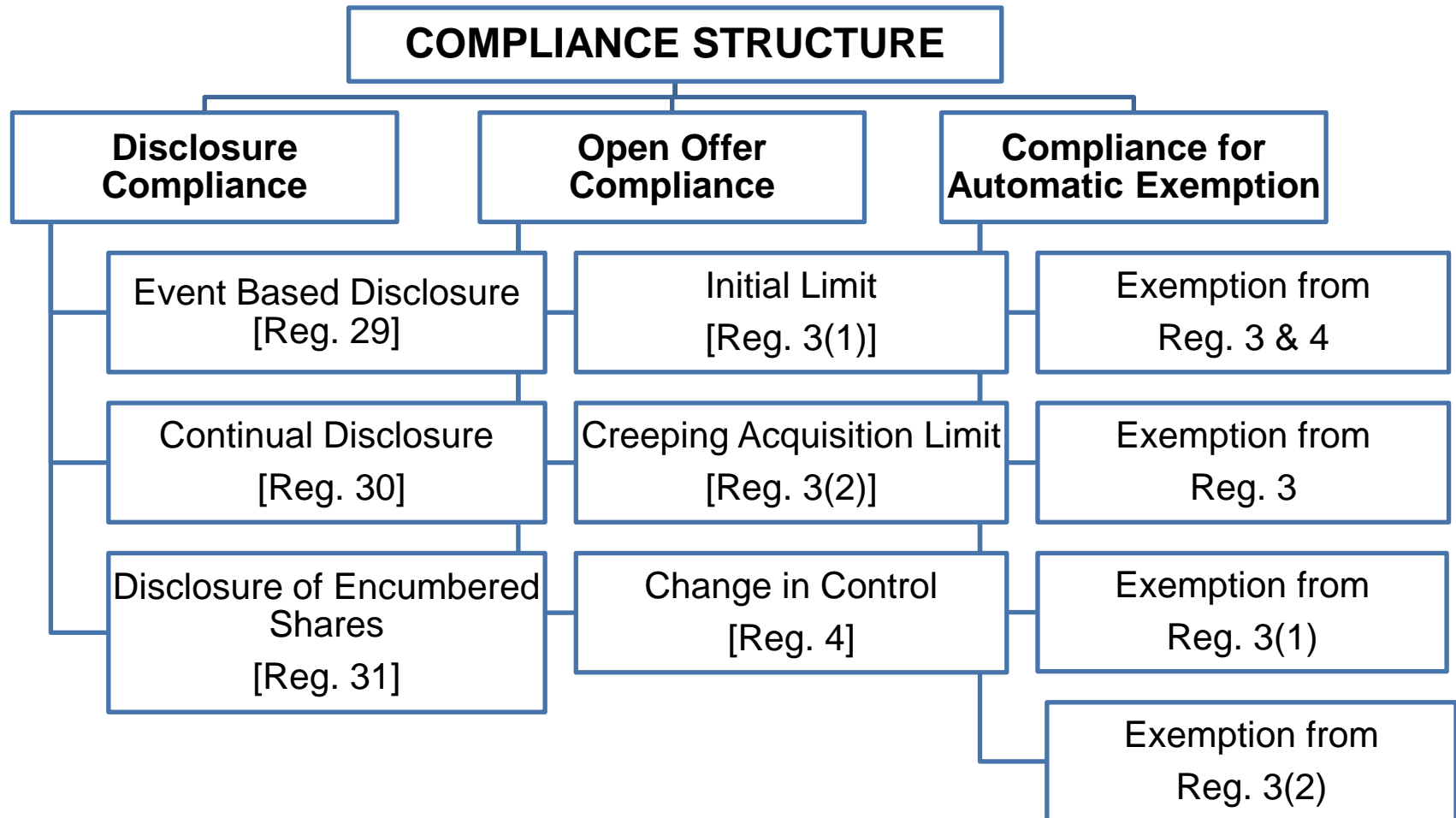
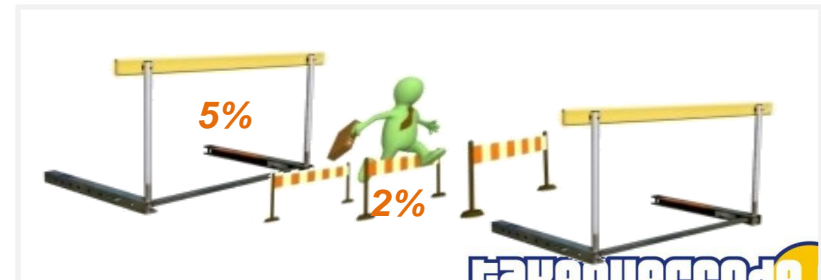
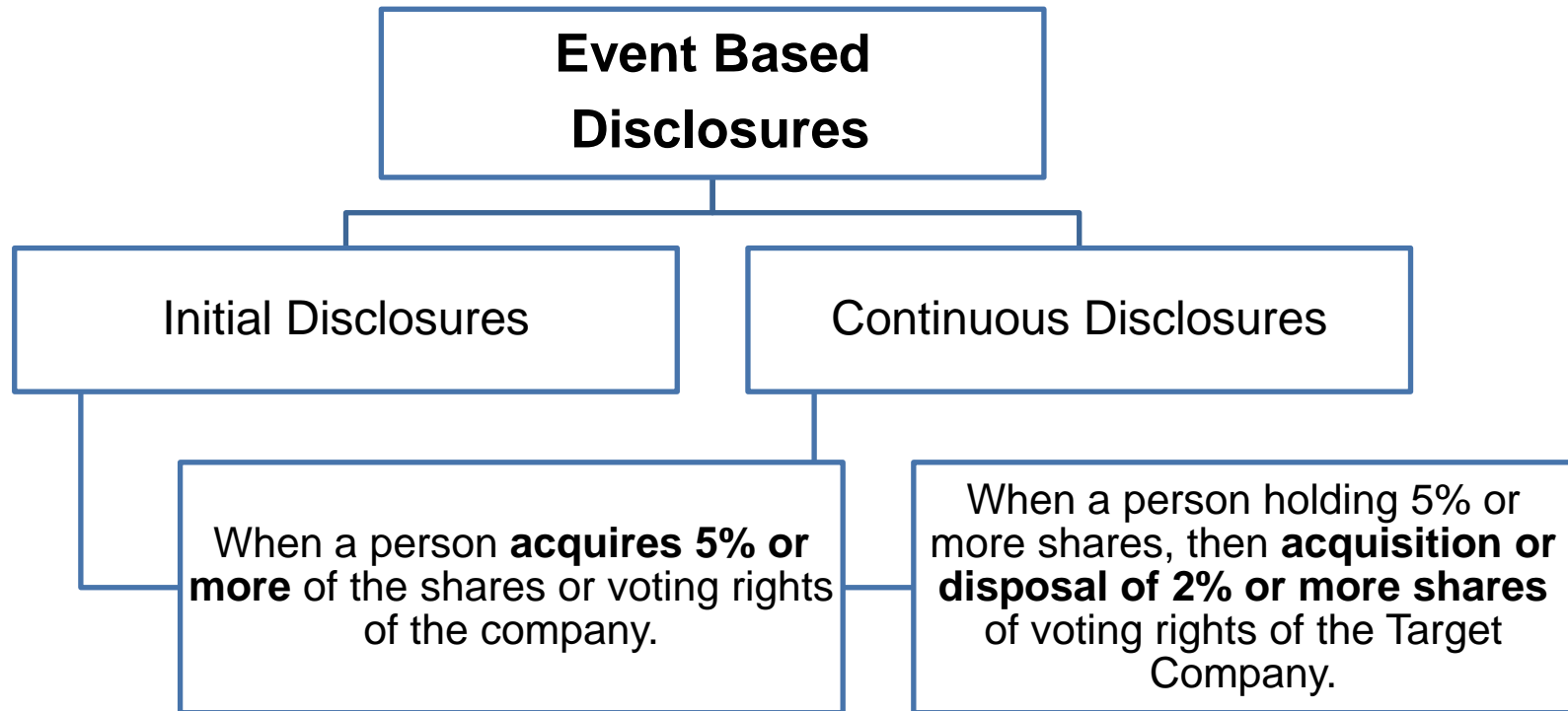

COMPLIANCES UNDER SEBI TAKEOVER CODE

Understanding the Concept ...

Compliance Structure



Disclosure Compliance – Event Based Disclosures

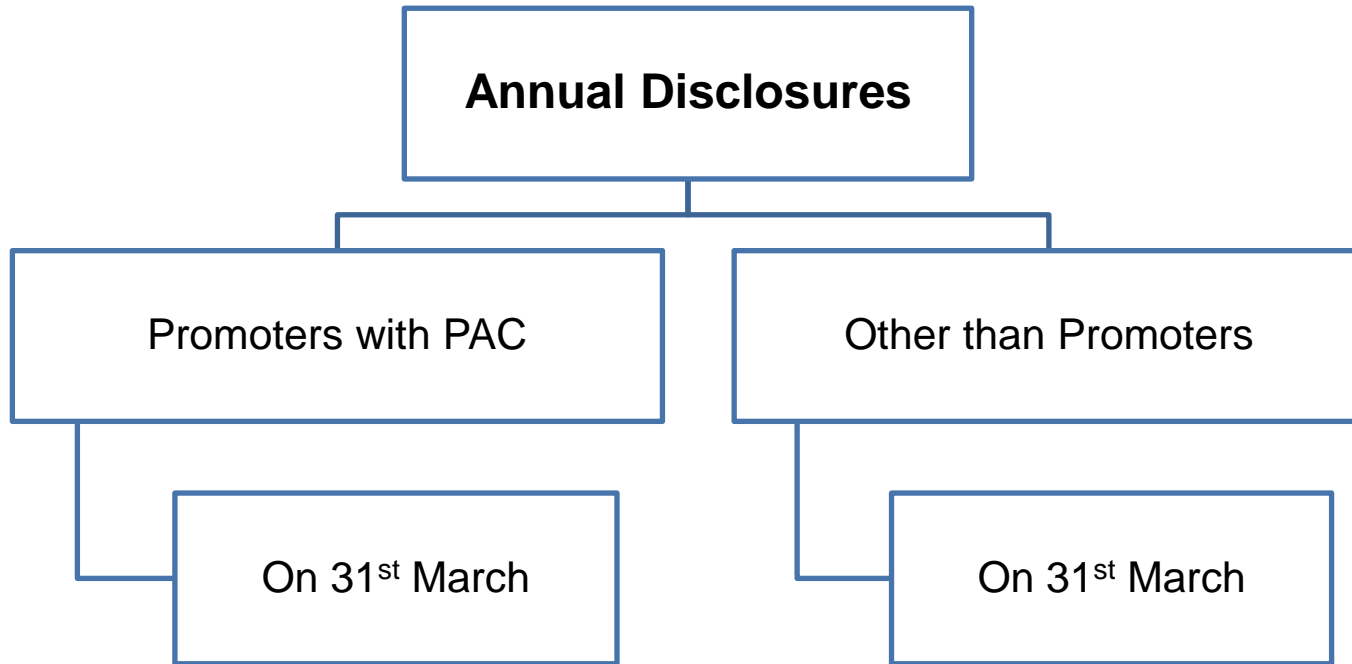


Disclosure Compliance – Event Based Disclosures

By whom	Triggering Event	Applicable Regulation	To whom	Time Period
Any Acquirer* with PAC (including Promoter)	On acquisition of 5% or more shares or voting rights	29 (1)	Target Company & Stock Exchange	Within 2 working days of acquisition or receipt of allotment
Acquirer* with PAC holding 5% and more shares	On acquisition/disposal of 2% or more shares or voting rights	29(2)	Target Company & Stock Exchange	Within 2 working days of Such sale/purchase

- Acquirer includes pledgee of shares other than Schedule Commercial Banks/PFIs
- Shares taken on pledge – Acquisition of shares
- Shares given on pledge – Disposal of shares

Disclosure Compliance – Annual Disclosures



Disclosure Compliance – Annual Disclosures

By whom	Shareholding as on	Applicable Regulation	To whom	Time Period
Acquirer with PAC holding 25% or more shares or voting rights	31 st March	30 (1)	Target Company & Stock Exchange	Within 7 Working Days from the financial year ending 31 st March
Promoter with PAC	31 st March	30 (2)	Target Company & Stock Exchange	Within 7 Working Days from the financial year ending 31 st March

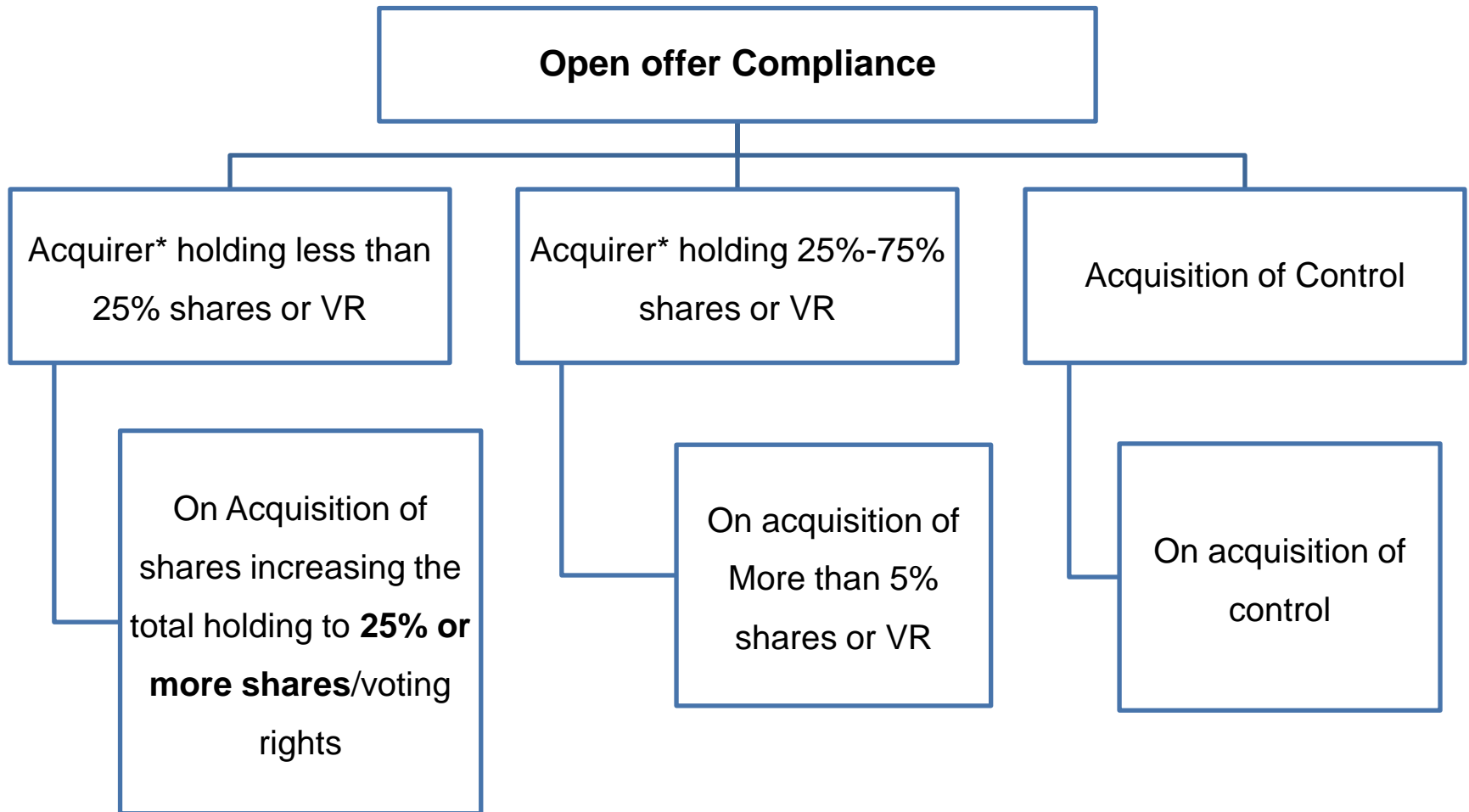
Disclosure Compliance – Encumbered Shares

By whom	Triggering Event	Applicable Regulation	To whom	Time Period
Promoter along with PAC	On creation of encumbrance	31(1)	Stock Exchange & Target Company	Within 7 Working days from the date of creation of encumbrance of shares.
	On invocation of encumbrance	31(2)	Stock Exchange & Target Company	Within 7 Working days from the date of creation of pledge of shares.

Disclosure related provisions

- Disclosure shall be of aggregate shareholding of Acquirer or Promoter along with every PAC with him **[Reg. 28(1)]**
- Acquisition and holding of any convertible security shall also be regarded as shares **[Reg. 28(2)]**
- “Encumbrance” shall include a pledge, lien or any such transaction, by whatever name called **[Reg. 28(3)]**
- Upon receipt of the disclosures stock exchange shall disseminate the information so received. **[Reg. 28(4)]**

Open Offer Compliance



* Acquirer includes promoter

Open Offer Compliance Procedure

Public Announcement to SE and TC

Detailed Public Announcement in newspaper, sending to SEBI, SE and TC

Draft letter of offer to be submitted to SEBI and sent to TC

SEBI provides its comments on the draft letter of offer

Identified Date

Dispatch of letter of offer to shareholders

Upward revision in offer

Comments on the offer by independent directors of Target Company

Issue of advertisement announcing the schedule of activities for open offer

Opening of Offer

Closure of Offer

Payment to shareholders

Report to SEBI by Merchant Banker

Automatic Exemption from Reg 3 and 4

- **Inter se transfer of shares** amongst qualifying parties, being:-
 - immediate relatives;
 - persons named as promoters in the shareholding pattern for not less than three years prior to the proposed acquisition;
 - a company, its subsidiaries, its holding company, other subsidiaries of such holding company, persons holding minimum 50% of the equity shares of such holding company, other holding 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;
 - persons acting in concert named in the shareholding pattern for not less than three years prior to the proposed acquisition; ,
 - shareholders of a target company who have been PAC 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:

Automatic Exemption from Reg 3 and 4

- Acquisition in ordinary course of business by underwriter, Stock broker, merchant banker or a nominated investor in the process of market making or subscription to the unsubscribed portion, under scheme of safety net, stabilization agent, market maker, Scheduled Commercial Bank acting as escrow agent, invocation of pledge by bank and PFI.
- 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
- Acquisition pursuant to a scheme under
 - SICA, or
 - Scheme of arrangement including amalgamation, merger, demerger
- Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act
- SEBI (Delisting of Equity Shares) Regulations, 2009
- Acquisition by way of Transmission, succession or inheritance
- Acquisition of Preference shares carrying voting under Section 87(2) of Companies Act, 1956

Automatic Exemption from Reg 3

Automatic Exemption from Reg. 3

- Acquisition of shares pursuant to CDR scheme not involving change in control.

Automatic Exemption from Reg. 3(1)

- **Buy back of shares** provided the Acquirer will reduce his shareholding to fall below the threshold limit specified in Reg. 3(1) within 90 days from the date on which the voting rights so increase.

Automatic Exemption from Reg 3(2)

- Acquisition of shares :
 - ✓ Pursuant to Right Issue
 - ✓ Pursuant to Buy Back of shares
 - ✓ Exchange for shares of another target company tendered pursuant to an open offer for acquiring shares under these regulations
 - ✓ From state-level financial institutions pursuant to agreement between such transferor and promoter
 - ✓ From venture capital fund or a foreign venture capital investor pursuant to agreement between such transferor and promoter

Compliance for Automatic Exemption – Compliance Details

- **Regulation 10(5)** - The transferee shall give an **intimation to the stock exchange** at least 4 working days prior to the proposed acquisition, and the exchange shall disseminate the information to public.
- **Regulation 10(6)** – Any acquirer seeking exemption shall file a **report** with the stock exchanges **not later than four working days** from the acquisition.
- **Regulation 10(7)** - The transferee shall file **a report to SEBI within 21 working days** of the date of acquisition in such form as may be specified along with supporting documents to the Board giving all details in respect of acquisitions, alongwith non-refundable fees of Rs. 25,000 to the Board.

Compliances required

10(5)

- Inter se transfer of shares
- Acquisition from State Level Financial Institution
- Acquisition from VCF or a foreign venture capital investor

10(6)

- All the automatic exemptions from the open offer as specified under Regulation 10

10(7)

- Inter se transfer of shares
- Scheme of Arrangement not directly involving Target Company
- Acquisition of voting rights or of preference shares carrying voting rights
- Acquisition pursuant to CDR scheme
- Buy Back of shares
- Acquisition through Right Issue
- Acquisition from VCF or a foreign venture capital investor

For any Clarification

Please drop a mail at info@takeovercode.com



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