothing contained in sub-regulation (7) shall be construed to authorise an acquirer who makes a public announcement in terms of sub-regulation (2A) of regulation 11 to acquire any shares during the offer period in the open market or through negotiation or in any other manner otherwise than under the public offer.</p>	<p>8(8) Where the acquirer has acquired or agreed to acquire whether by himself or through or with persons acting in concert with him any shares or voting rights in the target company during the offer period, whether by subscription or purchase, at a price higher than the offer price, the offer price shall stand revised to the highest price paid or payable for any such acquisition: Provided that no such acquisition shall be made after the third working day prior to the commencement of the tendering period and until the expiry of the tendering period.</p>
<p>(8) Any payment made to the persons other than the target company in respect of non- compete agreement in excess of twenty-five per cent of the offer price arrived at under sub-regulation (4) or (5) or (6) shall be added to the offer price.</p>	<p>8(7) For the purposes of sub-regulation (2) and sub-regulation (3), the price paid for shares of the target company shall include any price paid or agreed to be paid for the shares or voting rights in, or control over the target company, in any form whatsoever, whether stated in the agreement for acquisition of shares or in any incidental, contemporaneous or collateral agreement, whether termed as control premium or as non-compete fees or otherwise.</p>
<p>(9) In case where shares or secured instruments of the acquirer company are offered in lieu of cash payment,</p>	<p>9(5) Where listed securities are offered as consideration, the value of such securities shall be higher of:</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>the value of such shares or secured instruments shall be determined in the same manner as specified in sub-regulation (4) or sub-regulation (5) to the extent applicable, as duly certified by an independent merchant banker (other than the manager to the offer) or an independent chartered accountant of a minimum ten years' standing or a public financial institution.</p>	<p>a. the average of the weekly high and low of the closing prices of such securities quoted on the stock exchange during the six months preceding the relevant date;</p> <p>b. the average of the weekly high and low of the closing prices of such securities quoted on the stock exchange during the two weeks preceding the relevant date; and</p> <p>c. the volume-weighted average market price for a period of sixty trading days preceding the date of the public announcement, as traded on the stock exchange where the maximum volume of trading in the shares of the company whose securities are being offered as consideration, are recorded during the six-month period prior to relevant date and the ratio of exchange of shares shall be duly certified by an independent merchant banker (other than the manager to the open offer) or an independent chartered accountant having a minimum experience of ten years.</p> <p><i>Explanation.</i>— For the purposes of this sub-regulation, the “relevant date” shall be the thirtieth day prior to the date on which the meeting of shareholders is held to consider the proposed issue of shares under subsection (1A) of Section 81 of the Companies Act, 1956 (1 of 1956).</p>
<p>(10) The offer price for partly paid up shares shall be calculated as the difference between the offer price and the amount due towards calls-in-arrears or calls remaining unpaid together with interest, if any, payable on the amount called up but remaining unpaid.</p>	<p>8(13) The offer price for partly paid up shares shall be computed as the difference between the offer price and the amount due towards calls-in-arrears including calls remaining unpaid with interest, if any, thereon.</p>
<p>(11) The letter of offer shall contain justification or the basis on which the price has been determined.</p> <p><i>Explanation.</i>— (i) The highest price under clause (b) or the average price under clause (c) of sub-regulation (4) may be adjusted for quotations, if any, on cum-rights or cum-bonus or cum-dividend basis during the said period.</p> <p>(ii) Where the public announcement of offer is pursuant to acquisition by way of firm allotment in a public issue or preferential allotment, the average price under clause (c) of sub-regulation (4) shall be calculated with reference to twenty-six week period preceding the date of the board resolution which authorised the firm allotment or preferential allotment. (iii) Where the shareholders have been provided with an option to accept payment either in cash or by way of exchange of security, the pricing for the cash offer could be different from that of a share exchange offer or offer for exchange with secured instruments provided that the disclosures in the letter of offer contains suitable justification for such differential pricing and the pricing is subject to other provisions of this regulation. (iv) Where the offer is subject to a minimum level of acceptance, the acquirer may, subject to the other provisions of this regulation, indicate a lower price for the minimum acceptance up to twenty per cent, should be the</p>	<p>8(9) The price parameters under sub-regulation (2) and sub-regulation (3) may be adjusted by the acquirer in consultation with the manager to the offer, for corporate actions such as issuances pursuant to rights issue, bonus issue, stock consolidations, stock splits, payment of dividend, de-mergers and reduction of capital, where the record date for effecting such corporate actions falls prior to three working days before the commencement of the tendering period:</p> <p>Provided that no adjustment shall be made for dividend declared with a record date falling during such period except where the dividend per share is more than fifty per cent higher than the average of the dividend per share paid during the three financial years preceding the date of the public announcement.</p> <p>9(3) Where the shareholders have been provided with options to accept payment in cash or by way of securities, or a combination thereof, the pricing for the open offer may be different for each option subject to compliance with minimum offer price requirements under regulation 8:</p> <p>Provided that the detailed public statement and the letter of offer shall contain justification for such</p>

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offer not receive full acceptance.	<p>differential pricing.</p> <p>8(11) Where the open offer is subject to a minimum level of acceptances, the acquirer may, subject to the other provisions of this regulation, indicate a lower price, which will not be less than the price determined under this regulation, for acquiring all the acceptances despite the acceptance falling short of the indicated minimum level of acceptance, in the event the open offer does not receive the minimum acceptance.</p>
<p>(12) The offer price for indirect acquisition or control shall be determined with reference to the date of the public announcement for the parent company and the date of the public announcement for acquisition of shares of the target company, whichever is higher, in accordance with sub-regulation (4) or sub-regulation (5).</p>	<p>8(3) In the case of an indirect acquisition of shares or voting rights in, or control over the target company, where the parameter referred to in sub-regulation (2) of regulation 5 are not met, the offer price shall be the highest of,—</p> <ol style="list-style-type: none"> a. the highest negotiated price per share, if any, of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer; b. the volume-weighted average price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain; c. the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty-six weeks immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain; d. the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, between the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, and the date of the public announcement of the open offer for shares of the target company made under these regulations; e. the volume-weighted average market price of the shares for a period of sixty trading days immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded; and f. the per share value computed under sub-regulation (5).

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-	8(4) In the event the offer price is incapable of being determined under any of the parameters specified in sub-regulation (3), without prejudice to the requirements of sub-regulation (5), the offer price shall be the fair price of shares of the target company to be determined by the acquirer and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies.
-	8(5) In the case of an indirect acquisition and open offers under sub-regulation (2) of regulation 5 where,— a. the proportionate net asset value of the target company as a percentage of the consolidated net asset value of the entity or business being acquired; b. the proportionate sales turnover of the target company as a percentage of the consolidated sales turnover of the entity or business being acquired; or c. the proportionate market capitalization of the target company as a percentage of the enterprise value for the entity or business being acquired; is in excess of fifteen per cent, on the basis of the most recent audited annual financial statements, the acquirer shall, notwithstanding anything contained in sub-regulation (2) or sub-regulation (3), be required to compute and disclose, in the letter of offer, the per share value of the target company taken into account for the acquisition, along with a detailed description of the methodology adopted for such computation. Explanation.— For the purposes of computing the percentages referred to in clause (c) of this sub-regulation, the market capitalisation of the target company shall be taken into account on the basis of the volume-weighted average market price of such shares on the stock exchange for a period of sixty trading days preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period.
-	8(12) In the case of any indirect acquisition, other than the indirect acquisition referred in sub-regulation (2) of regulation 5, the offer price shall stand enhanced by an amount equal to a sum determined at the rate of ten per cent per annum for the period between the earlier of the date on which the primary acquisition is contracted or the date on which the intention or the decision to make the primary acquisition is announced in the public domain, and the date of the detailed public statement, provided such period is more than

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	five working days.
-	<p>8(14) The offer price for equity shares carrying differential voting rights shall be determined by the acquirer and the manager to the open offer with full disclosure of justification for the price so determined, being set out in the detailed public statement and the letter of offer: Provided that such price shall not be lower than the amount determined by applying the percentage rate of premium, if any, that the offer price for the equity shares carrying full voting rights represents to the price parameter computed under clause (d) of sub-regulation 2, or as the case may be, clause (e) of sub-regulation 3, to the volume-weighted average market price of the shares carrying differential voting rights for a period of sixty trading days computed on the same terms as specified in the aforesaid provisions, subject to shares carrying full voting rights and the shares carrying differential voting rights, both being frequently traded shares.</p>
-	<p>8(15) In the event of any of the price parameters contained in this regulation not being available or denominated in Indian rupees, the conversion of such amount into Indian rupees shall be effected at the exchange rate as prevailing on the date preceding the date of public announcement and the acquirer shall set out the source of such exchange rate in the public announcement, the detailed public statement and the letter of offer.</p>
-	<p>9(2) For the purposes of clause (b), clause (d) and clause (e) of sub-regulation (1), the shares sought to be issued or exchanged or transferred or the shares to be issued upon conversion of other securities, towards payment of the offer price, shall conform to the following requirements, —</p> <ol style="list-style-type: none"> a. such class of shares are listed on a stock exchange and frequently traded at the time of the public announcement; b. such class of shares have been listed for a period of at least two years preceding the date of the public announcement; c. the issuer of such class of shares has redressed at least ninety five per cent. of the complaints received from investors by the end of the calendar quarter immediately preceding the calendar month in which the public announcement is made; d. the issuer of such class of shares has been in material compliance with the listing agreement for a period of at least two years immediately preceding the date of the public announcement: <p>Provided that in case where the Board is of the view that</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
	<p>a company has not been materially compliant with the provisions of the listing agreement, the offer price shall be paid in cash only;</p> <p>e. the impact of auditors' qualifications, if any, on the audited accounts of the issuer of such shares for three immediately preceding financial years does not exceed five per cent. of the net profit or loss after tax of such issuer for the respective years; and</p> <p>f. the Board has not issued any direction against the issuer of such shares not to access the capital market or to issue fresh shares.</p>
<p>Regulation 20A-Acquisition price under creeping acquisition</p>	<p>Regulation 8(10)-Offer Price</p>
<p>(1) An acquirer who has made a public offer and seeks to acquire further shares under sub-regulation (1) of regulation 11 shall not acquire such shares during the period of 6 months from the date of closure of the public offer at a price higher than the offer price.</p> <p>(2) Sub-regulation (1) shall not apply where the acquisition is made through the stock exchanges.</p>	<p>Where the acquirer or persons acting in concert with him acquires shares of the target company during the period of twenty-six weeks after the tendering period at a price higher than the offer price under these regulations, the acquirer and persons acting in concert shall pay the difference between the highest acquisition price and the offer price, to all the shareholders whose shares were accepted in the open offer, within sixty days from the date of such acquisition:</p> <p>Provided that this provision shall not be applicable to acquisitions under another open offer under these regulations or pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, or open market purchases made in the ordinary course on the stock exchanges, not being negotiated acquisition of shares of the target company whether by way of bulk deals, block deals or in any other form.</p>
<p>Regulation 21- Minimum number of shares to be acquired</p>	<p>Regulation 7- Offer Size</p>
<p>(1) The public offer made by the acquirer to the shareholders of the target company shall be for a minimum twenty per cent of the voting capital of the company:</p>	<p>(1) The open offer for acquiring shares to be made by the acquirer and persons acting in concert with him under regulation 3 and regulation 4 shall be for at least twenty six per cent of total shares of the target company, as of tenth working day from the closure of the tendering period:</p> <p>Provided that the total shares of the target company as of tenth working day from the closure of the tendering period shall take into account all potential increases in the number of outstanding shares during the offer period contemplated as of the date of the public announcement:</p> <p>Provided further that the offer size shall be proportionately increased in case of an increase in total number of shares, after the public announcement, which is not contemplated on the date of the public announcement.</p> <p>(2) The open offer made under regulation 6 shall be for acquisition of at least such number of shares as would entitle the holder thereof to exercise an additional ten per cent of the total shares of the target company, and shall not exceed such number of shares as would result in the</p>

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	<p>post-acquisition holding of the acquirer and persons acting in concert with him exceeding the maximum permissible nonpublic shareholding applicable to such target company:</p> <p>Provided that in the event of a competing offer being made, the acquirer who has voluntarily made a public announcement of an open offer under regulation 6 shall be entitled to increase the number of shares for which the open offer has been made to such number of shares as he deems fit:</p> <p>Provided further that such increase in offer size shall have to be made within a period of fifteen working days from the public announcement of a competing offer, failing which the acquirer shall not be entitled to increase the offer size.</p>
-	(3) Upon an acquirer opting to increase the offer size under sub-regulation (2), such open offer shall be deemed to have been made under sub-regulation (2) of regulation 3 and the provisions of these regulations shall apply accordingly.
(2) If the acquisition made in pursuance of a public offer results in the public shareholding in the target company being reduced below the minimum level required as per the Listing Agreement, the acquirer shall take necessary steps to facilitate compliance of the target company with the relevant provisions thereof, within the time period mentioned therein.	(4) In the event the shares accepted in the open offer were such that the shareholding of the acquirer taken together with persons acting in concert with him pursuant to completion of the open offer results in their shareholding exceeding the maximum permissible non-public shareholding, the acquirer shall be required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957.
-	(5) The acquirer whose shareholding exceeds the maximum permissible non-public shareholding, pursuant to an open offer under these regulations, shall not be eligible to make a voluntary delisting offer under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, unless a period of twelve months has elapsed from the date of the completion of the offer period.
-	(6) Any open offer made under these regulations shall be made to all shareholders of the target company, other than the acquirer, persons acting in concert with him and the parties to any underlying agreement including persons deemed to be acting in concert with such parties, for the sale of shares of the target company.
(3) Where the public offer is made under sub-regulation (2A) of regulation 11 the minimum size of the public offer shall be the lesser of the following— (a) twenty per cent of the voting capital of the company; or (b) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the offer, enable the acquirer, together with the persons acting in concert with	-

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
him, to increase his holding to the maximum level possible, which is consistent with the target company meeting the requirements of minimum public shareholding laid down in the Listing Agreement.	
(4) The letter of offer shall state clearly the option available to the acquirer under sub-regulation (3).	-
(5) For the purpose of computing the percentage referred to sub-regulations (1) and (3) the voting rights as at the expiration of fifteen days after the closure of the public offer shall be reckoned.	-
(6) Where the number of shares offered for sale by the shareholders are more than the shares agreed to be acquired by the person making the offer, such person shall accept the offers received from the shareholders on a proportional basis, in consultation with the merchant banker, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots: Provided that acquisition of shares from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot.	-
Regulation 21A- Offer conditional upon level of acceptance	Regulation 19- Conditional Offer
Subject to the provisions of sub-regulation (8) of regulation 22, an acquirer or any person acting in concert with him may make an offer conditional as to the level of acceptance which may be less than twenty per cent: Provided that where the public offer is in pursuance of a Memorandum of Understanding, the Memorandum of Understanding shall contain a condition to the effect that in case the desired level of acceptance is not received the acquirer shall not acquire any shares under the Memorandum of Understanding and shall rescind the offer.	(1) An acquirer may make an open offer conditional as to the minimum level of acceptance: Provided that where the open offer is pursuant to an agreement, such agreement shall contain a condition to the effect that in the event the desired level of acceptance of the open offer is not received the acquirer shall not acquire any shares under the open offer and the agreement attracting the obligation to make the open offer shall stand rescinded. (2) Where an open offer is made conditional upon minimum level of acceptances, the acquirer and persons acting in concert with him shall not acquire, during the offer period, any shares in the target company except under the open offer and any underlying agreement for the sale of shares of the target company pursuant to which the open offer is made.
Regulation 22- General obligations of the acquirer	Regulation 25- Obligations of the acquirer Regulation 18- Other Procedures.
(1) The public announcement of an offer to acquire the shares of the target company shall be made only when the acquirer is able to implement the offer.	25(1) Prior to making the public announcement of an open offer for acquiring shares under these regulations, the acquirer shall ensure that firm financial arrangements have been made for fulfilling the payment obligations under the open offer and that the acquirer is able to implement the open offer, subject to any statutory approvals for the open offer that may be necessary.

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(11) The acquirer shall ensure that firm financial arrangement has been made for fulfilling the obligations under the public offer and suitable disclosures in this regard shall be made in the public announcement of offer.	-
(2) Within 14 days of the public announcement of the offer, the acquirer shall send a copy of the draft letter of offer to the target company at its registered office address, for being placed before the board of directors and to all the stock exchanges where the shares of the company are listed.	-
(3) The acquirer shall ensure that the letter of offer is sent to all the shareholders (including non-resident Indians) of the target company, whose names appear on the register of members of the company as on the specified date mentioned in the public announcement, so as to reach them within 45 days from the date of public announcement : Provided that where the public announcement is made pursuant to an agreement to acquire shares or control over the target company, the letter of offer shall be sent to shareholders other than the parties to the agreement. Explanation.—(i) A copy of the letter of offer shall also be sent to the Custodians of Global Depository Receipts or American Depository Receipts to enable such persons to participate in the open offer, if they are entitled to do so. (ii) A copy of the letter of offer shall also be sent to warrant holders or convertible debenture holders, where the period of exercise of option or conversion falls within the offer period.	-
(4) The date of opening of the offer shall be not later than the fifty fifth day from the date of public announcement.	18(8) The tendering period shall start not later than twelve working days from date of receipt of comments from the Board under sub-regulation (4) of regulation 16 and shall remain open for ten working days.
(5) The offer to acquire shares from the shareholders shall remain open for a period of twenty days.	
(5A) The shareholder shall have the option to withdraw acceptance tendered by him up to three working days prior to the date of closure of the offer.	18(9) Shareholders who have tendered shares in acceptance of the open offer shall not be entitled to withdraw such acceptance during the tendering period.
(6) In case the acquirer is a company, the public announcement of offer, brochure, circular, letter of offer or any other advertisement or publicity material issued to shareholders in connection with the offer must state that the directors accept the responsibility for the information contained in such documents: Provided that if any of the directors desires to exempt himself from responsibility for the information in such document, such director shall issue a statement to that effect, together with reasons thereof for such statement.	-

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<p>(7) During the offer period, the acquirer or persons acting in concert with him shall not be entitled to be appointed on the board of directors of the target company :</p> <p>Provided that in case of acquisition of shares or voting rights or control of a Public Sector Undertaking pursuant to a public announcement made under the proviso to sub-regulation (1) of regulation 14, the provisions of sub-regulation (8) of regulation 23 shall be applicable :</p> <p>Provided further that where the acquirer, other than the acquirer who has made an offer under regulation 21A, after assuming full acceptances, has deposited in the escrow account hundred per cent of the consideration payable in cash where the consideration payable is in cash and in the form of securities where the consideration payable is by way of issue, exchange or transfer of securities or combination thereof, he may be entitled to be appointed on the Board of Directors of the target company after a period of twenty-one days from the date of public announcement.</p>	<p>24(2) Where an open offer is made conditional upon minimum level of acceptances, the acquirer and persons acting in concert shall, notwithstanding anything contained in these regulations, and regardless of the size of the cash deposited in the escrow account referred to regulation 17, not be entitled to appoint any director representing the acquirer or any person acting in concert with him on the board of directors of the target company during the offer period.</p>
<p>(8) Where an offer is made conditional upon minimum level of acceptances, the acquirer or any person acting in concert with him—</p> <p>i. shall, irrespective of whether or not the offer received response to the minimum level of acceptances, acquire shares from the public to the extent of the minimum percentage specified in sub-regulation (1) of regulation 21 :</p> <p>Provided that the provisions of this clause shall not be applicable in case the acquirer has deposited in the escrow account, in cash, 50 per cent of the consideration payable under the public offer;</p> <p>ii. shall not acquire, during the offer period, any shares in the target company, except by way of fresh issue of shares of the target company, as provided for under regulation 3;</p> <p>iii. shall be liable for penalty of forfeiture of the entire escrow amount, for the non-fulfilment of obligations under the regulations.</p>	<p>-</p>
<p>(9) If any of the persons representing or having interest in the acquirer is already a director on the board of the target company or is an “insider” within the meaning of the Securities and Exchange Board of India (Insider Trading) Regulations, 1992, he shall refuse himself and not participate in any matter(s) concerning or “relating” to the offer including any</p>	<p>-</p>

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preparatory steps leading to the offer.	
(10) On or before the date of issue of public announcement of offer, the acquirer shall create an escrow account as provided under regulation 28.	-
(11) The acquirer shall ensure that firm financial arrangement has been made for fulfilling the obligations under the public offer and suitable disclosures in this regard shall be made in the public announcement of offer.	-
(12) The acquirer shall, within a period of fifteen days from the date of the closure of the offer, complete all procedures relating to the offer including payment of consideration to the shareholders who have accepted the offer and for the purpose open a special account as provided under regulation 29 : Provided that where the acquirer is unable to make the payment to the shareholders who have accepted the offer before the said period of fifteen days due to non-receipt of requisite statutory approvals, the Board may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the acquirer or failure of the acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the acquirer agreeing to pay interest to the shareholders for delay beyond fifteen days, as may be specified by the Board from time to time.	18(10) The acquirer shall, within ten working days from the last date of the tendering period, complete all requirements under these regulations and other applicable law relating to the open offer including payment of consideration to the shareholders who have accepted the open offer. 18(11) The acquirer shall be responsible to pursue all statutory approvals required by the acquirer in order to complete the open offer without any default, neglect or delay: Provided that where the acquirer is unable to make the payment to the shareholders who have accepted the open offer within such period owing to non-receipt of statutory approvals required by the acquirer, the Board may, where it is satisfied that such non-receipt was not attributable to any willful default, failure or neglect on the part of the acquirer to diligently pursue such approvals, grant extension of time for making payments, subject to the acquirer agreeing to pay interest to the shareholders for the delay at such rate as may be specified: Provided further that where the statutory approval extends to some but not all shareholders, the acquirer shall have the option to make payment to such shareholders in respect of whom no statutory approvals are required in order to complete the open offer.
(13) Where the acquirer fails to obtain the requisite statutory approvals in time on account of wilful default or neglect or inaction or non-action on his part, the amount lying in the escrow account shall be liable to be forfeited and dealt with in the manner provided in clause (e) of sub-regulation (12) of regulation 28, apart from the acquirer being liable for penalty as provided in the regulations.	-
(14) In the event of withdrawal of offer in terms of the regulations, the acquirer shall not make any offer for acquisition of shares of the target company for a period of six months from the date of public announcement of withdrawal of offer.	-

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(15) In the event of non-fulfillment of obligations under Chapter III or Chapter IV of the regulations the acquirer shall not make any offer for acquisition of shares of any listed company for a period of twelve months from the date of closure of the offer.	-
(16) If the acquirer, in pursuance of an agreement, acquires shares which along with his existing holding, if any, increases his shareholding beyond 15 per cent, then such agreement for sale of shares shall contain a clause to the effect that in case of non-compliance of any provisions of this regulation, the agreement for such sale shall not be acted upon by the seller or the acquirer : Provided that in case of the acquisition of shares of a Public Sector Undertaking pursuant to a public announcement made under the Regulations, the provisions of sub-regulation (8) of regulation 23 shall be applicable.	-
(17) Where the acquirer or persons acting in concert with him has acquired any shares in terms of sub-regulation (7) of regulation 20 at a price equal to or less or more than the offer price, he shall disclose the number, percentage, price and the mode of acquisition of such shares to the stock exchanges on which the shares of the target company are listed and to the merchant banker within 24 hours of such acquisition and the stock exchanges shall forthwith disseminate such information to the public.	-
(18) Where the acquirer has not either, in the public announcement, and, or in the letter of offer, stated his intention to dispose of or otherwise encumber any assets of the target company except in the ordinary course of business of the target company, the acquirer, where he has acquired control over the target company, shall be debarred from disposing of or otherwise encumbering the assets of the target company for a period of two years from the date of closure of the public offer.	25(2) In the event the acquirer has not declared an intention in the detailed public statement and the letter of offer to alienate any material assets of the target company or of any of its subsidiaries whether by way of sale, lease, encumbrance or otherwise outside the ordinary course of business, the acquirer, where he has acquired control over the target company, shall be debarred from causing such alienation for a period of two years after the offer period: Provided that in the event the target company or any of its subsidiaries is required to so alienate assets despite the intention to alienate not having been expressed by the acquirer, such alienation shall require a special resolution passed by shareholders of the target company, by way of a postal ballot and the notice for such postal ballot shall <i>inter alia</i> contain reasons as to why such alienation is necessary.
(19) The acquirer and the persons acting in concert with him shall be jointly and severally responsible for fulfillment of obligations under these regulations.	25(5) The acquirer and persons acting in concert with him shall be jointly and severally responsible for fulfillment of applicable obligations under these regulations.
-	25(3) The acquirer shall ensure that the contents of the public announcement, the detailed public statement, the letter of offer and the post-offer advertisement are true, fair

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	and adequate in all material aspects and not misleading in any material particular, and are based on reliable sources, and state the source wherever necessary.
Regulation 23- General obligations of the board of directors of the target company	Regulation 26- Obligations of the target company
<p>(1) Unless the approval of the general body of shareholders is obtained after the date of the public announcement of offer, the board of directors of the target company shall not, during the offer period, —</p> <ol style="list-style-type: none"> a. sell, transfer, encumber or otherwise dispose of or enter into an agreement for sale, transfer, encumbrance or for disposal of assets otherwise, not being sale or disposal of assets in the ordinary course of business, of the company or its subsidiaries; or b. issue or allot any authorised but unissued securities carrying voting rights during the offer period; or c. enter into any material contracts. <p>Explanation.—Restriction on issue of securities under clause (b) of sub-regulation (1) shall not affect—</p> <ol style="list-style-type: none"> i. the right of the target company to issue or allot shares carrying voting rights upon conversion of debentures already issued or upon exercise of option against warrants, as per pre-determined terms of conversion or exercise of option; ii. issue or allotment of shares pursuant to public or rights issue in respect of which the offer document has already been filed with the Registrar of Companies or Stock Exchanges, as the case may be. 	<p>26(2) During the offer period, unless the approval of shareholders of the target company by way of a special resolution by postal ballot is obtained, the board of directors of either the target company or any of its subsidiaries shall not,—</p> <ol style="list-style-type: none"> a. alienate any material assets whether by way of sale, lease, encumbrance or otherwise or enter into any agreement therefor outside the ordinary course of business; b. effect any material borrowings outside the ordinary course of business; c. issue or allot any authorised but unissued securities entitling the holder to voting rights: Provided that the target company or its subsidiaries may,— <ol style="list-style-type: none"> i. issue or allot shares upon conversion of convertible securities issued prior to the public announcement of the open offer, in accordance with pre-determined terms of such conversion; ii. issue or allot shares pursuant to any public issue in respect of which the red herring prospectus has been filed with the Registrar of Companies prior to the public announcement of the open offer; or iii. issue or allot shares pursuant to any rights issue in respect of which the record date has been announced prior to the public announcement of the open offer; d. implement any buy-back of shares or effect any other change to the capital structure of the target company; e. enter into, amend or terminate any material contracts to which the target company or any of its subsidiaries is a party, outside the ordinary course of business, whether such contract is with a related party, within the meaning of the term under applicable accounting principles, or with any other person; and f. accelerate any contingent vesting of a right of any person to whom the target company or any of its subsidiaries may have an obligation, whether such obligation is to acquire shares of the target company by way of employee stock options or otherwise.
-	<p>26(3) In any general meeting of a subsidiary of the target company in respect of the matters referred to in sub-regulation (2), the target company and its subsidiaries, if any, shall vote in a manner consistent with the special resolution passed by the shareholders of the target company.</p>

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<p>(2) The target company shall furnish to the acquirer, within seven days of the request of the acquirer or within seven days from the specified date whichever is later, a list of shareholders or warrant holders or convertible debenture holders as are eligible for participation under Explanation (ii) to sub-regulation (3) of regulation 22 containing names, addresses, shareholding and folio number, and of those persons whose applications for registration of transfer of shares are pending with the company.</p>	<p>26(5)The target company shall furnish to the acquirer within two working days from the identified date, a list of shareholders as per the register of members of the target company containing names, addresses, shareholding and folio number, in electronic form, wherever available, and a list of persons whose applications, if any, for registration of transfer of shares are pending with the target company: Provided that the acquirer shall reimburse reasonable costs payable by the target company to external agencies in order to furnish such information.</p>
<p>(3) Once the public announcement has been made, the board of directors of the target company shall not,—</p> <p>a. appoint as additional director or fill in any casual vacancy on the board of directors, by any person(s) representing or having interest in the acquirer, till the date of certification by the merchant banker as provided under sub-regulation (6) below : Provided that upon closure of the offer and the full amount of consideration payable to the shareholders being deposited in the special account, changes as would give the acquirer representation on the board on control over the company can be made by the target company;</p> <p>b. allow any person or persons representing or having interest in the acquirer, if he is already a director on the board of the target company before the date of the public announcement, to participate in any matter relating to the offer, including any preparatory steps leading thereto.</p>	<p>24(1) During the offer period, no person representing the acquirer or any person acting in concert with him shall be appointed as director on the board of directors of the target company, whether as an additional director or in a casual vacancy: Provided that after an initial period of fifteen working days from the date of detailed public statement, appointment of persons representing the acquirer or persons acting in concert with him on the board of directors may be effected in the event the acquirer deposits in cash in the escrow account referred to in regulation 17, one hundred per cent of the consideration payable under the open offer: Provided further that where the acquirer has specified conditions to which the open offer is subject in terms of clause (c) of sub-regulation (1) of regulation 23, no director representing the acquirer may be appointed to the board of directors of the target company during the offer period unless the acquirer has waived or attained such conditions and complies with the requirement of depositing cash in the escrow account.</p>
<p>(4) The board of directors of the target company may, if they so desire, send their unbiased comments and recommendations on the offer(s) to the shareholders, keeping in mind the fiduciary responsibility of the directors to the shareholders and for the purpose seek the opinion of an independent merchant banker or a committee of independent directors : Provided that for any mis-statement or for concealment of material information, the directors shall be liable for action in terms of these regulations and the Act.</p>	<p>26(6) Upon receipt of the detailed public statement, the board of directors of the target company shall constitute a committee of independent directors to provide reasoned recommendations on such open offer, and the target company shall publish such recommendations: Provided that such committee shall be entitled to seek external professional advice at the expense of the target company.</p>
<p>-</p>	<p>26(7) The committee of independent directors shall provide its written reasoned recommendations on the open offer to the shareholders of the target company and such recommendations shall be published in such form as may be specified, at least two working days before the commencement of the tendering period, in the same newspapers where the public announcement of the open offer was published, and simultaneously, a copy of the same shall be sent to,—</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
	<ul style="list-style-type: none"> i. the Board; ii. all the stock exchanges on which the shares of the target company are listed, and the stock exchanges shall forthwith disseminate such information to the public; and iii. to the manager to the open offer, and where there are competing offers, to the manager to the open offer for every competing offer.
(5) The board of directors of the target company shall facilitate the acquirer in verification of securities tendered for acceptances.	26(8) The board of directors of the target company shall facilitate the acquirer in verification of shares tendered in acceptance of the open offer.
(6) Upon fulfilment of all obligations by the acquirers under the regulations as certified by the merchant banker, the board of directors of the target company shall transfer the securities acquired by the acquirer, whether under the agreement or from open market purchases, in the name of the acquirer and/or allow such changes in the board of directors as would give the acquirer representation on the board or control over the company.	26(10) Upon fulfillment by the acquirer, of the conditions required under these regulations, the board of directors of the target company shall without any delay register the transfer of shares acquired by the acquirer in physical form, whether under the agreement or from open market purchases, or pursuant to the open offer.
(7) The obligations provided for in sub-regulation (16) of regulation 22 shall be complied with by the company in the circumstances specified therein.	-
(8) The restrictions— <ul style="list-style-type: none"> a. for appointment of directors on the Board of the target company by the acquirer under sub-regulation (7) of regulation 22; b. for acting on agreement for under sub-regulation (16) of regulation 22; c. for appointment of directors by the target company under clause (a) of sub-regulation (3) of this regulation; and d. for on transfer of securities or changes in the Board of Directors of the target company under sub-regulation (6) of this regulation, shall not be applicable, in case of sale of shares of a Public Sector Undertaking by the Central Government or the State Government and the agreement to sell contains a clause to the effect that in case of non-compliance of any of the provisions of the regulations by the acquirer, transfer of shares or the change of management or control of the Public Sector Undertaking shall vest back with the Central Government or the State Government] and the acquirer shall be liable to such penalty as may be imposed by the Central Government or the State Government. 	-
-	26(1) Upon a public announcement of an open offer for acquiring shares of a target company being made, the board of directors of such target company shall ensure that during the offer period, the business of the target company is conducted in the ordinary course

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	consistent with past practice.
-	26(4) The target company shall be prohibited from fixing any record date for a corporate action on or after the third working day prior to the commencement of the tendering period and until the expiry of the tendering period.
-	26(9) The board of directors of the target company shall make available to all acquirers making competing offers, any information and co-operation provided to any acquirer who has made a competing offer.
Regulation 24- General obligations of the merchant banker	Regulation 27- Obligations of the Manager to the open offer
<p>(1) Before the public announcement of offer is made, the merchant banker shall ensure that—</p> <p>(a) the acquirer is able to implement the offer;</p> <p>(b) the provision relating to escrow account referred to in regulation 28 has been made;</p> <p>(c) firm arrangements for funds and money for payment through verifiable means to fulfil the obligations under the offer are in place;</p> <p>(d) the public announcement of offer is made in terms of the regulations;</p> <p>(e) his shareholding, if any in the target company is disclosed in the public announcement and the letter of offer.</p>	<p>(1) Prior to public announcement being made, the manager to the open offer shall ensure that,—</p> <p>(a) the acquirer is able to implement the open offer; and</p> <p>(b) firm arrangements for funds through verifiable means have been made by the acquirer to meet the payment obligations under the open offer;</p>
<p>(2) The merchant banker shall furnish to the Board a due diligence certificate which shall accompany the draft letter of offer.</p>	<p>(3) The manager to the open offer shall furnish to the Board a due diligence certificate along with the draft letter of offer filed under regulation 16.</p>
<p>(3) The merchant banker shall ensure that the public announcement and the letter of offer is filed with the Board, target company and also sent to all the stock exchanges on which the shares of the target company are listed in accordance with the regulations.</p>	-
<p>(4) The merchant banker shall ensure that the contents of the public announcement of offer as well as the letter of offer are true, fair and adequate and based on reliable sources, quoting the source wherever necessary.</p>	<p>(2) The manager to the open offer shall ensure that the contents of the public announcement, the detailed public statement and the letter of offer and the post offer advertisement are true, fair and adequate in all material aspects, not misleading in any material particular, are based on reliable sources, state the source wherever necessary, and are in compliance with the requirements under these regulations.</p>
<p>(5) The merchant banker shall ensure compliance of the regulations and any other laws or rules as may be applicable in this regard.</p>	<p>(5) The manager to the open offer shall exercise diligence, care and professional judgement to ensure compliance with these regulations.</p>
<p>(5A)The merchant banker shall not deal in the shares of the target company during the period commencing from the date of his appointment in terms of regulation 13 till the expiry of the fifteen days from the date of closure of the offer.</p>	<p>(6) The manager to the open offer shall not deal on his own account in the shares of the target company during the offer period.</p>

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(6) Upon fulfilment of all obligations by the acquirers under the regulations, the merchant banker shall cause the bank with whom the escrow amount has been deposited to release the balance amount to the acquirers.	-
(7) The merchant banker shall send a final report to the Board within 45 days from the date of closure of the offer.	(7) The manager to the open offer shall file a report with the Board within fifteen working days from the expiry of the tendering period, in such form as may be specified, confirming status of completion of various open offer requirements.
-	(4) The manager to the open offer shall ensure that market intermediaries engaged for the purposes of the open offer are registered with the Board;
Regulation 25- Competitive bid	Regulation 20- Competing Offers
(1) Any person, other than the acquirer who has made the first public announcement, who is desirous of making any offer, shall, within 21 days of the public announcement of the first offer, make a public announcement of his offer for acquisition of the shares of the same target company. Explanation.—An offer made under sub-regulation (1) shall be deemed to be a competitive bid.	(1) Upon a public announcement of an open offer for acquiring shares of a target company being made, any person, other than the acquirer who has made such public announcement, shall be entitled to make a public announcement of an open offer within fifteen working days of the date of the detailed public statement made by the acquirer who has made the first public announcement. (3) Notwithstanding anything contained in these regulations, an open offer made within the period referred to in sub-regulation (1) shall not be regarded as a voluntary open offer under regulation 6, and the provisions of these regulations shall apply accordingly.
-	(4) Every open offer made under sub-regulation (1) and the open offer first made shall be regarded as competing offers for purposes of these regulations.
(2) No public announcement for an offer or competitive bid shall be made after 21 days from the date of public announcement of the first offer.	(5) No person shall be entitled to make a public announcement of an open offer for acquiring shares, or enter into any transaction that would attract the obligation to make a public announcement of an open offer for acquiring shares under these regulations, after the period of fifteen working days referred to in sub-regulation (1) and until the expiry of the offer period for such open offer.
(2A) No public announcement for a competitive bid shall be made after an acquirer has already made the public announcement under the proviso to sub-regulation (1) of regulation 14 pursuant to entering into a Share Purchase or Shareholders' Agreement with the Central Government or the State Government as the case may be, for acquisition of shares or voting rights or control of a Public Sector Undertaking.	(7) No person shall be entitled to make a public announcement of an open offer for acquiring shares, or enter into any transaction that would attract the obligation to make a public announcement of an open offer under these regulations until the expiry of the offer period where,— a. the open offer is for acquisition of shares pursuant to disinvestment, in terms of clause (d) of sub-regulation (2) of regulation 13; or b. the open offer is pursuant to a relaxation from strict compliance with the provisions of Chapter III or Chapter IV granted by the Board under sub-regulation (2) of regulation 11.

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
(2B) No public announcement for a competitive bid shall be made after an acquirer has already made the public announcement pursuant to relaxation granted by the Board in terms of regulation 29A.	-
(3) Any competitive offer by an acquirer shall be for such number of shares which, when taken together with shares held by him along with persons acting in concert with him, shall be at least equal to the holding of the first bidder including the number of shares for which the present offer by the first bidder has been made.	(2) The open offer made under sub-regulation (1) shall be for such number of shares which, when taken together with shares held by such acquirer along with persons acting in concert with him, shall be at least equal to the holding of the acquirer who has made the first public announcement, including the number of shares proposed to be acquired by him under the offer and any underlying agreement for the sale of shares of the target company pursuant to which the open offer is made.
(4) Upon the public announcement of a competitive bid or bids, the acquirer(s) who had made the public announcement(s) of the earlier offer(s), shall have the option to make an announcement revising the offer : Provided that if no such announcement is made within fourteen days of the announcement of the competitive bid(s), the earlier offer(s) on the original terms shall continue to be valid and binding on the acquirer(s) who had made the offer(s) except that the date of closing of the offer shall stand extended to the date of closure of the public offer under the last subsisting competitive bid.	(9) Upon the public announcement of a competing offer, an acquirer who had made a preceding competing offer shall be entitled to revise the terms of his open offer provided the revised terms are more favourable to the shareholders of the target company: Provided that the acquirers making the competing offers shall be entitled to make upward revisions of the offer price at any time up to three working days prior to the commencement of the tendering period.
(5) The provisions of these regulations shall mutatis mutandis apply to the competitive bid(s) made under sub-regulation (1).	(10) Except for variations made under this regulation, all the provisions of these regulations shall apply to every competing offer.
(6) The acquirers who have made the public announcement of offer(s) including the public announcement of competitive bid(s) shall have the option to make upward revisions in his offer(s), in respect of the price and the number of shares to be acquired, at any time up to seven working days prior to the date of closure of the offer : Provided that the acquirer shall not have the option to change any other terms and conditions of their offer except the mode of payment following an upward revision in offer: Provided further that any such upward revision shall be made only upon the acquirer,— (a) making a public announcement in respect of such changes or amendments in all the newspapers in which the original public announcement was made; (b) simultaneously with the issue of public announcement referred in clause (a), informing the Board, all the stock exchanges on which the shares of the company are listed, and the target company at its registered office;	-

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
(c) increasing the value of the escrow account as provided under sub-regulation (9) of regulation 28.	
(7) Where there is a competitive bid, the date of closure of the original bid as also the date of closure of all the subsequent competitive bids shall be the date of closure of public offer under the last subsisting competitive bid and the public offers under all the subsisting bids shall close on the same date.	(8) The schedule of activities and the tendering period for all competing offers shall be carried out with identical timelines and the last date for tendering shares in acceptance of the every competing offer shall stand revised to the last date for tendering shares in acceptance of the competing offer last made.
-	(6) Unless the open offer first made is an open offer conditional as to the minimum level of acceptances, no acquirer making a competing offer may be made conditional as to the minimum level of acceptances.
Regulation 26- Upward revision of offer	Regulation 18-Other procedure
<p>Irrespective of whether or not there is a competitive bid, the acquirer who has made the public announcement of offer may make upward revisions in his offer in respect of the price and the number of shares to be acquired, at any time up to seven working days prior to the date of the closure of the offer :</p> <p>Provided that any such upward revision of offer shall be made only upon the acquirer—</p> <ul style="list-style-type: none"> (a) making a public announcement in respect of such changes or amendments in all the newspapers in which the original public announcement was made; (b) simultaneously with the issue of such public announcement, informing the Board, all the stock exchanges on which the shares of the company are listed, and the target company at its registered office; (c) increasing the value of the escrow account as provided under sub-regulation (9) of regulation 28. 	<ul style="list-style-type: none"> (4) Irrespective of whether a competing offer has been made, an acquirer may make upward revisions to the offer price, and subject to the other provisions of these regulations, to the number of shares sought to be acquired under the open offer, at any time prior to the commencement of the last three working days before the commencement of the tendering period. (5) In the event of any revision of the open offer, whether by way of an upward revision in offer price, or of the offer size, the acquirer shall,— <ul style="list-style-type: none"> (a) make corresponding increases to the amount kept in escrow under regulation 17 prior to such revision. (b) make an announcement in respect of such revisions in all the newspapers in which the detailed public statement pursuant to the public announcement was made; (c) simultaneously with the issue of such an announcement, inform the Board, all the stock exchanges on which the shares of the target company are listed, and the target company at its registered office;
Regulation 27- Withdrawal of offer	Regulation 23- Withdrawal of open offer
<ul style="list-style-type: none"> (1) No public offer, once made, shall be withdrawn except under the following circumstances:— <ul style="list-style-type: none"> (a) [***] (b) the statutory approval(s) required have been refused; (c) the sole acquirer, being a natural person, has died; (d) such circumstances as in the opinion of the Board merit withdrawal. 	<ul style="list-style-type: none"> (1) An open offer for acquiring shares once made shall not be withdrawn except under any of the following circumstances,— <ul style="list-style-type: none"> (a) statutory approvals required for the open offer or for effecting the acquisitions attracting the obligation to make an open offer under these regulations having been finally refused, subject to such requirements for approval having been specifically disclosed in the detailed public statement and the letter of offer; (b) the acquirer, being a natural person, has died; (c) any condition stipulated in the agreement for acquisition attracting the obligation to make the open offer is not met for reasons outside the reasonable control of the acquirer, and such agreement is rescinded, subject to such conditions having been specifically disclosed in the detailed public statement and the letter of offer; or

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011						
	<p>(d) such circumstances as in the opinion of the Board, merit withdrawal.</p> <p><i>Explanation.</i>— For the purposes of clause (d) of sub-regulation (1), the Board shall pass a reasoned order permitting withdrawal, and such order shall be hosted by the Board on its official website.</p>						
<p>(2) In the event of withdrawal of the offer under any of the circumstances specified under sub-regulation (1), the acquirer or the merchant banker shall,—</p> <p>(a) make a public announcement in the same newspapers in which the public announcement of offer was published, indicating reasons for withdrawal of the offer ;</p> <p>(b) simultaneously with the issue of such public announcement, inform - (i) the Board; (ii) all the stock exchanges on which the shares of the company are listed; and (iii) the target company at its registered office.</p>	<p>(2) In the event of withdrawal of the open offer, the acquirer shall through the manager to the open offer, within two working days,—</p> <p>(a) make an announcement in the same newspapers in which the public announcement of the open offer was published, providing the grounds and reasons for withdrawal of the open offer ;</p> <p>(b) simultaneously with the announcement, inform in writing to,—</p> <p>i. the Board;</p> <p>ii. all the stock exchanges on which the shares of the target company are listed, and the stock exchanges shall forthwith disseminate such information to the public; and</p> <p>iii. the target company at its registered office.</p>						
Regulation 28- Provision of Escrow	Regulation 17- Provision of Escrow						
<p>(1) The acquirer shall as and by way of security for performance of his obligations under the regulations, deposit in an escrow account such sum as specified in sub-regulation (2).</p>	<p>(1) Not later than two working days prior to the date of the detailed public statement of the open offer for acquiring shares, the acquirer shall create an escrow account towards security for performance of his obligations under these regulations, and deposit in escrow such aggregate amount as per the following scale:</p>						
<p>(2) The escrow amount shall be calculated in the following manner,— (a) For consideration payable under the public offer,—</p>	<table border="1" data-bbox="821 1129 1466 1381"> <thead> <tr> <th data-bbox="821 1129 1133 1192">Consideration payable under the Open Offer</th> <th data-bbox="1133 1129 1466 1192">Escrow Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="821 1192 1133 1287">On the first five hundred crore rupees</td> <td data-bbox="1133 1192 1466 1287">an amount equal to twenty-five per cent of the consideration</td> </tr> <tr> <td data-bbox="821 1287 1133 1381">On the balance consideration</td> <td data-bbox="1133 1287 1466 1381">an additional amount equal to ten per cent of the balance consideration</td> </tr> </tbody> </table>	Consideration payable under the Open Offer	Escrow Amount	On the first five hundred crore rupees	an amount equal to twenty-five per cent of the consideration	On the balance consideration	an additional amount equal to ten per cent of the balance consideration
Consideration payable under the Open Offer	Escrow Amount						
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up to and including Rs. 100 crores	25 per cent;						
exceeding Rs. 100 crores	25 per cent; up to Rs.100 crores and 10 per cent thereafter						
<p>(3) The total consideration payable under the public offer shall be calculated assuming full acceptances and at the highest price if the offer is subject to differential pricing, irrespective of whether the consideration for the offer is payable in cash or otherwise.</p>	<p>(2) The consideration payable under the open offer shall be computed as provided for in sub-regulation (2) of regulation 16 and in the event of an upward revision of the offer price or of the offer size, the value of the escrow amount shall be computed on the revised consideration calculated at such revised offer price, and the additional amount shall be brought into the escrow account prior to effecting such revision.</p>						

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(4) The escrow account referred to in sub-regulation (1) shall consist of, — (a) cash deposited with a scheduled commercial bank; or (b) bank guarantee in favour of the merchant banker; or (c) deposit of acceptable securities with appropriate margin, with the merchant banker; or (d) cash deposited with a scheduled commercial bank in case of clause (b) of sub-regulation (2) of this regulation.	(3) The escrow account referred to in sub-regulation (1) may be in the form of,— (a) cash deposited with any scheduled commercial bank; (b) bank guarantee issued in favour of the manager to the open offer by any scheduled commercial bank; or (c) deposit of frequently traded and freely transferable equity shares or other freely transferable securities with appropriate margin; Provided that securities sought to be provided towards escrow under clause (c) shall be required to conform to the requirements set out in sub-regulation (2) of regulation 9.
(5) Where the escrow account consists of deposit with a scheduled commercial bank, the acquirer shall while opening the account, empower the merchant banker appointed for the offer to instruct the bank to issue a banker's cheque or demand draft for the amount lying to the credit of the escrow account, as provided in the regulations.	(5) For such part of the escrow account as is in the form of a cash deposit with a scheduled commercial bank, the acquirer shall while opening the account, empower the manager to the open offer to instruct the bank to issue a banker's cheque or demand draft or to make payment of the amounts lying to the credit of the escrow account, in accordance with requirements under these regulations.
(6) Where the escrow account consists of bank guarantee, such bank guarantee shall be in favour of the merchant banker and shall be valid at least for a period commencing from the date of public announcement until twenty days after the closure of the offer	(6) For such part of the escrow account as is in the form of a bank guarantee, such bank guarantee shall be in favour of the manager to the open offer and shall be kept valid throughout the offer period and for an additional period of thirty days after completion of payment of consideration to shareholders who have tendered their shares in acceptance of the open offer.
(7) The acquirer shall, in case the escrow account consists of securities empower the merchant banker to realise the value of such escrow account by sale or otherwise provided that if there is any deficit on realisation of the value of the securities, the merchant banker shall be liable to make good any such deficit.	(7) For such part of the escrow account as is in the form of securities, the acquirer shall empower the manager to the open offer to realise the value of such escrow account by sale or otherwise, and in the event there is any shortfall in the amount required to be maintained in the escrow account, the manager to the open offer shall be liable to make good such shortfall.
(8) In case the escrow account consists of bank guarantee or approved securities, these shall not be returned by the merchant banker till after completion of all obligations under the regulations.	-
(9) In case there is any upward revision of offer, consequent upon a competitive bid or otherwise, the value of the escrow account shall be increased to equal at least 10 per cent of the consideration payable upon such revision.	-
(10) Where the escrow account consists of bank guarantee or deposit of approved securities, the acquirer shall also deposit with the bank a sum of at least 1 per cent of the total consideration payable, as and by way of security for fulfilment of the obligations under the regulations by the acquirers.	(4) In the event of the escrow account being created by way of a bank guarantee or by deposit of securities, the acquirer shall also ensure that at least one per cent of the total consideration payable is deposited in cash with a scheduled commercial bank as a part of the escrow account.
(11) The Board shall in case of non-fulfilment of obligations under the regulations by the acquirer forfeit the escrow account either in full or in part.	(9) In the event of non-fulfilment of obligations under these regulations by the acquirer the Board may direct the manager to the open offer to forfeit the escrow account

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	or any amounts lying in the special account, either in full or in part.
(11A) In case of failure by the acquirer to obtain shareholders' approval required under sub-regulation (3) of regulation 20, the amount in escrow account may be forfeited.	-
<p>(12) The escrow account deposited with the bank in cash shall be released only in the following manner,—</p> <p>(a) the entire amount to the acquirer upon withdrawal of offer in terms of regulation 27 upon certification by the merchant banker;</p> <p>(b) for transfer to the special account opened in terms of sub-regulation (1) of regulation 29 : Provided the amount so transferred shall not exceed 90 per cent of the cash deposit made under clause (a) of sub-regulation (2) of this regulation;</p> <p>(c) to the acquirer, the balance of 10 per cent of the cash deposit made under clause (a) of sub-regulation (2) of this regulation or the cash deposit made under sub-regulation (10) of this regulation, on completion of all obligations under the regulations, and upon certification by the merchant banker;</p> <p>(d) the entire amount to the acquirer upon completion of all obligations under the regulations, upon certification by the merchant banker, where the offer is for exchange of shares or other secured instruments;</p> <p>(e) the entire amount to the merchant banker, in the event of forfeiture for nonfulfillment of any of the obligations under the Regulations, for distribution in the following manner, after deduction of expenses, if any, of the merchant banker and the registrars to the offer, -</p> <ol style="list-style-type: none"> i. one third of the amount to the target company; ii. one third of the amount to the Investor Protection and Education Fund established by the Board; iii. one third of the amount to be distributed pro-rata among the shareholders who have accepted the offer. 	<p>(10) The escrow account deposited with the bank in cash shall be released only in the following manner,—</p> <p>(a) the entire amount to the acquirer upon withdrawal of offer in terms of regulation 23 as certified by the manager to the open offer: Provided that in the event the withdrawal is pursuant to clause (c) of sub-regulation (1) of regulation 23, the manager to the open offer shall release the escrow account upon receipt of confirmation of such release from the Board;</p> <p>(b) for transfer of an amount not exceeding ninety per cent of the escrow account, to the special escrow account in accordance with regulation 21:</p> <p>(c) to the acquirer, the balance of the escrow account after transfer of cash to the special escrow account, on the expiry of thirty days from the completion of payment of consideration to shareholders who have tendered their shares in acceptance of the open offer, as certified by the manager to the open offer;</p> <p>(d) the entire amount to the acquirer upon the expiry of thirty days from the completion of payment of consideration to shareholders who have tendered their shares in acceptance of the open offer, upon certification by the manager to the open offer, where the open offer is for exchange of shares or other secured instruments;</p> <p>(e) the entire amount to the manager to the open offer, in the event of forfeiture for non-fulfillment of any of the obligations under these regulations, for distribution in the following manner, after deduction of expenses, if any, of registered market intermediaries associated with the open offer,—</p> <ol style="list-style-type: none"> i. one third of the escrow account to the target company; ii. one third of the escrow account to the Investor Protection and Education Fund established under the Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009; iii. one third of the escrow account to be distributed pro-rata among the shareholders who have accepted the open offer.
(13) In the event of non-fulfilment of obligations by the acquirer, the merchant banker shall ensure realisation of escrow amount by way of foreclosure of deposit invocation of bank guarantee or sale of securities and credit proceeds thereof to the Investor Protection and Education Fund established by the Board.	-

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
-	(8) The manager to the open offer shall not release the escrow account until the expiry of thirty days from the completion of payment of consideration to shareholders who have tendered their shares in acceptance of the open offer, save and except for transfer of funds to the special escrow account as required under regulation 21.
Regulation 29-Payment of Consideration	Regulation 21- Payment of Consideration
(1) For the amount of consideration payable in cash, the acquirer shall, within a period of seven days from the date of closure of the offer, open a special account with a banker to an issue registered with the Board and deposit therein, such sum as would, together with 90 per cent of the amount lying in the escrow account, if any, make up the entire sum due and payable to the shareholders as consideration for acceptances received and accepted in terms of these regulations and for this purpose, transfer the funds from the escrow account.	(1) For the amount of consideration payable in cash, the acquirer shall open a special escrow account with a banker to an issue registered with the Board and deposit therein, such sum as would, together with cash transferred under clause (b) of sub-regulation (10) of regulation 17, make up the entire sum due and payable to the shareholders as consideration payable under the open offer, and empower the manager to the offer to operate the special escrow account on behalf of the acquirer for the purposes under these regulations.
(2) The unclaimed balance lying to the credit of the account referred to in sub-regulation (1) at the end of three years from the date of deposit thereof shall be transferred to the investor protection fund of the regional stock exchange of the target company.	(3) Unclaimed balances, if any, lying to the credit of the special escrow account referred to in sub-regulation (1) at the end of seven years from the date of deposit thereof shall be transferred to the Investor Protection and Education Fund established under the Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009.
(3) In respect of consideration payable by way of exchange of securities, the acquirer shall ensure that the securities are actually issued and despatched to the shareholders.	(2) Subject to provisos to sub-regulation (11) of regulation 18, the acquirer shall complete payment of consideration whether in the form of cash, or as the case may be, by issue, exchange or transfer of securities, to all shareholders who have tendered shares in acceptance of the open offer, within ten working days of the expiry of the tendering period.
Regulation 29A- Relaxation from the strict compliance of provisions of Chapter III in certain cases	Regulation 11(2)- Exemptions by the Board
<p>The Board may, on an application made by a target company, relax any or more of the provisions of this Chapter, subject to such conditions as it may deem fit, if it is satisfied that—</p> <p>(a) the Central Government or State Government or any other regulatory authority has removed the board of directors of the target company and has appointed other persons to hold office as directors thereof under any law for the time being in force for orderly conduct of the affairs of the target company;</p> <p>(b) such directors have devised a plan which provides for transparent, open, and competitive process for continued operation of the target company in the interests of all stakeholders in the target company and such plan does not further the interests of any particular acquirer;</p>	<p>The Board may for reasons recorded in writing, grant a relaxation from strict compliance with any procedural requirement under Chapter III and Chapter IV subject to such conditions as the Board deems fit to impose in the interests of investors in securities and the securities market on being satisfied that,—</p> <p>a) the target company is a company in respect of which the Central Government or State Government or any other regulatory authority has superseded the board of directors of the target company and has appointed new directors under any law for the time being in force, if,—</p> <p>(i) such board of directors has formulated a plan which provides for transparent, open, and competitive process for acquisition of shares or voting rights in, or control over the target company to secure the smooth and continued operation of the target company in the interests of all stakeholders of the target company and such plan does not further the interests of any particular</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>(c) the conditions and requirements of the competitive process are reasonable and fair;</p> <p>(d) the process provides for details including the time when the public offer would be made, completed and the manner in which the change in control would be effected;</p> <p>(e) the provisions of this Chapter are likely to act as impediment to implementation of the plan of the target company and relaxation from one or more of such provisions is in public interest, the interest of investors and the securities market.</p>	<p>acquirer;</p> <p>(ii) the conditions and requirements of the competitive process are reasonable and fair;</p> <p>(iii) the process adopted by the board of directors of the target company provides for details including the time when the open offer for acquiring shares would be made, completed and the manner in which the change in control would be effected; and</p> <p>b) the provisions of Chapter III and Chapter IV are likely to act as impediment to implementation of the plan of the target company and exemption from strict compliance with one or more of such provisions is in public interest, the interests of investors in securities and the securities market.</p>
	Regulation 6- Voluntary Offer
-	<p>(1) An acquirer, who together with persons acting in concert with him, holds shares or voting rights in a target company entitling them to exercise twenty-five per cent or more but less than the maximum permissible non-public shareholding, shall be entitled to voluntarily make a public announcement of an open offer for acquiring shares in accordance with these regulations, subject to their aggregate shareholding after completion of the open offer not exceeding the maximum permissible non-public shareholding:</p> <p>Provided that where an acquirer or any person acting in concert with him has acquired shares of the target company in the preceding fifty-two weeks without attracting the obligation to make a public announcement of an open offer, he shall not be eligible to voluntarily make a public announcement of an open offer for acquiring shares under this regulation:</p> <p>Provided further that during the offer period such acquirer shall not be entitled to acquire any shares otherwise than under the open offer.</p>
-	<p>(2) An acquirer and persons acting in concert with him, who have made a public announcement under this regulation to acquire shares of a target company shall not be entitled to acquire any shares of the target company for a period of six months after completion of the open offer except pursuant to another voluntary open offer:</p> <p>Provided that such restriction shall not prohibit the acquirer from making a competing offer upon any other person making an open offer for acquiring shares of the target company.</p>
	Regulation 18-Other procedures
-	<p>(1) Simultaneously with the filing of the draft letter of offer with the Board under sub-regulation (1) of regulation 16, the acquirer shall send a copy of the draft letter of offer to the target company at its registered office address and to all stock exchanges where the shares of the</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
	target company are listed.
-	<p>(2) The letter of offer shall be dispatched to the shareholders whose names appear on the register of members of the target company as of the identified date, not later than seven working days from the receipt of communication of comments from the Board or where no comments are offered by the Board, within seven working days from the expiry of the period stipulated in sub-regulation (4) of regulation 16:</p> <p>Provided that where local laws or regulations of any jurisdiction outside India may expose the acquirer or the target company to material risk of civil, regulatory or criminal liabilities in the event the letter of offer in its final form were to be sent without material amendments or modifications into such jurisdiction, and the shareholders resident in such jurisdiction hold shares entitling them to less than five per cent of the voting rights of the target company, the acquirer may refrain from dispatch of the letter of offer into such jurisdiction:</p> <p>Provided further that every person holding shares, regardless of whether he held shares on the identified date or has not received the letter of offer, shall be entitled to tender such shares in acceptance of the open offer</p>
-	<p>(3) Simultaneously with the dispatch of the letter of offer in terms of sub-regulation (2), the acquirer shall send the letter of offer to the custodian of shares underlying depository receipts, if any, of the target company.</p>
-	<p>(6) The acquirer shall disclose during the offer period every acquisition made by the acquirer or persons acting in concert with him of any shares of the target company in such form as may be specified, to each of the stock exchanges on which the shares of the target company are listed and to the target company at its registered office within twenty-four hours of such acquisition, and the stock exchanges shall forthwith disseminate such information to the public:</p> <p>Provided that the acquirer and persons acting in concert with him shall not acquire or sell any shares of the target company during the period between three working days prior to the commencement of the tendering period and until the expiry of the tendering period.</p>
-	<p>(7) The acquirer shall issue an advertisement in such form as may be specified, one working day before the commencement of the tendering period, announcing the schedule of activities for the open offer, the status of statutory and other approvals, if any, whether for the acquisition attracting the obligation to make an open offer under these regulations or for the open offer, unfulfilled conditions, if any, and their status, the</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
	<p>procedure for tendering acceptances and such other material detail as may be specified: Provided that such advertisement shall be,—</p> <ol style="list-style-type: none"> a. published in all the newspapers in which the detailed public statement pursuant to the public announcement was made; and b. simultaneously sent to the Board, all the stock exchanges on which the shares of the target company are listed, and the target company at its registered office.
	Regulation 22-Completion of acquisition
-	<p>(1) The acquirer shall not complete the acquisition of shares or voting rights in, or control over, the target company, whether by way of subscription to shares or a purchase of shares attracting the obligation to make an open offer for acquiring shares, until the expiry of the offer period:</p> <p>Provided that in case of an offer made under sub-regulation (1) of regulation 20, pursuant to a preferential allotment, the offer shall be completed within the period as provided under sub-regulation (1) of regulation 74 of Securities and Exchange Board of India (Issue of Capital and Disclosure) Regulations, 2009.</p>
-	<p>(2) Notwithstanding anything contained in sub-regulation (1), subject to the acquirer depositing in the escrow account under regulation 17, cash of an amount equal to one hundred per cent of the consideration payable under the open offer assuming full acceptance of the open offer, the parties to such agreement may after the expiry of twenty-one working days from the date of detailed public statement, act upon the agreement and the acquirer may complete the acquisition of shares or voting rights in, or control over the target company as contemplated.</p>
-	<p>(3) The acquirer shall complete the acquisitions contracted under any agreement attracting the obligation to make an open offer not later than twenty-six weeks from the expiry of the offer period:</p> <p>Provided that in the event of any extraordinary and supervening circumstances rendering it impossible to complete such acquisition within such period, the Board may for reasons to be published, may grant an extension of time by such period as it may deem fit in the interests of investors in securities and the securities market.</p>

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DISCLOSURES

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
Regulation 6-Transitional Provision	
(1) Any person, who holds more than five per cent shares or voting rights in any company, shall within two months of notification of these regulations disclose his aggregate shareholding in that company, to the company.	-
(2) Every company whose shares are held by the persons referred to in sub-regulation (1) shall, within three months from the date of notification of these regulations, disclose to all the stock exchanges on which the shares of the company are listed, the aggregate number of shares held by each person.	-
(3) A promoter or any person having control over a company shall within two months of notification of these regulations disclose the number and percentage of shares or voting rights held by him and by person(s) acting in concert with him in that company, to the company.	-
(4) Every company, whose shares are listed on a stock exchange shall within three months of notification of these regulations, disclose to all the stock exchanges on which the shares of the company are listed, the names and addresses of promoters and/or person(s) having control over the company, and the number and percentage of shares or voting rights held by each such person.	-
Regulation 7 - Acquisition of 5 per cent and more shares or voting rights of a company	Regulation 29 - Disclosure of acquisition and disposal.
(1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.	1. Any acquirer who acquires 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, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.
(1A) Any acquirer who has acquired shares or voting rights of a company under sub-regulation (1) of regulation 11 or under second proviso to sub-regulation (2) of regulation 11 shall disclose purchase or sale aggregating two per cent or more of the share capital of the target company to the target company, and the stock exchanges where shares of the target company are listed within two days of such purchase or sale along with the aggregate shareholding after such acquisition or sale.	2. Any acquirer, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose every acquisition or disposal of shares of such target company representing two per cent or more of the shares or voting rights in such target company in such form as may be specified.

<p>Explanation.—For the purposes of sub-regulations (1) and (1A), the term ‘acquirer’ shall include a pledgee, other than a bank or a financial institution and such pledgee shall make disclosure to the target company and the stock exchange within two days of creation of pledge.</p>	<p>(4) For the purposes of this regulation, shares taken by way of encumbrance shall be treated as an acquisition, shares given upon release of encumbrance shall be treated as a disposal, and disclosures shall be made by such person accordingly in such form as may be specified:</p> <p>Provided that such requirement shall not apply to a scheduled commercial bank or public financial institution as pledgee in connection with a pledge of shares for securing indebtedness in the ordinary course of business.</p>
<p>(2) The disclosures mentioned in sub-regulations (1) and (1A) shall be made within two days of,—</p> <p>a. the receipt of intimation of allotment of shares; or</p> <p>b. the acquisition of shares or voting rights, as the case may be.</p>	<p>(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to,—</p> <p>a. every stock exchange where the shares of the target company are listed; and</p> <p>b. the target company at its registered office.</p>
<p>(2A) The stock exchange shall immediately display the information received from the acquirer under sub-regulations (1) and (1A) on the trading screen, the notice board and also on its website.</p>	<p>28(4) Upon receipt of the disclosures required under this Chapter, the stock exchange shall forthwith disseminate the information so received.</p>
<p>(3) Every company, whose shares are acquired in a manner referred to in sub-regulations (1) and (1A), shall disclose to all the stock exchanges on which the shares of the said company are listed the aggregate number of shares held by each of such persons referred above within seven days of receipt of information under sub-regulations (1) and (1A).</p>	<p>-</p>
<p>Regulation 8 – Continual Disclosures</p>	<p>Regulation 30 – Continual Disclosures</p>
<p>(1) Every person, including a person mentioned in regulation 6 who holds more than fifteen per cent shares or voting rights in any company, shall, within 21 days from the financial year ending March 31, make yearly disclosures to the company, in respect of his holdings as on 31st March.</p>	<p>(1) Every person, who together with persons acting in concert with him, holds shares or voting rights entitling them to exercise twenty-five per cent or more of the voting rights in a target company, shall disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.</p>
<p>(2) A promoter or every person having control over a company shall, within 21 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, disclose the number and percentage of shares or voting rights held by him and by persons acting in concert with him, in that company to the company.</p>	<p>(2) The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.</p>

<p>(3) Every company whose shares are listed on a stock exchange, shall within 30 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, make yearly disclosures to all the stock exchanges on which the shares of the company are listed, the changes, if any, in respect of the holdings of the persons referred to under sub-regulation (1) and also holdings of promoters or person(s) having control over the company as on 31st March.</p>	<p>(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the end of each financial year to,—</p> <ol style="list-style-type: none"> every stock exchange where the shares of the target company are listed; and the target company at its registered office.
<p>(4) Every company whose shares are listed on a stock exchange shall maintain a register in the specified format to record the information received under sub-regulation (3) of regulation 6, sub-regulation (1) of regulation 7 and sub-regulation (2) of regulation 8.</p>	<p>-</p>
<p>Regulation 8A – Disclosure of Pledged Shares</p>	<p>Regulation 31 – Disclosure of encumbered Shares</p>
<p>(1) A promoter or every person forming part of the promoter group of any company shall, within seven working days of commencement of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2009, disclose details of shares of that company pledged by him, if any, to that company.</p>	<p>-</p>
<p>(2) A promoter or every person forming part of the promoter group of any company shall, within 7 working days from the date of creation of pledge on shares of that company held by him, inform the details of such pledge of shares to that company.</p>	<p>(1) The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified.</p>
<p>(3) A promoter or every person forming part of the promoter group of any company shall, within 7 working days from the date of invocation of pledge on shares of that company pledged by him, inform the details of invocation of such pledge to that company.</p> <p>Explanation: For the purposes of sub-regulations (1), (2) and (3) the term “promoter” and “promoter group” shall have the same meaning as is assigned to them under Clause 40A of the Listing Agreement.</p>	<p>(2) The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.</p>
<p>(4) The company shall disclose the information received under sub regulations (1), (2) and (3) to all the stock exchanges, on which the shares of company are listed, within 7 working days of the receipt thereof, if, during any quarter ending March, June, September and December of any year, :-</p> <ol style="list-style-type: none"> aggregate number of pledged shares of a promoter or every person forming part of promoter group taken together with shares already pledged during that quarter by such promoter or persons exceeds twenty five thousand; or aggregate of total pledged shares of the promoter or every person forming part of promoter group along with the shares already pledged during that quarter 	<p>(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to,—</p> <ol style="list-style-type: none"> every stock exchange where the shares of the target company are listed; and the target company at its registered office.

<p>by such promoter or persons exceeds one per cent. of total shareholding or voting rights of the company, whichever is lower.</p>	
	<p>Regulation 28 - Disclosure-related provisions</p>
<p>-</p>	<p>(1) The disclosures under this Chapter shall be of the aggregated shareholding and voting rights of the acquirer or promoter of the target company or every person acting in concert with him.</p>
<p>-</p>	<p>(2) For the purposes of this Chapter, the acquisition and holding of any convertible security shall also be regarded as shares, and disclosures of such acquisitions and holdings shall be made accordingly.</p>
<p>-</p>	<p>(3) For the purposes of this Chapter, the term “encumbrance” shall include a pledge, lien or any such transaction, by whatever name called.</p>

EXEMPTIONS

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
Regulation 3 – Applicability of Regulations	Regulation 10 – General exemptions
(1) Nothing contained in regulations 10, 11 and 12 of these regulations shall apply to :	(1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,—
(a) allotment in pursuance of an application made to a public issue : Provided that if such an allotment is made pursuant to a firm allotment in the public issues, such allotment shall be exempt only if full disclosures are made in the prospectus about the identity of the acquirer who has agreed to acquire the shares, the purpose of acquisition, consequential changes in voting rights, shareholding pattern of the company and in the board of directors of the company, if any, and whether such allotment would result in change in control over the company.	-
(b) allotment pursuant to an application made by the shareholder for rights issue, i. to the extent of his entitlement; and ii. up to the percentage specified in regulation 11: Provided that the limit mentioned in sub-clause (ii) will not apply to the acquisition by any person, presently in control of the company and who has in the rights letter of offer made disclosures that they intend to acquire additional shares beyond their entitlement, if the issue is undersubscribed: Provided further that this exemption shall not be available in case the acquisition of securities results in the change of control of management;	10(4) The following acquisitions shall be exempt from the obligation to make an open offer under sub-regulation (2) of regulation 3,— a. acquisition of shares by any shareholder of a target company, upto his entitlement, pursuant to a rights issue; b. acquisition of shares by any shareholder of a target company, beyond his entitlement, pursuant to a rights issue, subject to fulfillment of the following conditions,— i. the acquirer has not renounced any of his entitlements in such rights issue; and ii. the price at which the rights issue is made is not higher than the ex-rights price of the shares of the target company, being the sum of,— A. the volume weighted average market price of the shares of the target company during a period of sixty trading days ending on the day prior to the date of determination of the rights issue price, multiplied by the number of shares outstanding prior to the rights issue, divided by the total number of shares outstanding after allotment under the rights issue: Provided that such volume weighted average market price shall be determined on the basis of trading on the stock exchange where the maximum volume of trading in the shares of such target company is recorded during such period; and B. the price at which the shares are offered in the rights issue, multiplied by the number of shares so offered in the rights issue divided by the total

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
	number of shares outstanding after allotment under the rights issue:
(c) Deleted	-
(d) allotment to the underwriters pursuant to any underwriting agreement;	10(1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefore,— (b) (i)An underwriter registered with the Board by way of allotment pursuant to an underwriting arrangement in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
<p>(e) inter se transfer of shares amongst—</p> <ul style="list-style-type: none"> ii. group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) where persons constituting such group have been shown as group in the last published Annual Report of the target company;] iii. relatives within the meaning of section 6 of the Companies Act, 1956 (1 of 1956); iv. (a) Qualifying Indian promoters and foreign collaborators who are shareholders;(b)Qualifying promoters <p>Provided that the transferor(s) as well as the transferee(s) have been holding shares in the target company for a period of at least three years prior to the proposed acquisition.</p> <p>Explanation : For the purpose of the exemption under sub-clause (iii) the term “qualifying promoter” means—</p> <ul style="list-style-type: none"> i. any person who is directly or indirectly in control of the company; or ii. any person named as promoter in any document for offer of securities to the public or existing shareholders or in the shareholding pattern disclosed by the company under the provisions of the Listing Agreement, whichever is later; and includes, <p>(a) where the qualifying promoter is an individual,—</p> <ul style="list-style-type: none"> 1. a relative of the qualifying promoter within the meaning of section 6 of the Companies Act, 1956 (1 of 1956); 2. any firm or company, directly or indirectly, controlled by the qualifying promoter or a relative of the qualifying promoter or a firm or Hindu undivided family in which the qualifying promoter or his relative is a partner or a coparcener or a combination thereof: 	<p>10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,—</p> <ul style="list-style-type: none"> a) acquisition pursuant to inter se transfer of shares amongst qualifying persons, being,— <ul style="list-style-type: none"> i. immediate relatives; ii. persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or these regulations for not less than three years prior to the proposed acquisition; iii. a company, its subsidiaries, its holding company, other subsidiaries of such holding company, persons holding not less than fifty per cent of the equity shares of such company, other companies in which such persons hold not less than fifty per cent of the equity shares, and their subsidiaries subject to control over such qualifying persons being exclusively held by the same persons; iv. persons acting in concert for not less than three years prior to the proposed acquisition, and disclosed as such pursuant to filings under the listing agreement; v. shareholders of a target company who have been persons acting in concert for a period of not less than three years prior to the proposed acquisition and are disclosed as such pursuant to filings under the listing agreement, and any company in which the entire equity share capital is owned by such shareholders in the same proportion as their holdings in the target company without any differential entitlement to exercise voting rights in such company: <p>Provided that for purposes of availing of the exemption under this clause,—</p> <ul style="list-style-type: none"> i. If the shares of the target company are frequently traded, the acquisition price per share shall not be higher by more than twenty-five per cent of the volume-weighted average market price for a period of sixty trading days preceding the date of issuance

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>Provided that, in case of a partnership firm, the share of the qualifying promoter or his relative, as the case may be, in such firm should not be less than fifty per cent (50%);</p> <p>(b) where the qualifying promoter is a body corporate,—</p> <ol style="list-style-type: none"> 1. a subsidiary or holding company of that body; or 2. any firm or company, directly or indirectly, controlled by the qualifying promoter of that body corporate or by his relative or a firm or Hindu undivided family in which the qualifying promoter or his relative is a partner or coparcener or a combination thereof: <p>Provided that, in case of a partnership firm, the share of such qualifying promoter or his relative, as the case may be, in such firm should not be less than fifty per cent (50%),</p> <p>v. the acquirer and persons acting in concert with him, where such transfer of shares takes place three years after the date of closure of the public offer made by them under these regulations.</p> <p>Explanation.—(1) The exemption under sub-clauses (iii) and (iv) shall not be available if inter se transfer of shares is at a price exceeding 25% of the price as determined in terms of sub-regulations (4) and (5) of regulation 20.</p> <p>(2)The benefit of availing exemption under this clause, from applicability of the regulations for increasing shareholding or inter se transfer of shareholding shall be subject to such transferor(s) and transferee(s) having complied with regulation 6, regulation 7 and regulation 8;</p>	<p>of notice for the proposed <i>inter se</i> transfer under sub-regulation (5), as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, and if the shares of the target company are infrequently traded, the acquisition price shall not be higher by more than twenty-five percent of the price determined in terms of clause (e) of sub-regulation (2) of regulation 8; and</p> <ol style="list-style-type: none"> ii. the transferor and the transferee shall have complied with applicable disclosure requirements set out in Chapter V.
<p>(f) acquisition of shares in the ordinary course of business by,—</p> <ol style="list-style-type: none"> i. a registered stock-broker of a stock exchange on behalf of clients; ii. a registered market maker of a stock exchange in respect of shares for which he is the market maker, during the course of market making; iii. by Public Financial Institutions on their own account; iv. by banks and public financial institutions as pledgees; v. the International Finance Corporation, Asian Development Bank, International Bank for Reconstruction and Development, Commonwealth Development Corporation and such other international financial institutions; 	<p>10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,—</p> <p>(b) acquisition in the ordinary course of business by,—</p> <ol style="list-style-type: none"> ii. a stock broker registered with the Board on behalf of his client in exercise of lien over the shares purchased on behalf of the client under the bye-laws of the stock exchange where such stock broker is a member; iii. a merchant banker registered with the Board or a nominated investor in the process of market making or subscription to the unsubscribed portion of issue in terms of Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>vi. a merchant banker or a promoter of the target company pursuant to a scheme of safety net under the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 in excess of limit specified in sub-regulation (1) of regulation 11;</p> <p>vii. a merchant banker or nominated investor in the process of market making and subscription by the nominated investor to the unsubscribed portion of issue, in terms of Chapter XA of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: Provided that benefit of exception provided in sub-clause (vii) shall not be available if the acquisition of securities in the process of market making or subscription to the unsubscribed portion of issue results in change in control over the target company, directly or indirectly.</p>	<p>iv. any person acquiring shares pursuant to a scheme of safety net in terms of regulation 44 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;</p> <p>v. a merchant banker registered with the Board acting as a stabilizing agent or by the promoter or pre-issue shareholder in terms of regulation 45 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;</p> <p>vi. by a registered market-maker of a stock exchange in respect of shares for which he is the market maker during the course of market making;</p> <p>vii. a Scheduled Commercial Bank, acting as an escrow agent; and</p> <p>viii. invocation of pledge by Scheduled Commercial Banks or Public Financial Institutions as a pledgee.</p>
<p>ff) acquisition of shares by a person in exchange of shares received under a public offer made under these regulations;</p>	<p>10(4) The following acquisitions shall be exempt from the obligation to make an open offer under sub-regulation (2) of regulation 3,—</p> <p>(d) Acquisition of shares in a target company by any person in exchange for shares of another target company tendered pursuant to an open offer for acquiring shares under these regulations;</p>
<p>(g) acquisition of shares by way of transmission on succession or inheritance;</p>	<p>10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,—</p> <p>(g) acquisition by way of transmission, succession or inheritance;</p>
<p>(h) acquisition of shares by Government companies within the meaning of section 617 of the Companies Act, 1956 (1 of 1956), and statutory corporations : Provided that this exemption shall not be applicable if a Government company acquires shares or voting rights or control of a listed Public Sector Undertaking through the competitive bidding process of the Central Government or the State Government as the case may be, for the purpose of disinvestment:</p>	<p>-</p>
<p>(i) transfer of shares from State level financial institutions, including their subsidiaries, to co-promoter(s) of the company or their successors or assignee(s) or an acquirer who has substituted an erstwhile promoter pursuant to an agreement between such financial institution and such co-promoter(s);</p>	<p>10 (4) The following acquisitions shall be exempt from the obligation to make an open offer under sub-regulation (2) of regulation 3,,— (e) acquisition of shares in a target company from state-level financial institutions or their subsidiaries or companies promoted by them, by promoters of the target company pursuant to an agreement between such transferors and such promoter;</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>(ia) transfer of shares from venture capital funds or foreign venture capital investors registered with the Board to promoters of a venture capital undertaking or venture capital undertaking pursuant to an agreement between such venture capital fund or foreign venture capital investors with such promoters or venture capital undertaking.</p>	<p>10(4) The following acquisitions shall be exempt from the obligation to make an open offer under sub-regulation (2) of regulation 3,- (f) acquisition of shares in a target company from a venture capital fund or a foreign venture capital investor registered with the Board, by promoters of the target company pursuant to an agreement between such venture capital fund or foreign venture capital investor and such promoters.</p>
<p>(j) pursuant to a scheme :</p> <ul style="list-style-type: none"> i. framed under section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986); ii. of arrangement or reconstruction including amalgamation or merger or demerger under any law or regulation, Indian or foreign; 	<p>10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,— (d) acquisition pursuant to a scheme,—</p> <ul style="list-style-type: none"> i. made under section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) or any statutory modification or re-enactment thereto; ii. of arrangement involving the target company as a transferor company or as a transferee company, or reconstruction of the target company, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign; or iii. of arrangement not directly involving the target company as a transferor company or as a transferee company, or reconstruction not involving the target company's undertaking, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign, subject to,— <ul style="list-style-type: none"> A. the component of cash and cash equivalents in the consideration paid being less than twenty-five per cent of the consideration paid under the scheme; and B. where after implementation of the scheme of arrangement, persons directly or indirectly holding at least thirty-three per cent of the voting rights in the combined entity are the same as the persons who held the entire voting rights before the implementation of the scheme.
<p>(ja) change in control by takeover of management of the borrower target company by the secured creditor or by restoration of management to the said target company by the said secured creditor in terms of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);</p>	<p>10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,— (e) Acquisition pursuant to the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act,</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>(k) acquisition of shares in companies whose shares are not listed on any stock exchange. Explanation.—The exemption under clause (k) above shall not be applicable if by virtue of acquisition or change of control of any unlisted company, whether in India or abroad, the acquirer acquires shares or voting rights or control over a listed company;</p>	<p>2002 (54 of 2002); -</p>
<p>(ka) acquisition of shares in terms of guidelines or regulations regarding delisting of securities specified or framed by the Board;</p>	<p>10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,— (f) acquisition pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;</p>
<p>(l) [***] other cases as may be exempted from the applicability of Chapter III by the Board under regulation 4.</p>	<p>-</p>
<p>-</p>	<p>10. (1) The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,— (h) acquisition of voting rights or preference shares carrying voting rights arising out of the operation of sub-section (2) of section 87 of the Companies Act, 1956 (1 of 1956).</p>
<p>-</p>	<p>10(2) The acquisition of shares of a target company, not involving a change of control over such target company, pursuant to a scheme of corporate debt restructuring in terms of the Corporate Debt Restructuring Scheme notified by the Reserve Bank of India vide circular no. B.P.BC 15/21.04, 114/2001 dated August 23, 2001, or any modification or re-notification thereto provided such scheme has been authorised by shareholders by way of a special resolution passed by postal ballot, shall be exempted from the obligation to make an open offer under regulation 3.</p>
<p>-</p>	<p>10(3) An increase in voting rights in a target company of any shareholder beyond the limit attracting an obligation to make an open offer under sub-regulation (1) of regulation 3, pursuant to buy-back of shares shall be exempt from the obligation to make an open offer provided such shareholder reduces his shareholding such that his voting rights fall to below the threshold referred to in sub-regulation (1) of regulation 3 within ninety days from the date on which the voting rights so increase.</p>
<p>-</p>	<p>10(4) The following acquisitions shall be exempt from the obligation to make an open offer under sub-regulation</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
	<p>(2) of regulation 3,—</p> <p>c. increase in voting rights in a target company of any shareholder pursuant to buy-back of shares:</p> <p>Provided that,—</p> <ul style="list-style-type: none"> i. such shareholder has not voted in favour of the resolution authorising the buy-back of securities under section 77A of the Companies Act, 1956 (1 of 1956); ii. in the case of a shareholder resolution, voting is by way of postal ballot; iii. where a resolution of shareholders is not required for the buyback, such shareholder, in his capacity as a director, or any other interested director has not voted in favour of the resolution of the board of directors of the target company authorising the buy-back of securities under section 77A of the Companies Act, 1956 (1 of 1956); and iv. the increase in voting rights does not result in an acquisition of control by such shareholder over the target company: <p>Provided further that where the aforesaid conditions are not met, in the event such shareholder reduces his shareholding such that his voting rights fall below the level at which the obligation to make an open offer would be attracted under sub-regulation (2) of regulation 3, within ninety days from the date on which the voting rights so increase, the shareholder shall be exempt from the obligation to make an open offer;</p>
<p>1(A). For the removal of doubt, it is clarified that nothing contained in sub-regulation (1) shall affect the applicability of the listing requirements.</p>	<p>-</p>
<p>2. Nothing contained in regulation 10, regulation 11 and regulation 12 of these regulations shall apply to the acquisition of Global Depository Receipts or American Depository Receipts unless the holders thereof, -</p> <ul style="list-style-type: none"> (a) become entitled to exercise voting rights, in any manner whatsoever, on the underlying shares; or (b) exchange such Depository Receipts with the underlying shares carrying voting rights 	<p>-</p>
<p>3. In respect of acquisitions under clauses [***] (e), (h) and (i) of sub-regulation (1), the stock exchanges where the shares of the company are listed shall, for information of the public, be notified of the details of the proposed transactions at least 4 working days in advance of the date of the proposed acquisition, in case of acquisition exceeding 5 per cent of the voting share capital of the company.</p>	<p>(5) In respect of acquisitions under clause (a) of sub-regulation (1), and clauses (e) and (f) of sub-regulation (4), the acquirer shall intimate the stock exchanges where the shares of the target company are listed, the details of the proposed acquisition in such form as may be specified, at least four working days prior to the proposed acquisition, and the stock exchange shall forthwith disseminate such information to the public.</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
-	(6) In respect of any acquisition made pursuant to exemption provided for in this regulation, the acquirer shall file a report with the stock exchanges where the shares of the target company are listed, in such form as may be specified not later than four working days from the acquisition, and the stock exchange shall forthwith disseminate such information to the public.
<p>4. In respect of acquisitions under clauses (a), (b), [***] (e) and (i) of sub-regulation (1), the acquirer shall, within 21 days of the date of acquisition, submit a report along with supporting documents to the Board giving all details in respect of acquisitions which (taken together with shares or voting rights, if any, held by him or by persons acting in concert with him) would entitle such person to exercise 15 per cent or more of the voting rights in a company.</p> <p>Explanation.—For the purposes of sub-regulations (3) and (4), the relevant date in case of securities which are convertible into shares shall be the date of conversion of such securities.</p>	<p>(7) In respect of any acquisition of or increase in voting rights pursuant to exemption provided for in clause (a) of sub-regulation (1), sub-clause (iii) of clause (d) of subregulation (1), clause (h) of sub-regulation (1), sub-regulation (2), sub-regulation (3) and clause (c) of sub-regulation (4), clauses (a), (b) and (f) of sub-regulation (4), the acquirer shall, within twenty-one working days of the date of acquisition, submit a report in such form as may be specified along with supporting documents to the Board giving all details in respect of acquisitions, along with a non-refundable fee of rupees twenty five thousand by way of a banker's cheque or demand draft payable in Mumbai in favour of the Board.</p> <p><i>Explanation.</i>— For the purposes of sub-regulation (5), sub-regulation (6) and subregulation (7) in the case of convertible securities, the date of the acquisition shall be the date of conversion of such securities.</p>
<p>5. The acquirer shall, along with the report referred to under sub-regulation (4), pay a fee of Rs twenty five thousand rupees to the Board, either by a banker's cheque or demand draft in favour of the Securities and Exchange Board of India, payable at Mumbai.</p>	
Regulation 4 – Takeover Panel	Regulation 11 – Exemptions by the Board
<p>(1) The Board shall for the purposes of this regulation constitute a panel of majority of independent persons from within the categories mentioned in sub-section (5) of section 4 of the Act.</p>	-
<p>(2) For seeking exemption under clause (1) of sub-regulation (1) of regulation 3, the acquirer shall file an application supported by a duly sworn affidavit with the Board, giving details of the proposed acquisition and the grounds on which the exemption has been sought.</p>	<p>(3) For seeking exemption under sub-regulation (1), the acquirer shall, and for seeking relaxation under sub-regulation (2) the target company shall file an application with the Board, supported by a duly sworn affidavit, giving details of the proposed acquisition and the grounds on which the exemption has been sought.</p>
<p>(3) The acquirer shall, along with the application referred to under sub-regulation (2), pay a fee of fifty thousands rupees to the Board, either by a banker's cheque or demand draft in favour of the Securities and Exchange Board of India, payable at Mumbai.</p>	<p>(4) The acquirer or the target company, as the case may be, shall along with the application referred to under sub-regulation (3) pay a non-refundable fee of rupees fifty thousand, by way of a banker's cheque or demand draft payable in Mumbai in favour of the Board.</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
(4) The Board shall within 5 days of the receipt of an application under sub-regulation (2) forward the application to the panel.	(5) Provided that the Board may constitute a panel of experts to which an application for an exemption under sub-regulation (1) may, if considered necessary, be referred to make recommendations on the application to the Board.
(5) The panel shall within 15 days from the date of receipt of application make a recommendation on the application to the Board.	-
(6) The Board shall after affording reasonable opportunity to the concerned parties and after considering all the relevant facts including the recommendations, if any, pass a reasoned order on the application under sub-regulation (2) within 30 days thereof.	(5)The Board may after affording reasonable opportunity of being heard to the applicant and after considering all the relevant facts and circumstances, pass a reasoned order either granting or rejecting the exemption or relaxation sought as expeditiously as possible: (1) The Board may for reasons recorded in writing, grant exemption from the obligation to make an open offer for acquiring shares under these regulations subject to such conditions as the Board deems fit to impose in the interests of investors in securities and the securities market.
(7) The order of the Board under sub-regulation (6) shall be published by the Board.	(6) The order passed by the Board under sub-regulation (5) shall be hosted by the Board on its official website.

INVESTIGATION BY THE BOARD

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
CHAPTER V: Investigation And Action By The Board	
Regulation 38 - Board's right to investigate.	
<p>The Board may appoint one or more persons as investigating officer to undertake investigation for any of the following purposes, namely :—</p> <p>a) to investigate into the complaints received from the investors, the intermediaries or any other person on any matter having a bearing on the allegations of substantial acquisition of shares and takeovers ;</p> <p>b) to investigate suo motu upon its own knowledge or information, in the interest of the securities market or investors' interest, for any breach of the regulations ;</p> <p>c) to ascertain whether the provisions of the Act and the regulations are being complied with for any breach of the regulations.</p>	-
Regulation 39 - Notice before investigation	
(1) Before ordering an investigation under regulation 38, the Board shall give not less than 10 days notice to the acquirer, the seller, the target company, the merchant banker, as the case may be.	-
(2) Notwithstanding anything contained in sub-regulation (1), where the Board is satisfied that in the interest of the investors no such notice should be given, it may, by an order in writing direct that such investigation be taken up without such notice.	-
(3) During the course of an investigation, the acquirer, the seller, the target company, the merchant banker, against whom the investigation is being carried out shall be bound to discharge his obligation as provided in regulation 40.	-
Regulation 40 - Obligations on investigation by the Board.	
(1) It shall be the duty of the acquirer, the seller, the target company, the merchant banker whose affairs are being investigated and of every director, officer and employee thereof, to produce to the investigating officer such books, securities, accounts, records and other documents in its custody or control and furnish him with such statements and information relating to his activities as the investigating officer may require, within such reasonable period as the investigating officer may specify.	-
(2) The acquirer, the seller, the target company, the merchant banker and the persons being investigated shall allow the investigating officer to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facility for examining any books, records, documents and computer data in the possession of the acquirer, the seller, the target company, the merchant banker or such other person and also	-

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
provide copies of documents or other materials which, in the opinion of the investigating officer are relevant for the purposes of the investigation.	
(3) The investigating officer, in the course of investigation, shall be entitled to examine or to record the statements of any director, officer or employee of the acquirer, the seller, the target company, the merchant banker.	-
(4) It shall be the duty of every director, officer or employee of the acquirer, the seller, the target company, the merchant banker to give to the investigating officer all assistance in connection with investigation, which the investigating officer may reasonably require.	-
Regulation 41 – Submission of Report to the Board	-
The investigating officer shall, as soon as possible, on completion of the investigation, submit a report to the Board : Provided that if directed to do so by the Board, he may submit interim reports.	-
Regulation 42 - Communication of findings.	-
(1) The Board shall, after consideration of the investigation report referred to in regulation 41, communicate the findings of the investigating officer to the acquirer, the seller, the target company, the merchant banker, as the case may be, and give him an opportunity of being heard.	-
(2) On receipt of the reply, if any, from the acquirer, the seller, the target company, the merchant banker, as the case may be, the Board may call upon him to take such measures as the Board may deem fit in the interest of the securities market and for due compliance with the provisions of the Act and the regulations.	-
Regulation 43 - Appointment of auditor.	
Notwithstanding anything contained in this regulation, the Board may appoint a qualified auditor to investigate into the books of account or the affairs of the person concerned : Provided that the auditor so appointed shall have the same powers of the investigating authority as stated in regulation 38 and the obligations of the person contained in regulation 40 shall be applicable to the investigation under this regulation.	-
Regulation 44 - Directions by the Board.	Regulation 32 – Power to issue directions
Without prejudice to its right to initiate action under Chapter VIA and section 24 of the Act, the Board may, in the interest of securities market or for protection of interest of investors, issue such directions as it deems fit including :—	(1) Without prejudice to its powers under Chapter VIA and section 24 of the Act, the Board may, in the interests of investors in securities and the securities market, issue such directions as it deems fit under section 11 or section 11B or section 11D of the Act, including,—
a) directing appointment of a merchant banker for the purpose of causing disinvestment of shares acquired in breach of regulation 10, 11 or 12 either through public auction or	a) directing divestment of shares acquired in violation of these regulations, whether through public auction or in the open market, or through an offer for sale under the

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
market mechanism, in its entirety or in small lots or through offer for sale;	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and directing the appointment of a merchant banker for such divestiture;
b) directing transfer of any proceeds or securities to the Investors Protection Fund of a recognised stock exchange;	b) directing transfer of the shares, or any proceeds of a directed sale of shares acquired in violation of these regulations to the Investor Protection and Education Fund established under the Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;
c) directing the target company or depository to cancel the shares where an acquisition of shares pursuant to an allotment is in breach of regulation 10, 11 or 12;	c) directing the target company or any depository not to give effect to any transfer of shares acquired in violation of these regulations;
d) directing the target company or the depository not to give effect to transfer or further freeze the transfer of any such shares and not to permit the acquirer or any nominee or any proxy of the acquirer to exercise any voting or other rights attached to such shares acquired in violation of regulation 10, 11 or 12;	d) directing the acquirer or any person acting in concert, or any nominee or proxy not to exercise any voting or other rights attached to shares acquired in violation of these regulations;
e) debaring any person concerned from accessing the capital market or dealing in securities for such period as may be determined by the Board;	e) debaring any person who has violated these regulations from accessing the capital market or dealing in securities for such period as may be directed, having regard to the nature and gravity of the violation;
f) directing the person concerned to make public offer to the shareholders of the target company to acquire such number of shares at such offer price as determined by the Board;	f) directing the acquirer to make an open offer for acquiring shares of the target company at such offer price as determined by the Board in accordance with these regulations;
g) directing disinvestment of such shares as are in excess of the percentage of the shareholding or voting rights specified for disclosure requirement under regulation 6, 7 or 8;	-
h) directing the person concerned not to dispose of assets of the target company contrary to the undertaking given in the letter of offer;	g) directing the acquirer not to cause, and the target company not to effect, any disposal of assets of the target company or any of its subsidiaries contrary to the contents of the letter of offer, where the conditions set out in the proviso to sub-regulation (2) of Regulation 25 are not met;
i) directing the person concerned, who has failed to make a public offer or delayed the making of a public offer in terms of these regulations, to pay to the shareholders, whose shares have been accepted in the public offer made after the delay, the consideration amount along with interest at the rate not less than the applicable rate of interest payable by banks on fixed deposits.	h) directing the acquirer who has failed to make an open offer or has delayed the making of an open offer, to make the open offer and to pay interest at such rate as considered appropriate by the Board, along with the offer price.

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
-	i) directing the acquirer who has failed to make payment of the open offer consideration to shareholders, not to make any open offer or enter into any transaction that would attract the obligation to make an open offer in respect of shares of any target company for such period as the Board may deem fit;
-	j) directing the acquirer who has made an open offer but has delayed making payment of the open offer consideration to shareholders, to pay interest at such rate as considered appropriate by the Board for the delayed period;
-	k) directing any person to cease and desist from exercising control acquired over any target company without complying with the requirements under these regulations;
-	l) directing divestiture of such number of shares as would result in the shareholding of an acquirer and persons acting in concert with him being limited to the maximum permissible non-public shareholding or below;
-	(2) In any proceedings initiated by the Board, the Board shall comply with principles of natural justice before issuing directions to any person.
-	(3) The Board may, for failure to carry out the requirements of these regulations by any intermediary registered with the Board, initiate appropriate proceedings in accordance with applicable regulations.
Regulation 44A - Manner of service of summons and notices issued by the Board	-
A summons or notice issued by the Board under these regulations may be served in the manner provided in regulation 22 of the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002.	-
Regulation 45 - Penalties for non-compliance	-
(1) Any person violating any provisions of the regulations shall be liable for action in terms of the regulations and the Act.	-
(2) If the acquirer or any person acting in concert with him, fails to carry out the obligations under the regulations, the entire or a part of the sum in the escrow account shall be liable to be forfeited and the acquirer or such a person shall also be liable for action in terms of the regulations and the Act.	-

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
(3) The board of directors of the target company failing to carry out the obligations under the regulations shall be liable for action in terms of the regulations and the Act.	-
(4) The Board may, for failure to carry out the requirements of the regulations by an intermediary, initiate action for suspension or cancellation of registration of an intermediary holding a certificate of registration under section 12 of the Act : Provided that no such certificate of registration shall be suspended or cancelled unless the procedure specified in the regulations applicable to such intermediary is complied with.	-
(5) For any mis-statement to the shareholders or for concealment of material information required to be disclosed to the shareholders, the acquirers or the directors where the acquirer is a body corporate, the directors of the target company, the merchant banker to the public offer and the merchant banker engaged by the target company for independent advice would be liable for action in terms of the regulations and the Act.	-
(6) The penalties referred to in sub-regulations (1) to (5) may include :— a) criminal prosecution under section 24 of the Act; b) monetary penalties under section 15H of the Act; c) directions under the provisions of section 11B of the Act; d) directions under section 11(4) of the Act; e) cease and desist order in proceedings under section 11D of the Act; f) adjudication proceedings under section 15HB of the Act.	-
Regulation 46 - Appeal to the Central Government.	-
Any person aggrieved by an order of the Board made, on and after the commencement of the Securities Laws (Second Amendment) Act, 1999, (i.e., after 16th December, 1999), under these regulations may prefer an appeal to a Securities Appellate Tribunal having jurisdiction in the matter.	-
Regulation 47 – Repeal and Saving	Regulation 35 – Repeal and Savings
(1) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1994, are hereby repealed.	(1) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, stand repealed from the date on which these regulations come into force.

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
<p>(2) Notwithstanding such repeal,—</p> <p>a) anything done or any action taken or purported to have been done or taken including approval of letter of offer, exemption granted, fees collected, any adjudication, enquiry or investigation commenced or show-cause notice issued under the said regulations shall be deemed to have been done or taken under the corresponding provisions of these regulations;</p>	<p>(2) Notwithstanding such repeal,—</p> <p>a) anything done or any action taken or purported to have been done or taken including comments on any letter of offer, exemption granted by the Board, fees collected, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;</p>
<p>b) any application made to the Board under the said regulations and pending before it shall be deemed to have been made under the corresponding provisions of these regulations;</p>	<p>-</p>
<p>c) any appeals preferred to the Central Government under the said regulations and pending before it shall be deemed to have been preferred under the corresponding provisions of these regulations.</p>	<p>-</p>
<p>-</p>	<p>b) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed.</p>
<p>-</p>	<p>c) any open offer for which a public announcement has been made under the repealed regulations shall be required to be continued and completed under the repealed regulations.</p>
<p>-</p>	<p>(3) After the repeal of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.</p>
<p>-</p>	<p>Regulation-33 Power to remove difficulties.</p>
<p>-</p>	<p>33. In order to remove any difficulties in the interpretation or application of the provisions of these regulations,</p>

SEBI (SAST) Regulations, 1997	SEBI (SAST) Regulations, 2011
	<p>the Board shall have the power to issue directions through guidance notes or circulars:</p> <p>Provided that where any direction is issued by the Board in a specific case relating to interpretation or application of any provision of these regulations, it shall be done only after affording a reasonable opportunity of being heard to the concerned persons and after recording reasons for the direction.</p>
-	Regulation 34 - Amendment to other regulations.
-	<p>The regulations specified in the Schedule shall be amended in the manner and to the extent stated therein.</p>

New Era New Portraying New Innovations

Unlock The Doors of Takeover Regulations, 2011

Corner Stones

- Highlights
- Comparison
- Regulations
- Formats

Innovative Calculators

- Know Your Compliances
- Know Your Threshold
- Status of Trading
- Time line for Open offer
- Determination of offer size
- Tentative Cost of Open Offer
- Escrow Account Deposit and
- More To Go.....

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Knowledge Inventory

An inventory of Open Offers since 1997, Open Offer Score Board, analytical Zoom-in.

My Section

Customize Section for each person with all he needs to know at one place.

My Zone

Exclusive zone for all your needs for Compliances, Inter se Transfers and Consent Order.

Calculators

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