

January 12, 2004

SEBI has proposed certain amendments to the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 ("Takeover Code") and has invited public comments before January 24, 2004. Some of the major proposals relate to:

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- The diagram illustrates the relationship between various entities and a target company, categorized by ownership and promoter status.
- Entities and Relationships:**
- Spouse/ Parents, Brothers / Sisters, Children:** These entities are shown as part of a family unit. An orange arrow labeled "member partner" points from this group to the **Firm HUF**.
 - Firm HUF:** A central entity, represented by a purple dot, which is a "member partner" of the **Individual Promoter**.
 - Individual Promoter:** A green box representing the promoter, who is a "member partner" of the **Firm HUF**.
 - Company (26% or more):** A light blue box representing a company with a 26% or more ownership stake. It is connected to the **Spouse/ Parents, Brothers / Sisters, Children** group and the **Firm HUF** by orange arrows.
 - Company (>50%):** A light blue box representing a company with a more than 50% ownership stake. It is connected to the **Spouse/ Parents, Brothers / Sisters, Children** group and the **Firm HUF** by orange arrows.
 - Target:** A red bullseye representing the target company, which is the focus of the relationships.
- Legend:**
- Aggregate holding >50:** Indicated by a thick black arrow.
 - Proposed to be included as promoter of target company:** Indicated by a double arrow with a diamond head.
 - Individual promoter's relation with entity:** Indicated by an orange arrow.

In case the promoter is a body corporate, entities that shall be deemed to be promoters as per the proposed amendment is represented by Figure 2.

February 28, 2025

February 27, 2025

February 26, 2025

February 04, 2025

January 15, 2025

January 03, 2025

February 22, 2025

December 18, 2024

November 19, 2024

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February 18, 2025

How Cross Border M&A Will Shape

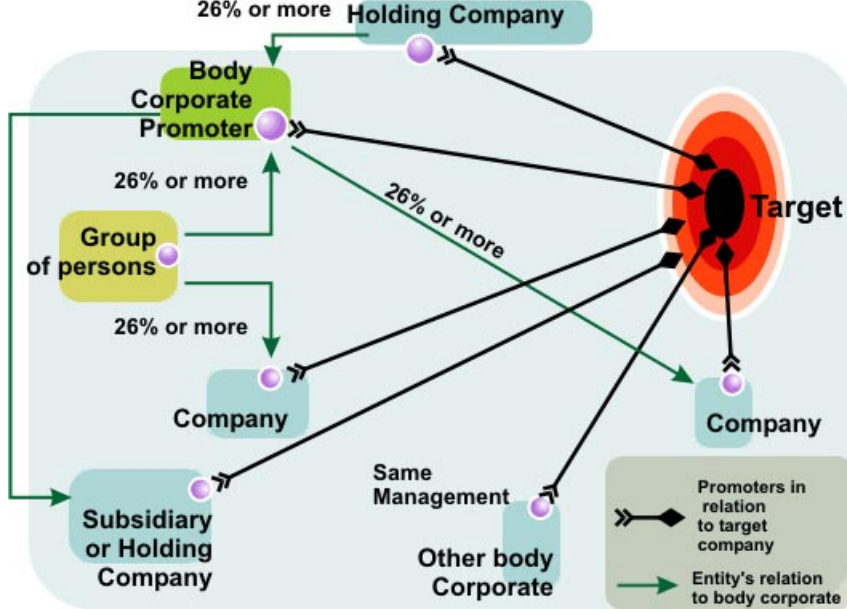


FIG. 2

It is proposed that Financial Institutions, Scheduled Commercial Banks, Foreign Institutional Investors and Mutual Funds shall not be deemed promoters merely by reason of their shareholding; they shall however, be deemed promoters of their subsidiaries and the mutual funds that they sponsor.

1. The regulation granting exemption to the inter-se transfer of shares amongst the promoters from applicability of the Takeover Code is sought to be amended by defining the term "promoter" under this clause. This inclusion is intended to keep the exemptions under this clause to a minimum.
2. The term 'public shareholding' is sought to be defined as the shareholding by persons other than the promoters.
3. As per the current regulations, an acquirer (together with the persons acting in concert with him) holding 15% or more but less than 75% of the paid-up capital of a company can consolidate his holdings upto 5% of the paid-up capital in any financial year under the creeping acquisition route, without having to make an open offer. Under the proposed amendment, it has been proposed to reduce this threshold limit for exemption under the creeping acquisition route to 51% from the current 75%.
4. An open offer to be made under the Takeover Code has to be for a minimum of 20% of the voting capital of the company. It is proposed to qualify this requirement by providing that the acquisition under a public offer must not result in the public shareholding in the company being reduced to a level below the minimum specified in the LA for purposes of continued listing.

It is also proposed that in the event that the open offer under the Takeover Code is triggered due to the acquisition of control over the target company, and consequent to such open offer, the public shareholding falls below the limit specified in the LA for purposes of continued listing, the acquirer shall have the option to buy the outstanding shares in accordance with the Delisting Guidelines. Alternatively, the acquirer can undertake to raise the level of public shareholding to the levels specified for continued listing under the LA by a fresh issue of shares or disinvestment of his holding through an offer for sale or sale in the secondary market in a transparent manner. These options have to be exercised within a period of six months from the date of closure of the public offer.

5.

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