

# SEBI Takeover Code

Regulations, Informal Guidance and Exemption  
Orders

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# Basic Concepts

# Applicability of takeover code

- Shares of listed company
- Shares of holding company

- Agreement to buy

## Acquirer

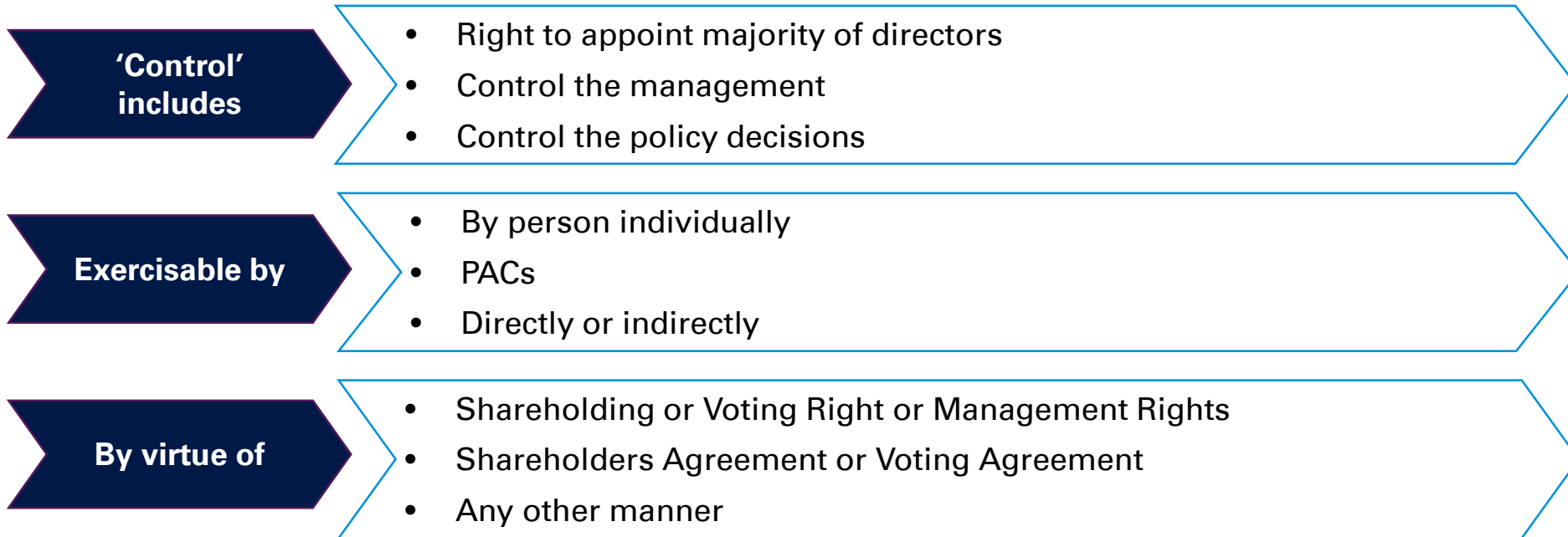
Any person who, ***directly or indirectly, acquires or agrees to acquire*** whether by ***himself***, or through, or with ***persons acting in concert*** with him, ***shares or voting rights in, or control*** over a target company (i.e. listed entity)

- Both joint and individual acquisition to be seen

- Shares includes any security with voting rights

- Refer next slide

# Control



## ***Veto / Affirmative rights – whether constitute as acquisition of 'control'?***

- *The term 'control' to be understood as a proactive and not a reactive power*
- *The test really is whether that acquirer is creating or controlling a situation by taking the initiative*
- *In case of veto / affirmative rights, no real 'control' is conferred to holder of such rights and thus shall not fall under the ambit of 'control'*

*Subhkam Ventures (I) Private Limited, SAT order - upheld by the Supreme Court, keeping the question of law open (November 16, 2011)*

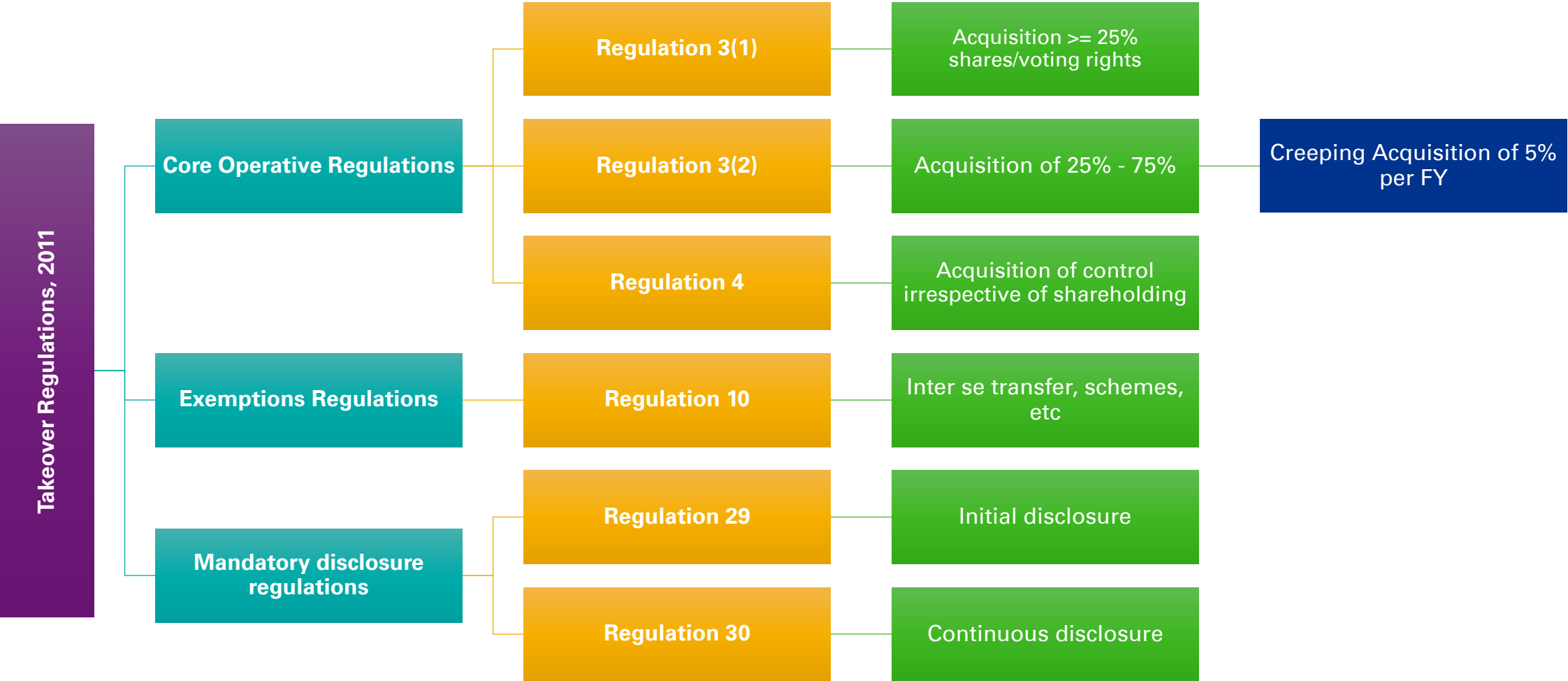
# Persons acting in concert

## Persons acting in concert – Regulation 2(1)(q)

- With a common objective or purpose of **acquisition** of **shares or voting rights** in, or **exercising control** over a target company
- **Includes:**
  - Holding and subsidiary company and any other company under the same management or control
  - Directors, and any person entrusted with the management
  - Promoters and members of the promoter group
  - Immediate relatives

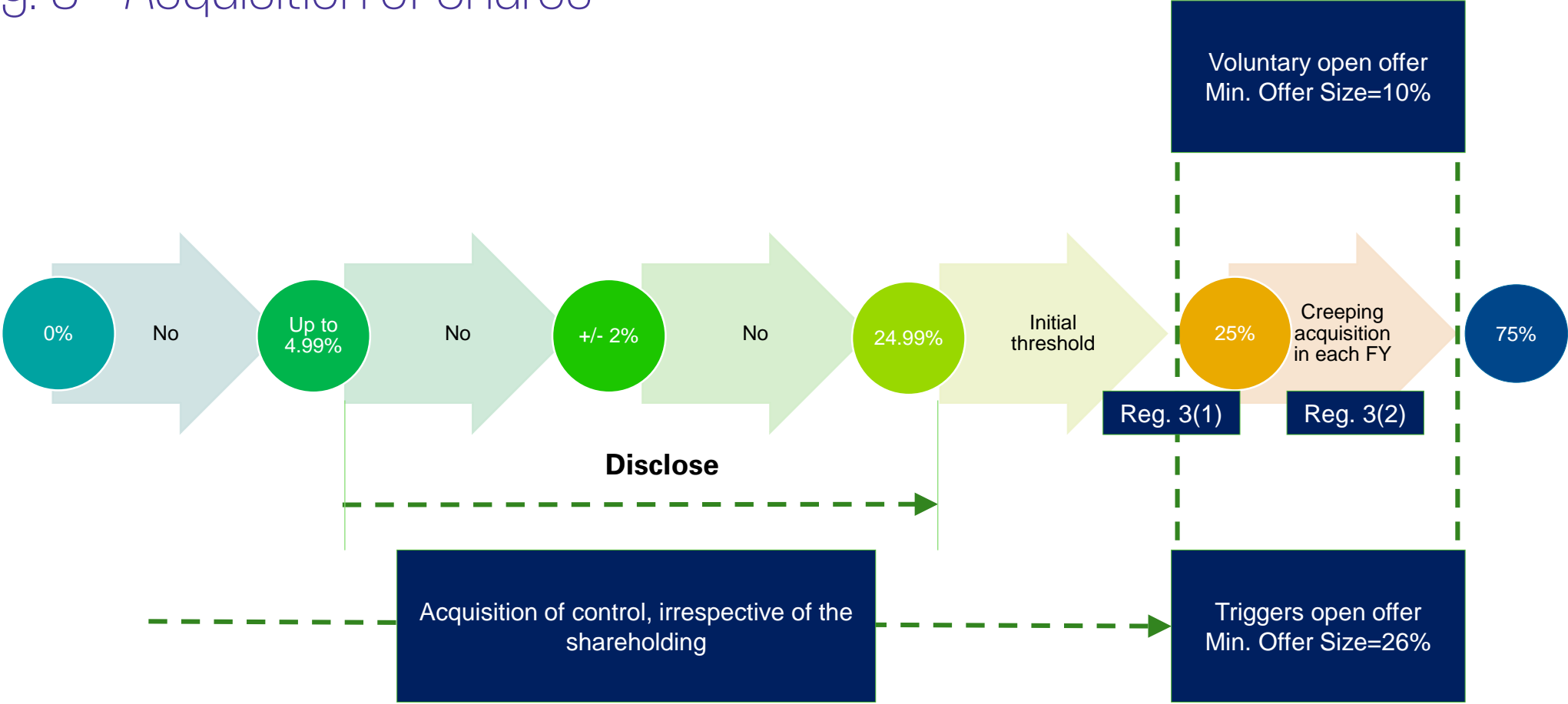
# Key regulations

# Framework





# Reg. 3 - Acquisition of Shares



**Reg. 3(3) - If individual shareholding of acquirer exceeds the threshold prescribed under Regulation 3(1) or 3(2), it shall also attract open offer obligations – irrespective of whether aggregate shareholding of acquirer & PAC is within threshold**

# Reg. 3 - Illustration 1

Scenario	Existing holding of Acquirer	Acquired during the FY 2017- 18	Whether Disclosures Required	Whether Open offer trigger
1	0%	+4.5%	No	No
2	0%	+6%	Yes	No
3	5%	+8%	Yes	No
4	5%	+22%	Yes	Yes
5	32%	+5%	Yes	No
6	40%	+6%	Yes	Yes

# Reg. 3 - Determination of Quantum of Acquisition for Creeping Acquisition

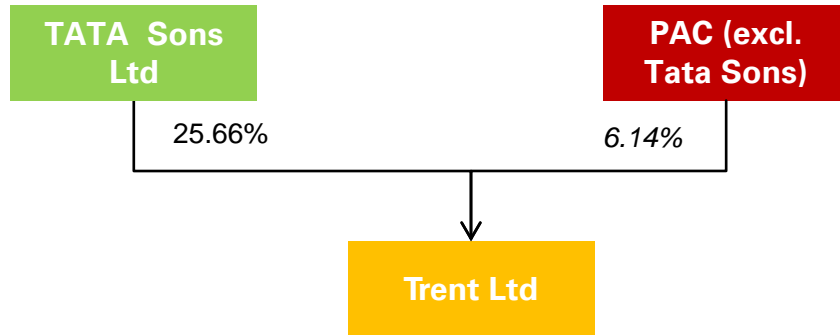
- Only **gross acquisitions** should be considered for **creeping acquisitions** - any intermittent fall in shareholding **should not** be taken into account
  - disposal of shares; or
  - dilution pursuant to fresh issue of shares

Scenario	Existing holding of Acquirer	Acquired / disposed off during the FY 2017- 18	Whether Disclosures Required	Whether Open offer trigger
A	31%	(4)% sale + 6%	Yes	Yes
B	31%	(8)% sale + 4%	Yes	Yes

Gross acquisition > 5%

Acquisition will lead to total acquisition exceeding 25%

# Case study: Increase in shareholding without change in control



Steps	Particulars (holding)	Tata Sons	PAC (including Tata)
1	Prior to QIP Issue	25.66%	31.8%
2	Post QIP Issue	23.08%	28.6%
3	Post CCPS Conversions	23.71%	29.36%
4	Post Preferential Allotment	26.86%	32.89%

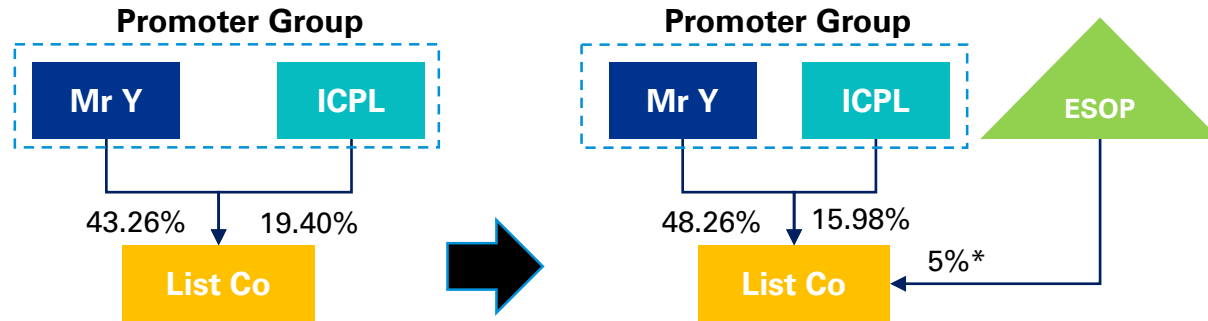
**Tata Sons Limited – SEBI Order  
(Oct 2012)**

## Facts of the case:

- Pursuant to QIP issue, the shareholding of Tata Sons falls to 23.08% and PAC falls down to 28.6%.
- Tata Sons Ltd and PAC intend to acquire shares in Trent Ltd which would increase their shareholding in the following manner:
  - Tata Sons – from 23.08% to 26.86% (i.e 3.78%)
  - PAC (incl. Tata Sons) – From 28.6% to 32.89% ( i.e 4.29%)

- **Open offer triggers on increase in shareholding of Tata Sons** **Yes**
- **Open offer triggers on increase in shareholding of PAC** **No**
- **Exemption provided by SEBI on the following grounds:**
  - Dilution occurred due to QIP not due to sale of shares
  - No change would arise in the control of the management of Trent

# Case study: Whether shares held by ESOP trust to be counted?



*\*In above calculation, shares held by ESOP Trust have been considered for calculating percentage shareholding post allotment and conversion*

- List Co to allot shares to an ESOP Trust
- Simultaneously, List Co would also issue equity shares to Mr Y, in lieu of his pending warrants
- Shareholding increase of Mr Y
  - If ESOP allotment is considered: + 4.99%
  - If ESOP allotment is not considered: + 7.5%

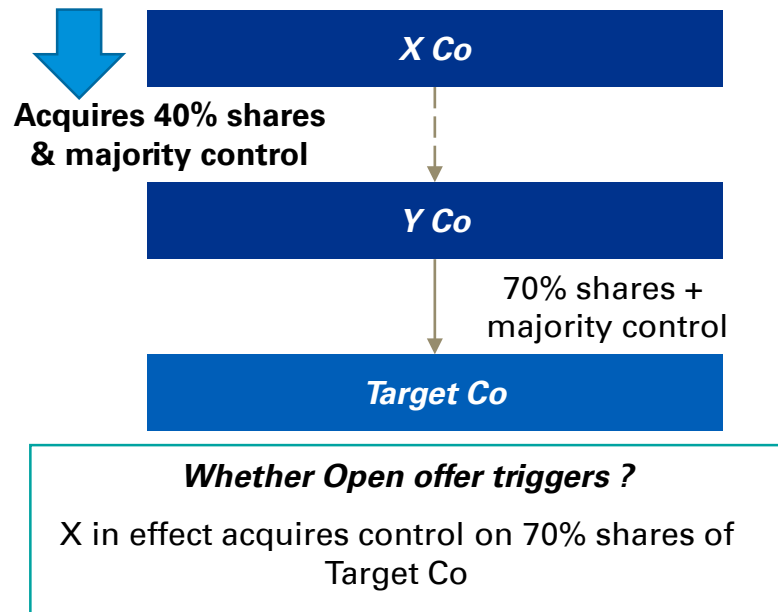
## Whether shares allotted to ESOP trust would be taken into consideration for calculating increase of shareholding of Mr Y?

- As per SEBI (Share Based Employee Benefits) Regulations, the trustees are not entitled to vote in respect of shares held by such trust, so as to avoid any misuse arising out of exercising such voting rights
- Therefore, shares held by the ESOP Trust will not be taken into account for calculating the percentage of voting rights

**Therefore, Whether acquisition by Mr Y would trigger open offer? - Yes**

**Informal Guidance in the case of Capital Trust Limited dated December 27, 2016**

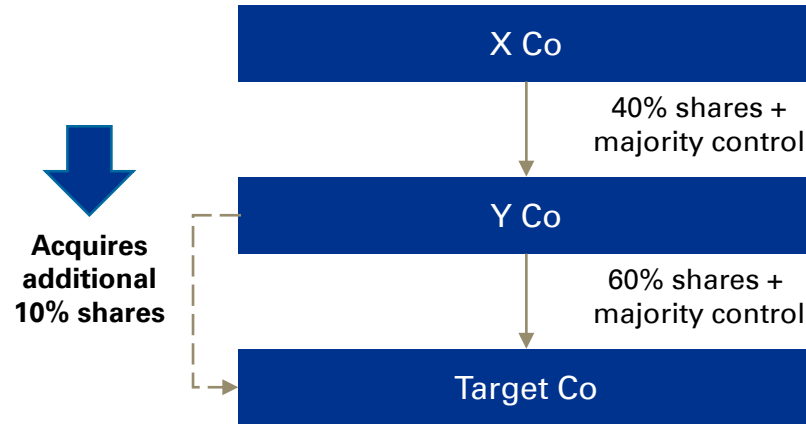
# Reg. 5 - Indirect Acquisition



1. Acquisition of shares in any entity which enables exercise of voting rights or control of the target company
2. An indirect acquisition shall be deemed as direct acquisition if
  - The proportionate NAV value of the target company as a percentage of the consolidated NAV of entity being acquired; OR
  - The proportionate sales turnover of the target company as a percentage of the consolidated sales turnover of entity being acquired; OR
  - The proportionate market capitalization of the target company as a percentage of the enterprise value of target entityis in excess of 80% of the target company

# Reg. 5 - Illustration

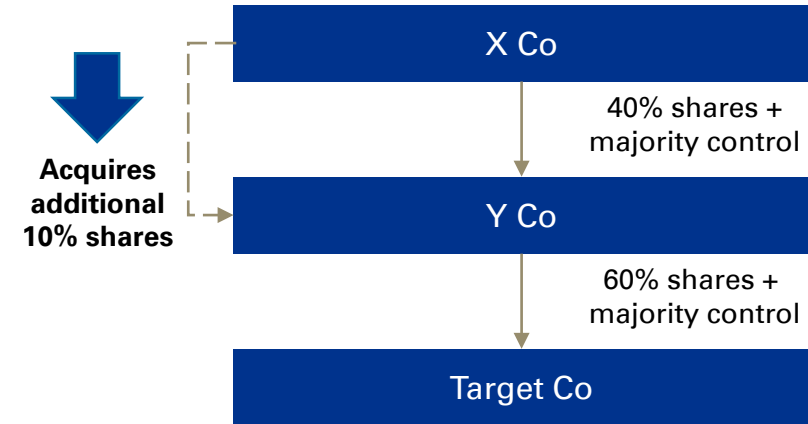
**Illustration 1**



***Open offer triggers on Y Co***

Y acquires 10% additional voting rights in the Target Co

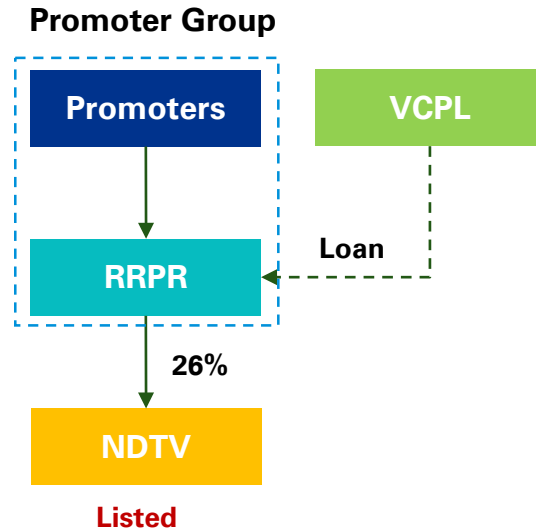
**Illustration 2**



***Open offer does not trigger on X Co***

X in effect does not acquire any additional voting rights in the Target Co

# Case study: Deemed control



- The Promoter Group, through RRPR, had obtained a loan from VCPL for refinancing earlier loan taken for purchase of shares of NDTV (listed company) in 2009
- Significant aspects of the loan arrangement:
  - Loan shall be **unsecured** and **devoid of any interest payment**;
  - RRPR shall issue warrants to VCPL which are convertible into equity shares aggregating to **99.99%** of fully diluted share capital of RRPR, convertible at any time during the tenure of the loan **or thereafter** – (i.e. the right to convert warrants is not linked to or dependent on repayment of loan);
  - VCPL shall have a call option to purchase **all the equity shares** of RRPR at **par value**;
  - Affiliate companies of VCPL to have **call option to buy 26% shares of NDTV from RRPR**
  - VCPL to have **veto rights** over some transactions of RRPR and NDTV



# General exemptions

# Reg. 10 - General Exemptions

## REGULATION 10(1)

- Inter se Transfer
- Acquisition in the ordinary course of business
- Disinvestment agreement
- Acquisition pursuant to a Scheme
- Increase in voting rights arising out of operation of Section 106 of the Cos Act, 2013

## REGULATION 10(2)

- Corporate Debt Restructuring Scheme
- Conditions
1. No change in control
  2. Shareholders Approval by way of Special Resolution passed by Postal Ballot

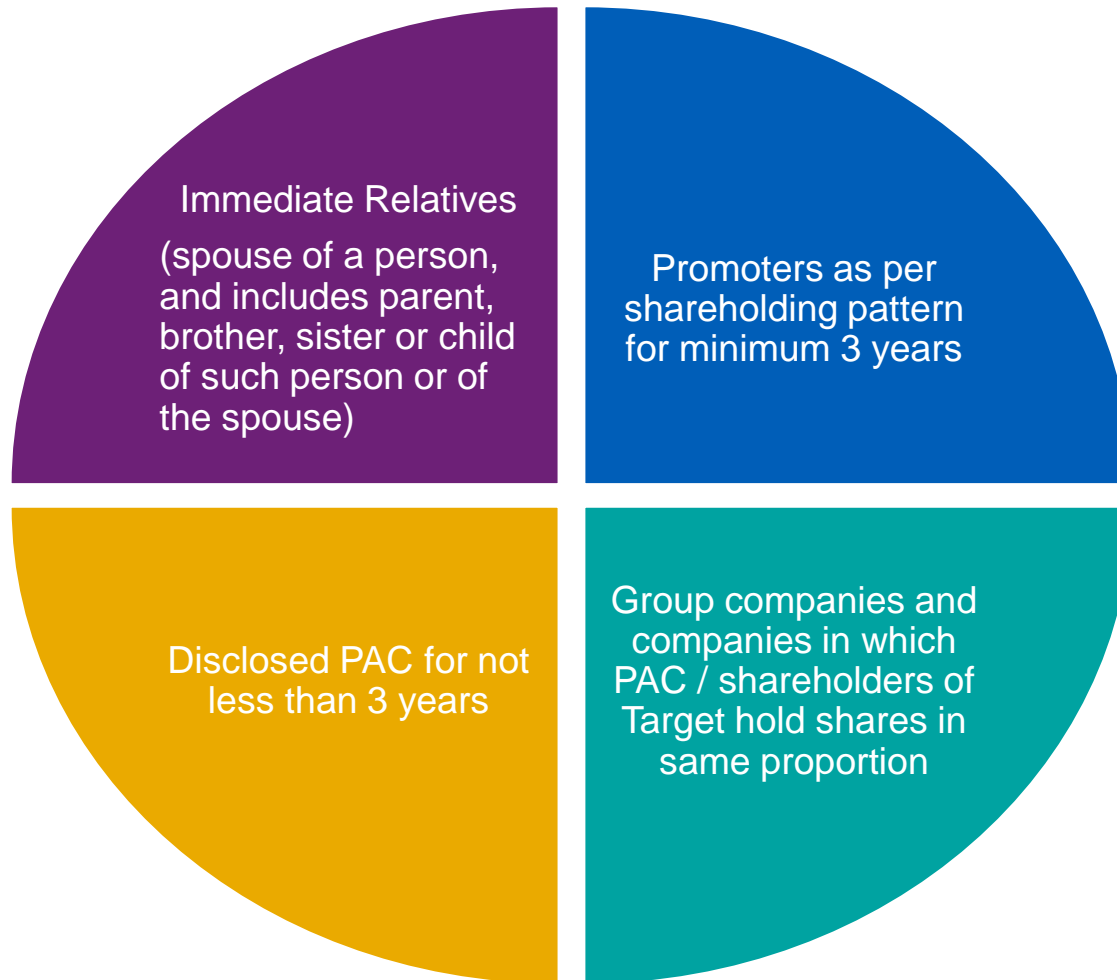
## REGULATION 10(3)

- Buy Back resulting in shareholding exceeding 25% under Regulation 3(1), provided that shareholding brought to below 25% within 90 days

## REGULATION 10(4)

- Right Issue
- Buy Back
- Acquisition from state-level financial institutions by promoters
- Acquisition from a venture capital fund or Category 1 Alternative Investment Fund or a foreign venture capital investor by promoters

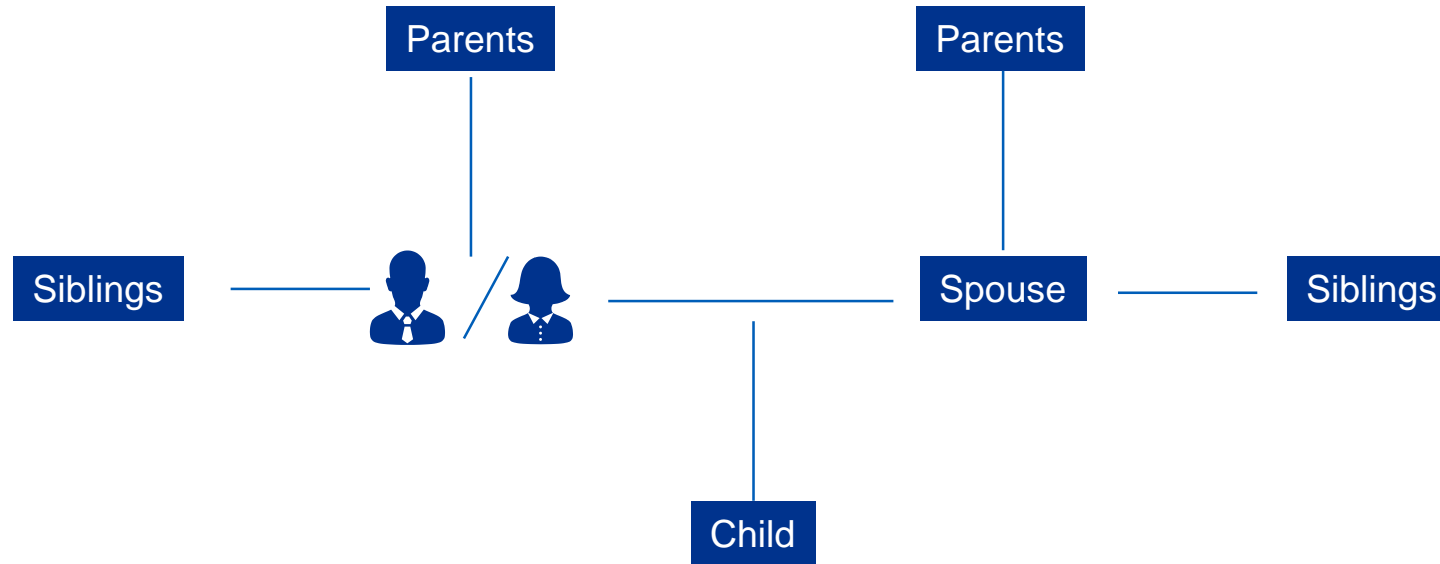
# Reg. 10(1)(a) - Inter se Transfer



## Conditions to avail exemption:

- The acquisition price per share shall not be higher by more than:
  - (a) Frequently Traded – 25% of volume weighted average market price for a period of 60 trading days
  - (b) Infrequently Traded – 25% of the price determined by the acquirer and manager to the open offer taking into account valuation parameters including book value, comparable trading multiples and other parameters for valuation of shares
- Transferor and transferee should comply with applicable disclosure requirement

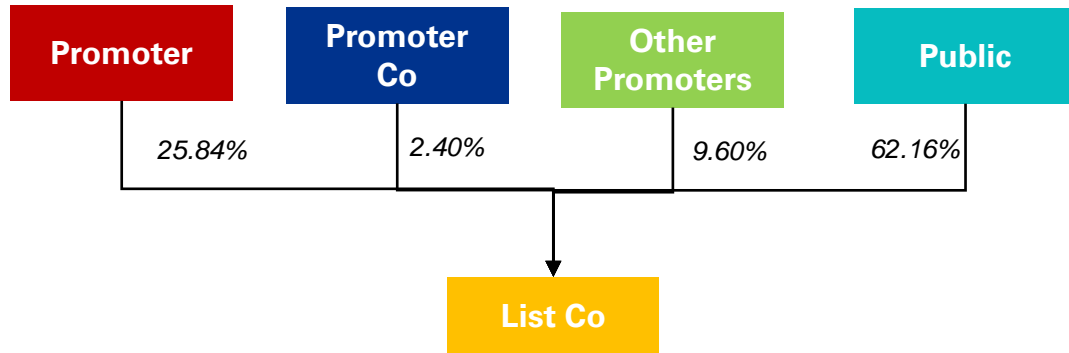
# Immediate relatives [R. 10(1)(a)(i)]



Relation to be seen from Acquirer perspective?

Scenario	Acquirer	Seller	Exemption available?
A	Son in law	Father in law	Yes
B	Father in law	Son in law	No

# Case study: Transfer within promoter group [R. 10(1)(a)(ii)]



Particulars	Existing	Post transfer
Promoter	25.84%	-
Promoter Co	2.40%	28.24%
Other Promoters	9.60%	9.60%
Public	62.16%	62.16%
Total	100%	100%

- Promoter intends to consolidate its individual shareholding with the family owned Promoter Co

## Whether acquisition triggers open offer?

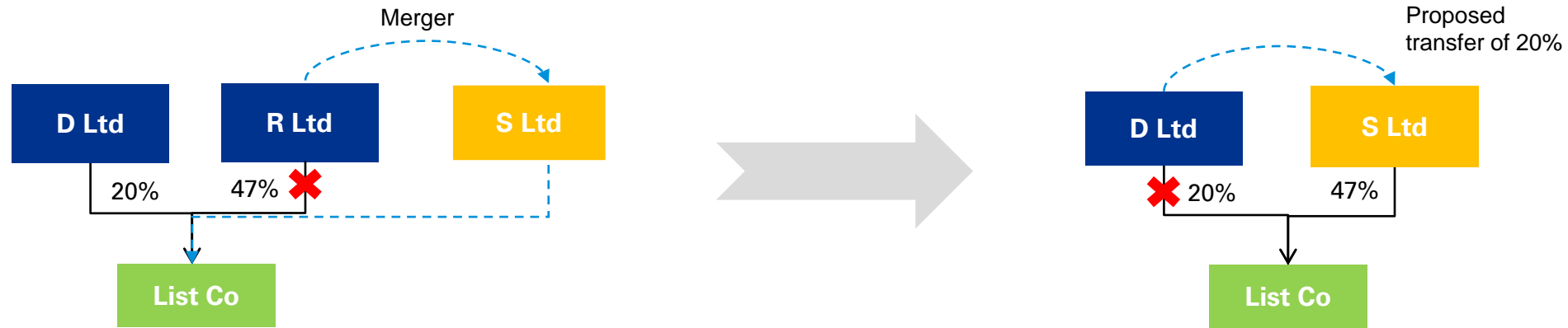
- Although the collective shareholding of the promoter group does not undergo change, shareholding of Promoter Co increases from 2.40% to 28.24% and thus such acquisition will trigger open offer.

## Whether exemption under 10(1)(a) is available?

- Since all the transferors and transferees have been named as promoters for the last 3 years, the said acquisition **will be exempt** under Regulation 10(1)(a)(ii)

**Informal Guidance in the case of Cybertech Systems and Software Limited dated January 2, 2017**

# Case study: Transfer within promoter group post merger [R. 10(1)(a)(ii)]



- D Ltd and R Ltd were promoters for more than 3 years in the List Co
- R Ltd merged into S Ltd with appointed date April 1 2014 - Effective date of merger– March 24, 2015
- Pursuant to such merger, S Ltd is shown as promoter from March 31 2015.
- Post the merger, D Ltd intends to transfer shares to S Ltd

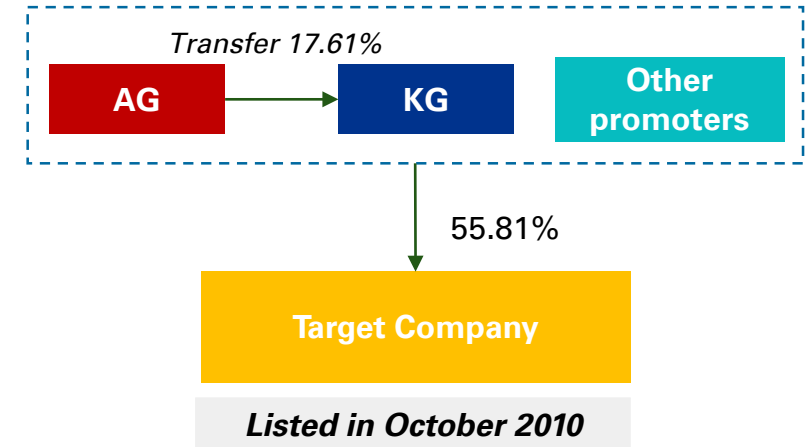
## Whether the proposed transfers will be exempt under Regulation 10(1)(a)(ii) of the Takeover Code?

- Acquirer and Sellers **should have been named as promoters** in the shareholding pattern filed by the target company for a period of not less than **3 years**
- Since S Ltd was named as the promoter from March 31, 2015, this transaction would **not be exempt**

*Informal guidance in the case of Zenotech Laboratories Ltd – June 2016*

# Case study: Transfer within promoter group before 3 years [R. 10(1)(a)(ii)]

- The promoters group holds 55.81% shares in the target company
- Mr AG, promoter holds 20.53% shares in the target company wants to transfer 17.61% shares to Mr. KG, his father-in-law
- The company got listed in October 2010. Hence, as on the date of transfer, (i.e 2012) both the above individuals have been disclosed as promoters for a period of only two years from date of listing
- However, they have held shares in the company for more than 3 years



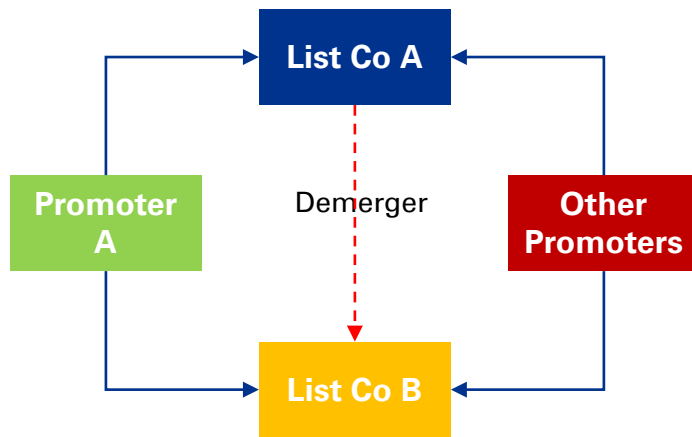
## Whether the proposed transfer will be exempt under Regulation 10(1)(a)(ii) of the Takeover Code?

- *The Company relied on the report of the Takeover Regulation Advisory Committee which suggested that in respect of inter-se transfers, the objective is to curb the abuse of introduction of new entities as 'qualifying parties' and there should be a requirement of pre-existing relationship of at least 3 years.*
- *However, SEBI has taken a literal interpretation and accordingly, since the shareholding pattern in terms of the listing agreement is available only for 2 years, the proposed share transfer **will not be exempt** under Regulation 10(1)(a)(ii)*

*Point for discussion: Whether 10(1)(a)(i) could have been availed?*

**Informal Guidance in case of CEBBCO, dated December 5, 2012**

# SC Order: Inter se transfer within promoters (1/2) [R. 10(1)(a)(ii)]



- Pursuant to a scheme of demerger, shares of List Co B were listed on July 20, 2012
- Promoter A, one of the co-promoter of List Co A and List Co B, acquired equity shares of List Co B from 3 other co-promoters of List Co A and List Co B on July 9-10, September 5 and October 20 2014 for INR 6.30 per share
- On October 28 2015, Promoter A along with other persons made a public announcement for acquisition of additional equity shares of List Co B for INR 3.20 / share
- On May 5 2016, the impugned order was issued by SEBI asking the Manager to the open offer to revise the price of the open offer to INR 6.30 per share as the inter-se promoter transfers of July, September and October, 2014 were not exempt from open offer obligations under Takeover Regulations 2011

***Order of the Supreme Court in the case of Laurel Energetics Pvt Ltd vs SEBI – July 13, 2017***



# SC Order: Inter se transfer within promoters (2/2) [R. 10(1)(a)(ii)]

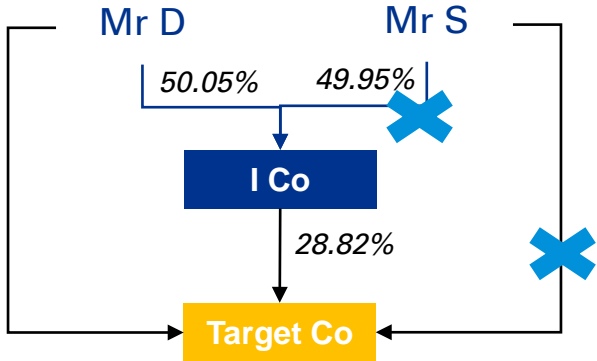
## Questions of law

- Whether the inter-se promoter transfers made prior to completion of 3 years of listing the target company are eligible for general exemption from open offer under Regulation 10(1)(a)(ii) of SAST Regulations

## Supreme Court Order

- A simple reading of Regulation 10(1)(a)(ii) of the Takeover Regulations 2011 means that the shareholding pattern filed by List Co B in terms of its listing agreement has to be available for a minimum of 3 years post listing
- The inter-se transfers were made during July to October, 2014 and as such the company had filed the relevant details only for 2 years post listing whereas the requirement is not less than 3 years post listing
- It is not possible to construe the regulation in the light of its object, when the words are clear

# Case study: Indirect transfer between Promoters [R. 10(1)(a)(ii)]



- Mr D and Mr S together hold 100% stake in I Co
- I Co along with Mr D and Mr S form the Promoter group of the Target company and have been disclosed for 3 years

**Transaction 1: I Co proposes to acquire shares of Target Co from Mr S**

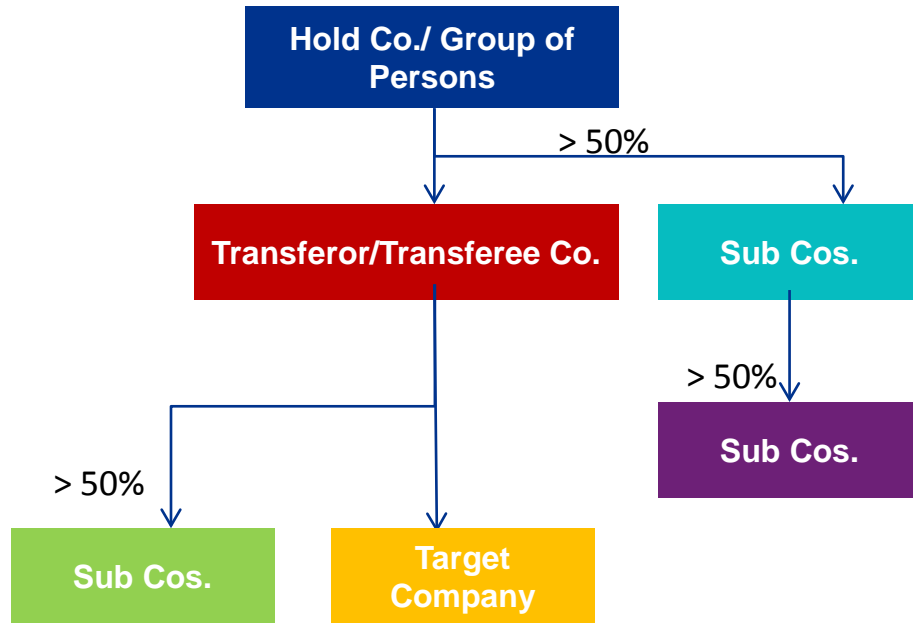
Exemption under regulation 10(1)(a)(ii)? **Yes**

**Transaction 2: Mr S proposes to transfer shares of I Co to Mr D and wife of Mr D**

Exemption under regulation 10(1)(a)(ii)? **No**

*Informal guidance in the matter of Navkar Builders Limited dated March 6, 2018*

# Group companies [R. 10(1)(a)(iii)]



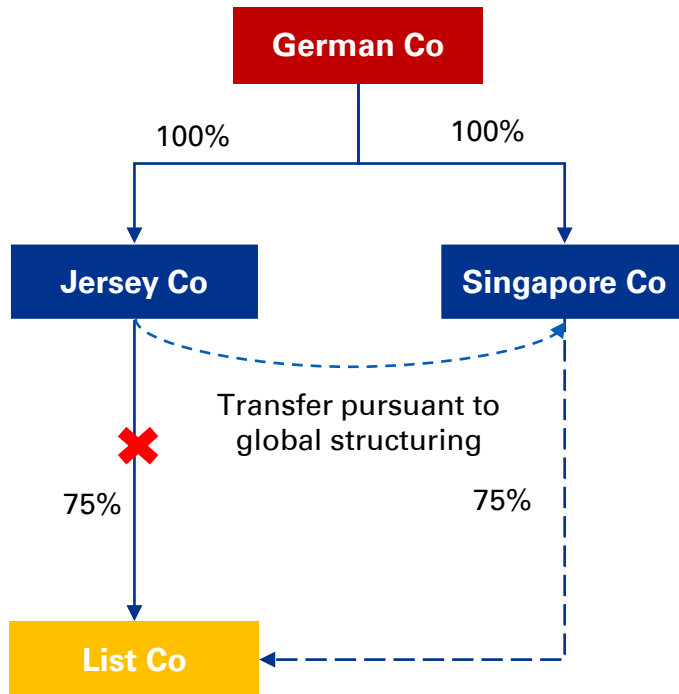
**Subject to control over such qualifying persons being exclusively held by the same persons**

**Only companies covered. What about**

- **Firm/ LLP**
- **Trusts**
- **Foreign companies/**

**Refer next slide**

# Case study: Transfer between offshore group companies [R. 10(1)(a)(iii)]



Pursuant to an internal restructuring of the group, Jersey Co proposes to transfer its entire 75% stake to Singapore Co. (i.e. to a sister WOS)

**Whether exemption under regulation 10(1)(a)(iii) would be available when the Companies have not been incorporated under the Companies Act?**

- *The term 'Company' has not been defined under the Takeover regulations and thus the definition from the Companies Act needs to be imported*
- *As per the Companies Act, the expression 'holding company' includes a body corporate, which includes company incorporated outside India. ([Annexure 1](#))*
- *Thus the proposed share transfer between two foreign companies **will also be exempt** under Regulation 10(1)(a)(iii)*

*Point for discussion: Can same analogy be applied to LLP?*

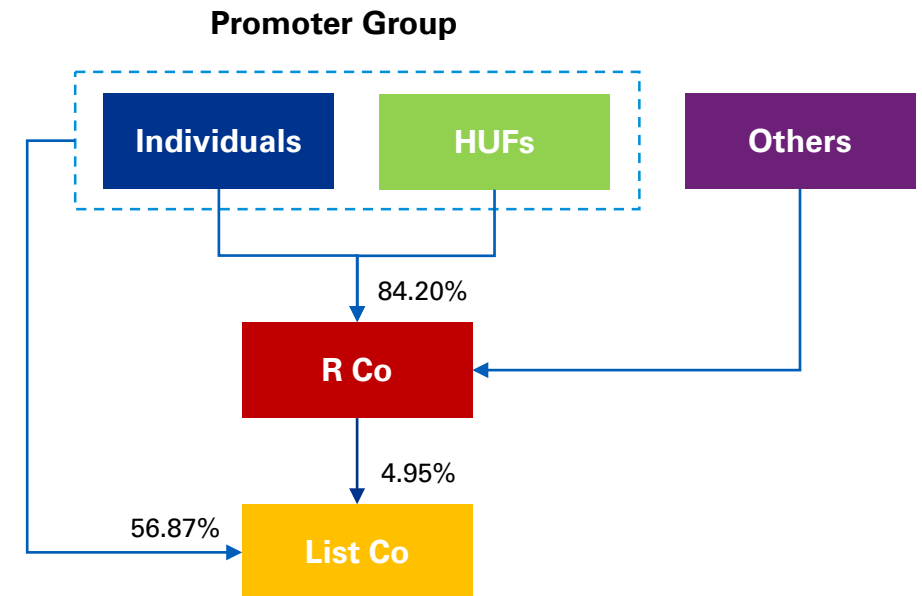
**Informal guidance in the case of Styrolution ABS (India) Limited dated October 24, 2013**

# Case study: Transfer of shares to Promoter held company [R. 10(1)(a)(iii)]

- R Co is classified as promoter of List Co
- The individuals forming part of the Promoter Group wish to transfer a part of the shares (aggregating more than 5%) held by them in List Co to R Co

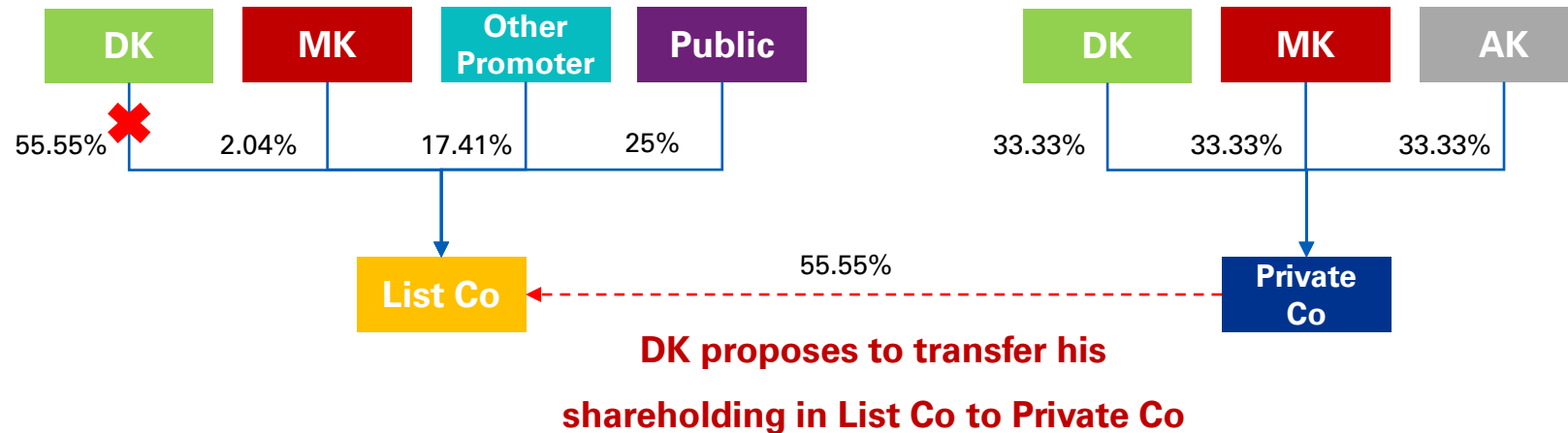
**Whether the proposed transfer will be exempt under Regulation 10(1)(a)(iii) of the Takeover Code?**

**Yes** – as the transfer is between a company and persons holding not less than 50% equity shares of such company



*In the matter of M/s Ginni Filaments Limited (27 May 2016)*

# Case study: Transfer of shares to Private Company [R. 10(1)(a)(iii)]



**Whether the said transfer would qualify for exemption under Reg 10(1)(a)(iii)?**

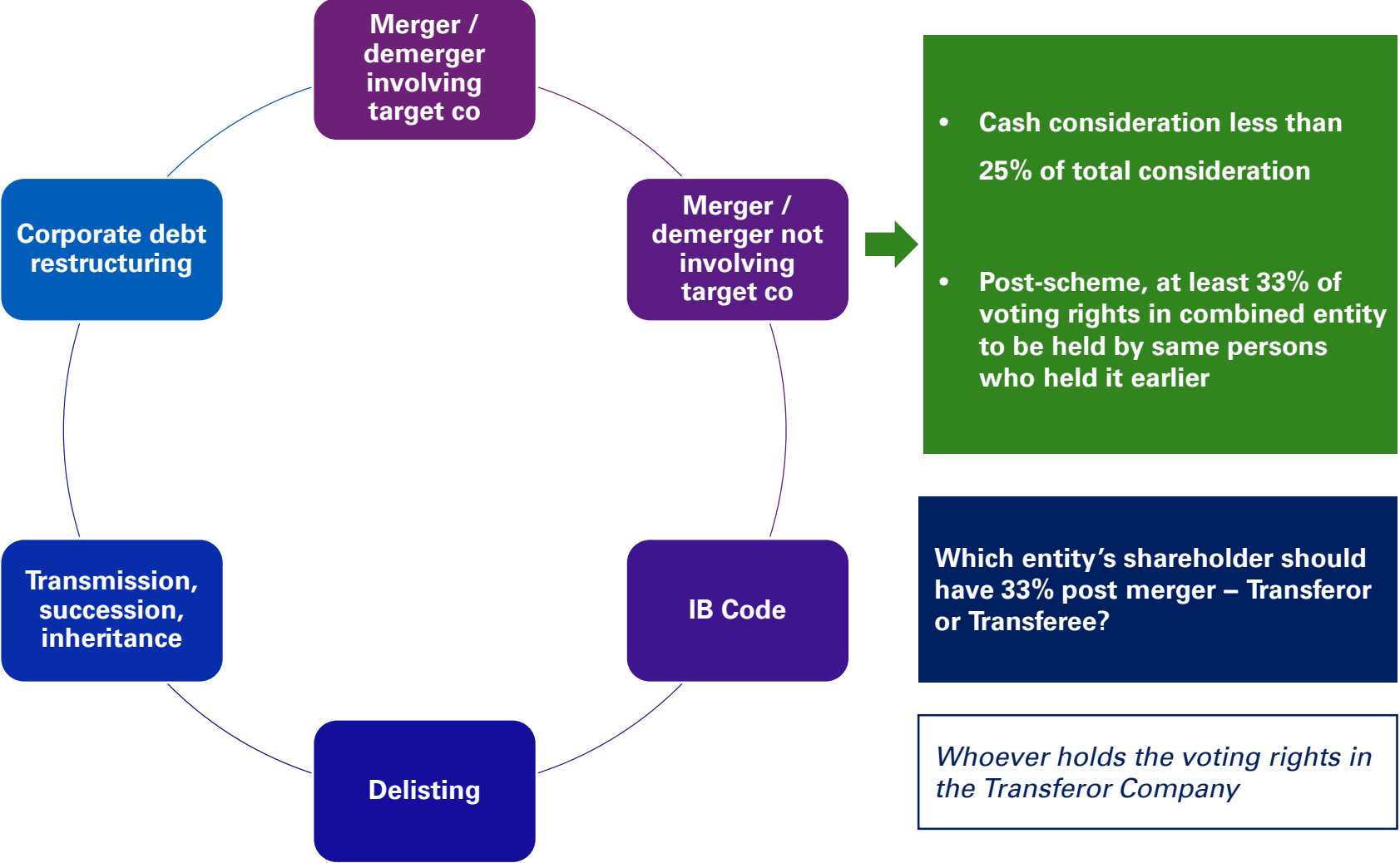
- **No** – because DK is holding only 33.33% shares in the Private Company, which is less than 50% threshold as stated in Reg 10(1)(a)(iii)

*Point for discussion: Distinction between Ginni Filaments and Kothari Products?*

- *Similar fact pattern, however differently presented in case of Ginni Filaments*
- *In this case, SEBI interpreted PERSONS as TRANSFEROR PERSON holding less than 50%*

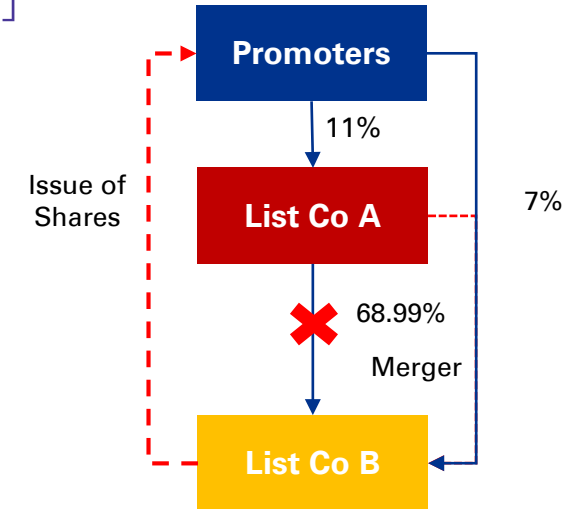
**Observation letter in the case of M/s Kothari Products Limited - July 29, 2016**

# Reg. 10(1)(d) - Acquisition pursuant to a Scheme



# Case study: Merger of Holding Co into List Co [R. 10(1)(d)(ii)]

- Pursuant to a scheme, List Co A was merged into List Co B
  - Shareholding of List Co A in the List Co B (i.e. 68.99%) was cancelled and the shareholders of List Co A were allotted shares in the List Co B
  - Stake of the Promoters of List Co B decreased from the 75% to 58%
- Further, the Promoters were contemplating to acquire additional equity shares in the List Co B



## Whether Merger would be exempt under 10(1)(d)(ii) ?

Yes – subject to approval of the Scheme of merger by the Hon'ble High Court

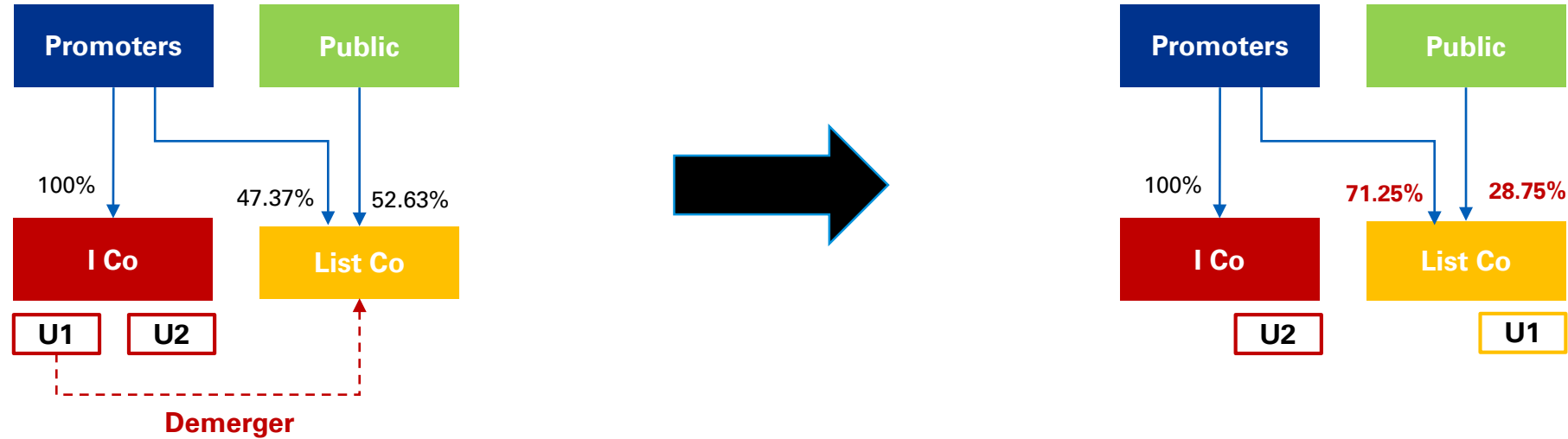
**Whether the issue of shares reduce the creeping acquisition limit of 5% computed on a gross basis and whether promoters can acquire additional shares through market purchase under the creeping acquisition limit of 5% without triggering open offer requirement?**

The exempt acquisition cannot be counted towards computing acquisition on a gross basis, and thus promoters can acquire further 5% without triggering open offer requirement

*Informal Guidance in the case of Adani Properties Pvt Ltd dated 18 September, 2015*



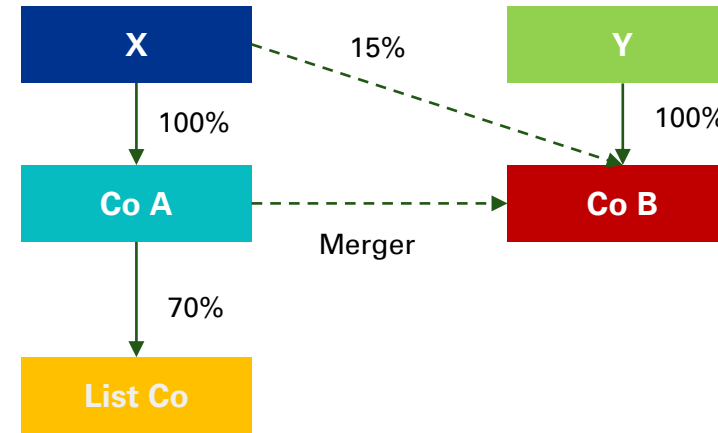
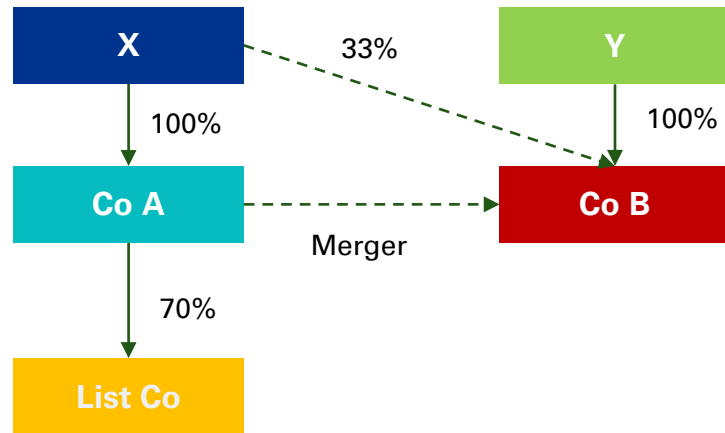
# Case study: Merger and increase in shareholding [R. 10(1)(d)(ii)]



While approving the scheme of merger, SEBI observed that pursuant to the demerger, there is a substantial increase in the Promoter holding and such change in control would have attracted open offer obligations, if it had not been done through a Scheme of Arrangement

*SEBI observation letter in the case of Nitin Alloys Global Limited (May 4, 2016)*

# Illustration [R. 10(1)(d)(iii)]



Is merger of Co A into Co B exempt?

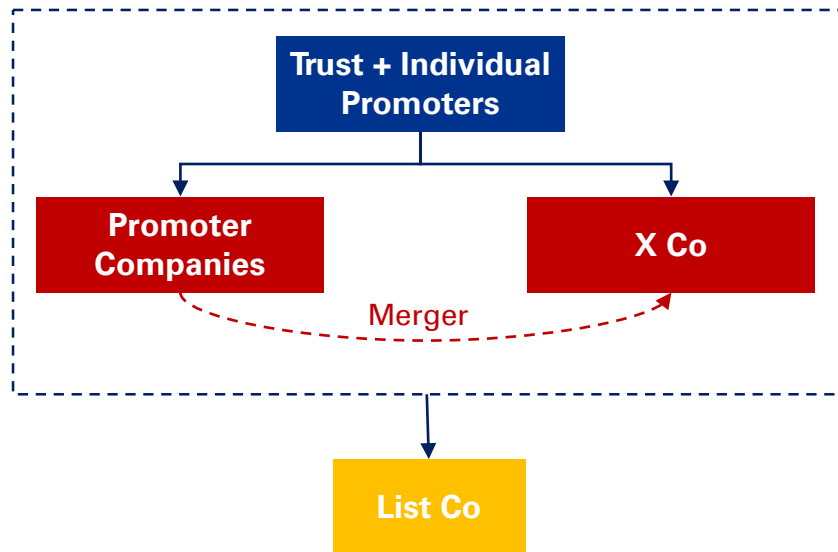
- **Scenario 1:** Post merger X to hold 33% shares in merged Co

**Yes**

- **Scenario 2:** Post merger X is allotted 15% shares in Co B

**No**

# Case study: Merger of promoter companies [R. 10(1)(d)(iii)]



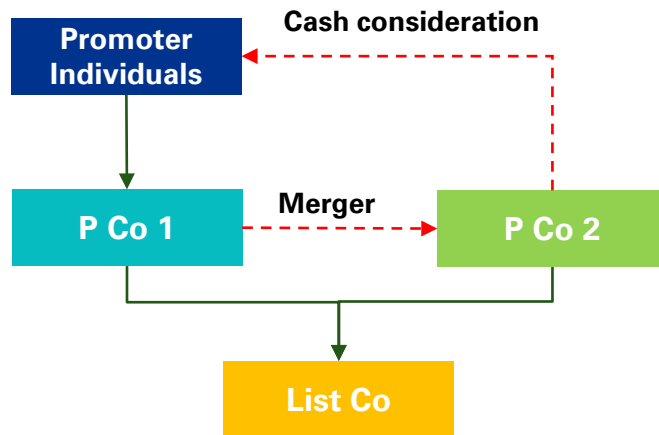
- The promoter group comprises of a total of 26 persons / entities. It was proposed that 10 of these promoter entities (held through a trust) having 54.07% stake in List Co (transferors) will merge into X Co, one of the promoter held entity holding 0.01% in the List Co (transferee)
- Post merger, shareholding of X Co will increase from 0.01% to 54.08%
- In consideration, X Co to issue equity shares to shareholders of transferor companies i.e. Trust
- There will not be any change in the trustees or beneficiaries of the Trust and also no change in control or economic beneficial ownership of X Co or List Co

**Increase in X Co's shareholding in List Co from 0.01% to 54.08% pursuant to merger – exempt from open offer?**

Yes – the proposed acquisition shall be exempt from open offer obligation by virtue of regulation 10(1)(d)(iii), subject to approval of the Scheme of merger by the Hon'ble High Court

***Informal Guidance in the case of Rajdhani Investments and Agencies Private Limited dated March 24, 2017***

# Case study: R 10(1)(a)(ii) vs R 10(1)(d)(iii)

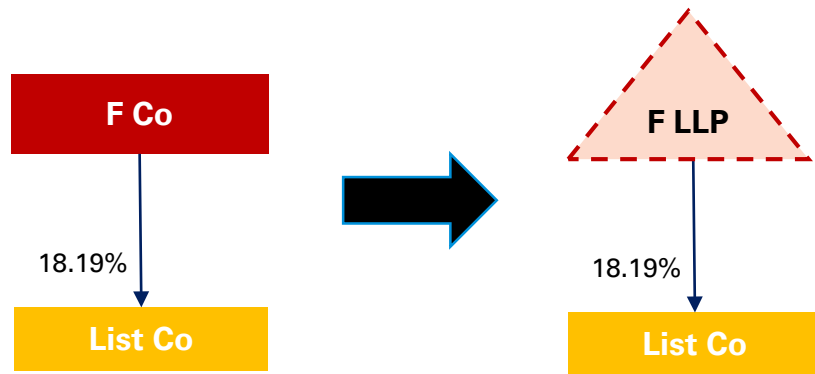


- Promoter held Companies - P Co 1 and P Co 2 are named as 'Promoters' in the shareholding pattern filed by List Co for a period more than 3 years
- It is proposed to merge P Co 1 and P Co 2 through a Scheme of amalgamation
- In consideration, P Co 2 to issue consideration in cash to the Promoter Individuals

**As the entire consideration is paid in cash, exemption under Reg 10(1)(d) cannot be claimed.**

**However, can P Co 2 claim exemption under Reg 10(1)(a)(ii)?**

# Case study: Conversion of Holdco into LLP [R 10(1)(g)]



- It is proposed to convert F Co, which is a private limited company to LLP
- There will be no change in the controlling interest and the shareholding pattern of F Co will remain intact

## Whether the said conversion would trigger an obligation to make an open offer under Reg 3(1)?

- **Yes;** since F LLP (along with persons acting in concert) acquire the right to exercise 25% or more voting power

## Whether exemption would be available under Reg 10(1)(g)?

- **Yes.** Conversion without any change in the nature of business and control would fall under '**succession**'

*Informal Guidance in the case of M/s India Finsec Ltd dated July 23, 2018*

# Reg. 10(3) and 10(4)(c) - Buy Back exemption

Increase in voting rights pursuant to buy back of shares

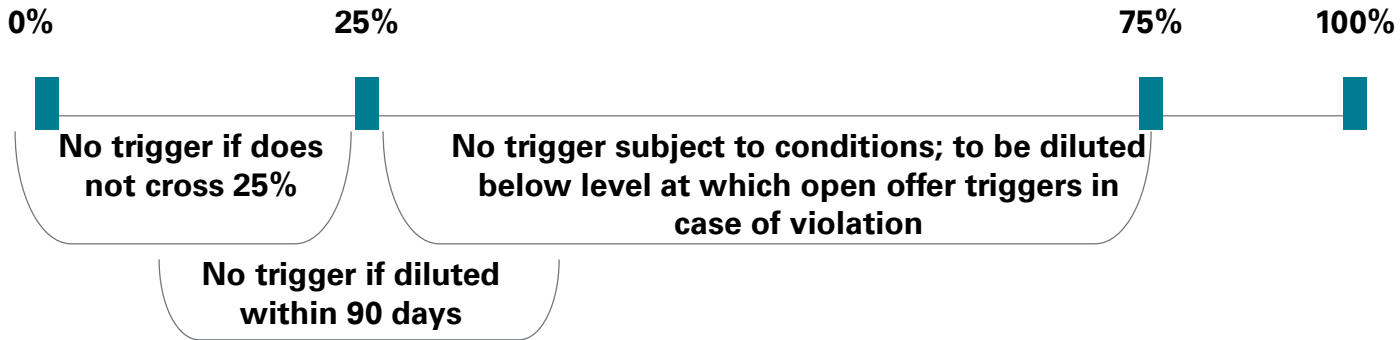
## Regulation 10 (3): If shareholding crosses 25% u/r 3(1)

- Exempt if shareholder reduces holding within 90 days

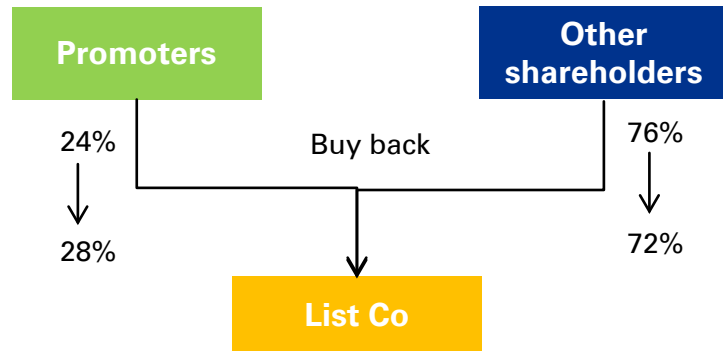
## Regulation 10 (4)(c): If acquisition crosses 5% u/r 3(2)

Exempt if following conditions satisfied

- Acquirer should not vote in favour of buyback as director or shareholder
- Voting by postal ballot
- Not to result in change in control
- If above conditions are not satisfied and acquirer reduces shareholding within 90 days



# Case study

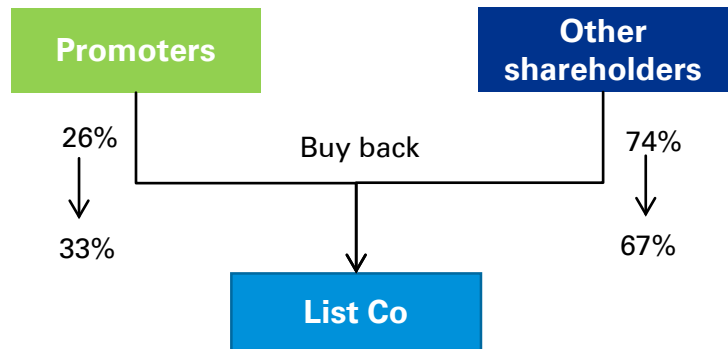


## Facts of the case:

- Promoters holding 24% in List Co
- Post buy-back Promoters holding in List Co increased to 28% (more than 25%)

### Whether open offer triggers?

No - Provided promoter has to reduce his shareholding below 25% in 90 days



## Facts of the case:

- Promoters holding 26% in List Co
- Post buy-back Promoters holding in List Co increased up to 33%

### Whether open offer triggers?

No, provided that

- a. conditions specified in R.10(4)(c) are satisfied, ; OR*
- b. If conditions not satisfied, then shareholding is reduced in 90 days*

# Reg. 10(4)(a) - Rights Issue

## Exemptions from Creeping acquisition pursuant to increase in shareholding on account of Right issue for R.3(2)

- **Up to entitlement of his shares pursuant to a rights issue**
- **Beyond entitlement subject to following conditions:**
  - Acquirer has not renounced any of his right entitlements; and
  - the right issue price should not be higher than the ex-right price

$$\text{Ex-right price} = \left[ \frac{(\text{VWAMP during 60 trading days}) \times (\text{Shares outstanding prior to right issue})}{\text{Shares outstanding after right issue allotment}} \right] + \left[ \frac{(\text{Rights issue share price}) \times (\text{Number of shares offered for right issue})}{\text{Shares outstanding after right issue allotment}} \right]$$



# Succession planning/ trust structures



# Contribution to Family Trust - Historical exemptions u/r 11

- As a part of group restructuring exercise, it is generally proposed to migrate the holdings of a listed entity into a Trust
- Historically, SEBI has been granting exemptions to contribution of shares by promoters to a family trust subject to certain conditions such as – no change in control, compliances with law, etc
- Recently, SEBI issued a circular dated December 22, 2017 stating that while making an application under Regulation 11 for such cases, executed trust deeds should be submitted and certain conditions specified in the circular should be complied with for faster processing of the exemption application

Conditions

## Part I – Trust Deed to expressly provide for the following

- The Trust is in substance, only a **mirror image** of the promoters' holdings and consequently, there is **no change of ownership** or control of the shares or voting rights in the target company
- Only **individual promoters or their immediate relatives** or lineal descendants are **Trustees and beneficiaries**;
- The **beneficial interest** of the beneficiaries of the trust has not been and **will not** in the future, **be transferred**, assigned or encumbered in any manner including by way of pledge/mortgage
- In case of **dissolution** of the Trust, the **assets will be distributed only to the beneficiaries** of the trust or to their legal heirs
- The **Trustees will not be entitled to transfer or delegate any of their** powers to any person other than one or more of themselves

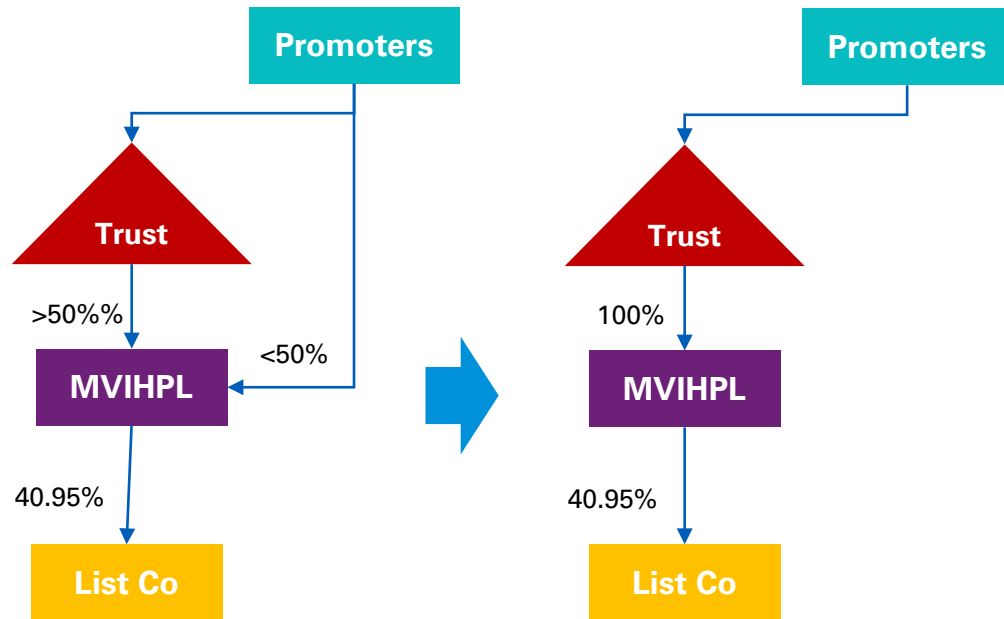
## Part II – Undertakings to be provided

- **Change in the trustees / beneficiaries** and any change in ownership/control of shares/voting rights held by Trust shall be **disclosed within 2 days** to the concerned stock exchanges with a copy endorsed to SEBI for its record
- Ownership/control of shares/voting rights will be treated as vesting both with Trustees and beneficiaries
- The liabilities and obligations of individual transferors under the SEBI regulations will not change or get diluted
- The Trust shall confirm, on an annual basis, that it is in **compliance with the exemption order** passed by SEBI. The said confirmation shall be furnished to the company which it shall disclose prominently as a note to the shareholding pattern filed for the quarter ending March 31 each year, under regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Trust shall get its **compliance status certified from an independent auditor** annually and furnish the certificate to the Stock Exchanges for public disclosure with a copy endorsed to SEBI for its records

## Part III – Conditions to be satisfied for exemption

- Proposed acquisition is in **compliance with the Companies Act, 2013** and other applicable laws
- **Transferors are disclosed as promoters** in the shareholding pattern filed with the Stock Exchanges **for a period of at least 3 years** prior to transfer (except for holding on account of inheritance)
- There is no layering in terms of trustees / beneficiaries in case of Trusts
- The **Trust deed agreement does not contain any limitation of liability of the trustees / beneficiaries** in relation to the provisions of the SEBI Act and all regulations framed thereunder

# Case study: Recent case on Trust post circular



**Structure shown in the left is after series of steps involving**

- A. Demerger of business and listing of List Co in **June 2016**
- B. Merger of promoter companies into MVIHPL
- C. Transfer of stake of Promoters in List Co to MVIHPL

**Proposed step involving application for exemption**

- Promoters to transfer their stake in MVIHPL to the Trust

- **Exemption denied**
- Transferors have not been named as 'Promoters' in the shareholding pattern filed by the List Co with the Stock Exchanges for the last three years **as the List Co was listed less than 3 years ago**

***SEBI order in the matter of Max Ventures and Industries Limited – July 10, 2018***

# Other regulations



# Disclosures - Regulation 29, 30, 31

Reg	Triggering event	Disclosure by	Disclosure to	Time period
29(1)	Acquisition and Disposal - Acquisition of 5% or more shares or voting rights	Any Acquirer* with PAC (including Promoter)	Target company and stock Exchange	Within 2 working days of receipt or intimation of allotment
29(2)	Acquisition and Disposal - On acquisition/disposal of 2% or more shares or voting rights	Acquirer* with PAC holding 5% and more shares	Target company and stock Exchange	Within 2 working days of Such sale/purchase
30(1)	Continual Disclosures - 31st March	Acquirer with PAC holding 25% or more shares or voting rights	Target company and stock Exchange	Within 7 Working Days from the financial year ending 31st March
30(2)	Continual Disclosures - 31st March	Promoter with PAC	Target company and stock Exchange	Within 7 Working Days from the financial year ending 31st March
31(1)	Disclosure of encumbered shares - On creation of encumbrance	Promoter along with PAC	Target company and stock Exchange	Within 7 Working days from the date of creation of encumbrance of shares.
31(2)	Disclosure of encumbered shares - On invocation of encumbrance	Promoter along with PAC	Target company and stock Exchange	Within 7 Working days from the date of creation of pledge of shares



# Disclosures for Exemptions under Regulation 10

Reg	Triggering event	Disclosure by	Disclosure to	Time period
10(5)	Exemption under Reg. 10(1)(a) Reg. 10(4)(e) & (f)	Acquirer	Stock Exchange	<ul style="list-style-type: none"> <li>At least 4 working days in advance for proposed transaction</li> </ul>
10(6)	Any exemption	Acquirer	Stock Exchange	<ul style="list-style-type: none"> <li>Within 4 working days of acquisition of shares/voting rights, as applicable</li> </ul>
10(7)	Only in case of acquisition made under clauses (a) of sub-regulation (1), sub-clause (iii) of clause (d) of sub regulation (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) of Regulation 10	Acquirer	SEBI with fees of INR 1.5 lacs	<ul style="list-style-type: none"> <li>Within 21 working days of acquisition of shares</li> </ul>

# Thank you

*This views expressed in this presentation are personal views of the author. This presentation has been prepared for general guidance on matters of interest only and does not constitute professional advice. You should not act upon the information contained in this presentation without obtaining specific professional advice.*

# Annexures



# Annexure 1 - Definitions under the Companies Act, 2013

## Section 2(46) – ‘Holding Company’

*“Holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies;*

## Section 2(87) – ‘Subsidiary Company’

*“Subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company—*

- *controls the composition of the Board of Directors; or*
- *exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:*

*Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.*

*Explanation - For the purposes of this clause,—*

*.....*

***(c) the expression “company” includes any body corporate;***

