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# INTER-SE TRANSFER

Understanding the Concept ...

# Meaning of Exemption...

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## Regulation 10

**The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and/or regulation 4 subject to fulfillment of the conditions stipulated therefore .....**

Thus, the term exemption means non-applicability of regulation 3 and 4 which requires the Acquirer to make open offer.

**Exemption from OPEN OFFER**

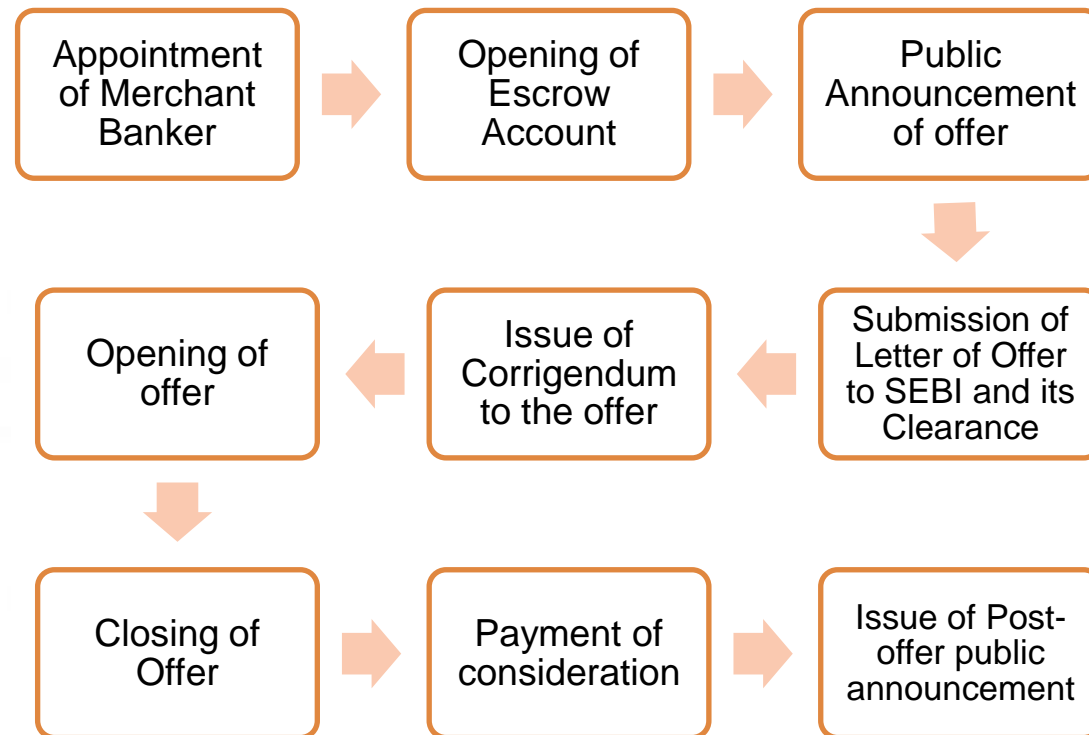
# An insight into Regulation 3 and 4

Regulation	Existing holding (Any person already holding...)	Shall not acquire shares or voting rights entitling him to exercise	Maximum Allowable Holding
3(1)	0 - 24.99%		25% or more voting rights
3(2)	25% - 75%		More than 5% of the voting rights in one Financial Year
4	Shall not acquire Control over the Target Company		

Unless such person makes a **PUBLIC ANNOUNCEMENT** to acquire the shares of the Target Company in accordance with the regulations.

# What is Open Offer??

An **Exit Opportunity** in the form of an Open Offer to the shareholders of the Target Company to sell their shares to the Acquirer if they don't want to continue with the new management [Acquirer].



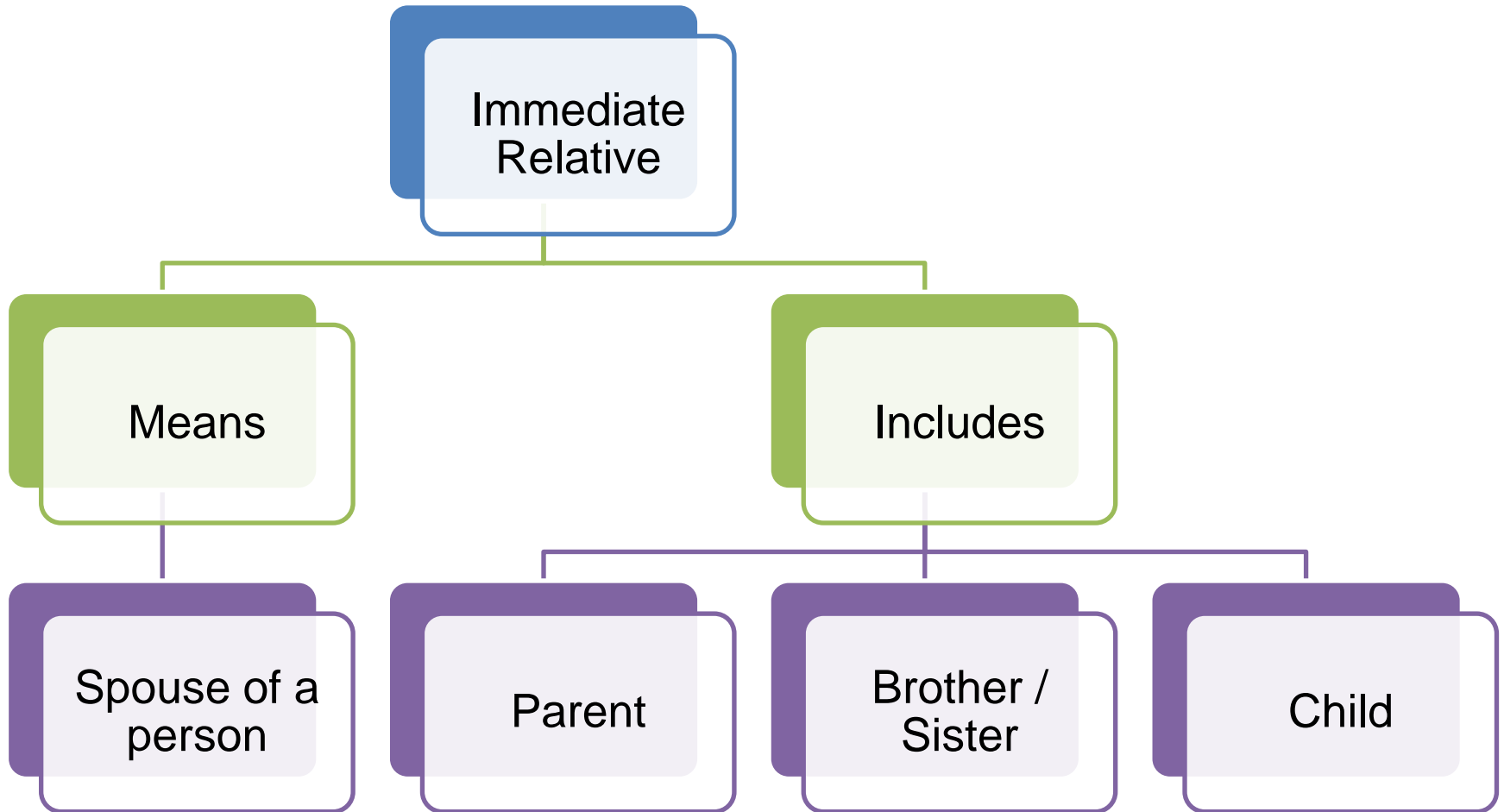
# Exemption from Reg. 3 & 4

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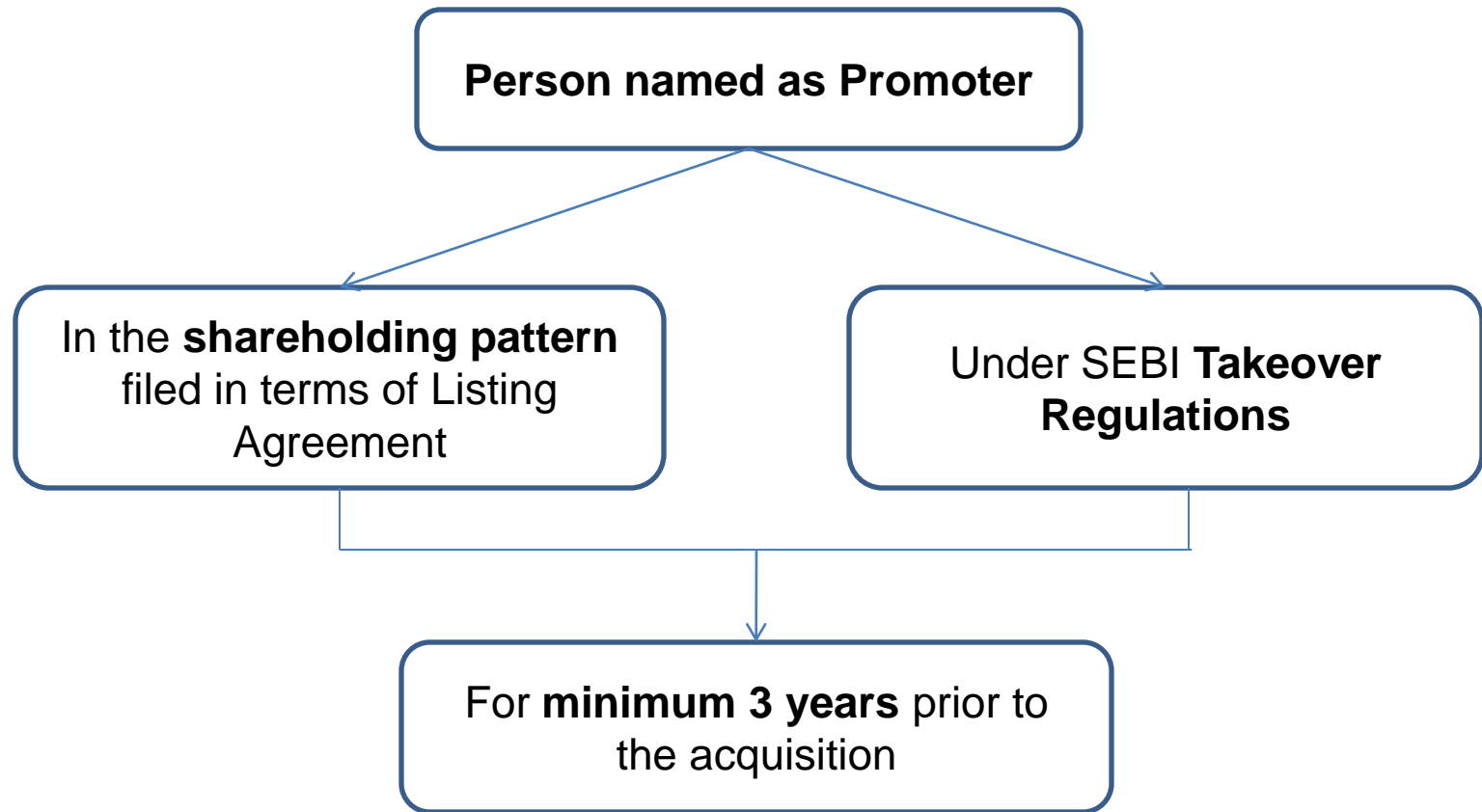
*Inter se transfer  
amongst  
qualifying parties*



# Inter-se transfer amongst **Immediate Relatives**



# Inter-se transfer amongst **Promoters**



# Inter-se transfer amongst **Qualifying Parties Being**

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- a company,
- its subsidiaries,
- its holding company,
- other subsidiaries of such holding company,
- persons holding not less than 50% of the equity shares of such company,
- other companies in which such persons hold not less than 50% of the equity shares, and
- their subsidiaries subject to control over such qualifying parties being exclusively held by the same persons.



# Inter-se transfer amongst **PAC**

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**Persons acting in concert**  
for **minimum 3 years**  
prior to the proposed acquisition,  
and **disclosed in the filings**  
under the  
listing agreement.

# Inter-se transfer between

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- Shareholders of a Target Company who have been PAC for minimum 3 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.

# Eligibility Criteria



- **Acquisition Price**

- **If shares are frequently traded:** Price per share shall be maximum of 25% of volume weighted average market price for a period of 60 trading days preceding the date of issuance of notice for proposed inter se transfer on the stock exchange where the maximum volume of trading in the shares are recorded.
- **If shares are infrequently traded:** Price shall not be higher by more than 25% of the price determined under Regulation 8(2)(e)

- The transferor and transferee have made due **disclosures under Regulation 29** - Disclosure of acquisition and disposal, **Regulation 30** - Continual Disclosure and **Regulation 31** - Disclosure of encumbered shares.

# Compliances required



## 10(5)

Advance intimation  
to Stock Exchange  
atleast **4 working**  
**days** prior to proposed  
acquisition

## 10(6)

Report to Stock  
Exchange within 4  
working days of the  
acquisition giving the  
details of acquisition

## 10(7)

Report to SEBI within  
21 working days from  
the date of acquisition  
giving all details of  
acquisitions with  
supporting documents  
along with non  
refundable fees of Rs.  
25,000

# For any clarification

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