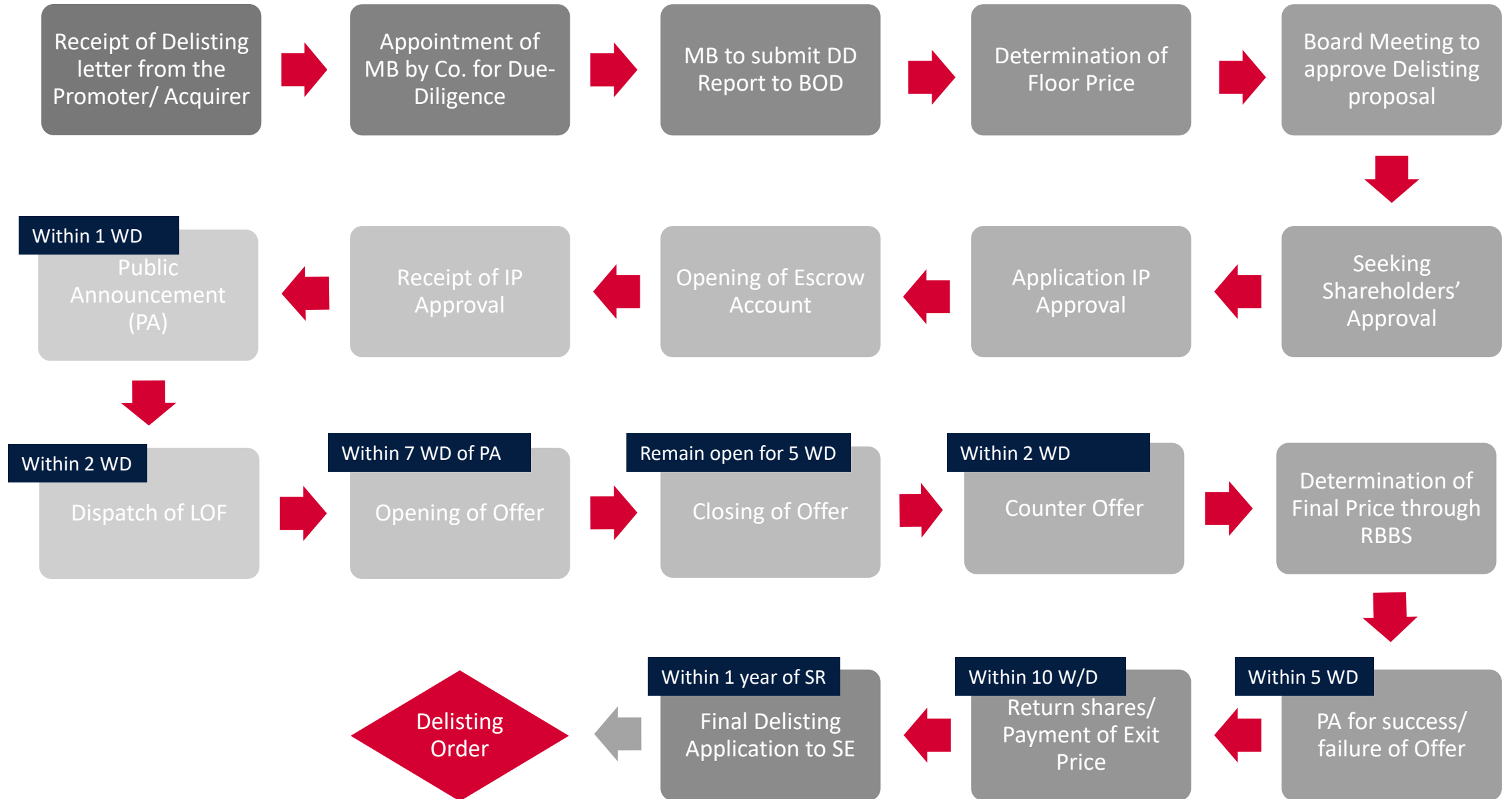


# **Consultation paper on review of SEBI (Delisting of Equity Shares) Regulations, 2009**

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**December 04, 2020**

# EXISTING VOLUNTARY DELISTING PROCESS



# **I. Proposals to**

## **Enhance disclosures to help investors to take informed investment decisions**



## 1. Promoter's/ Acquirer's intention to voluntarily delist the company and its disclosure

### Currently:

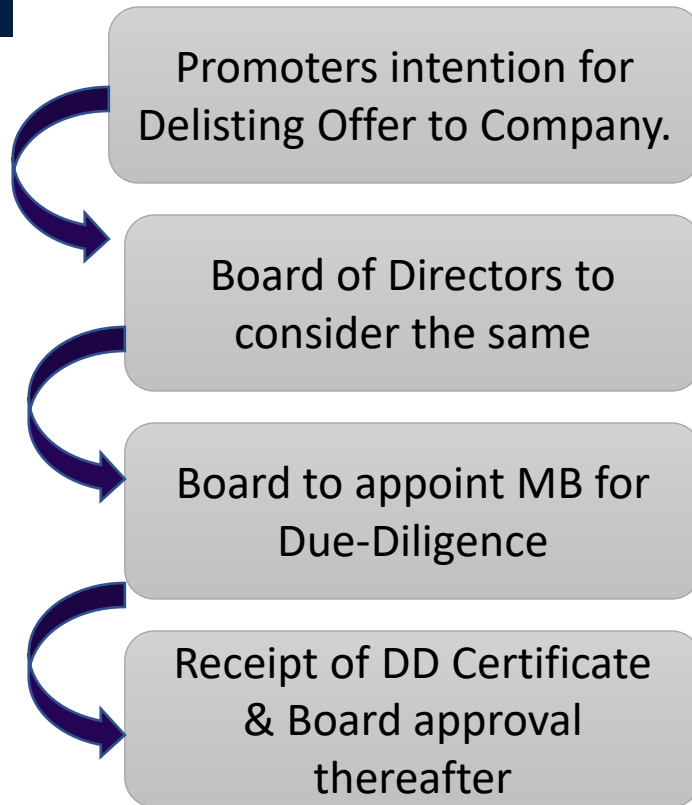
Promoter / acquirer's proposal to voluntarily delist the company, is disclosed to the recognized stock exchanges by the company's board of directors.

### Proposed:

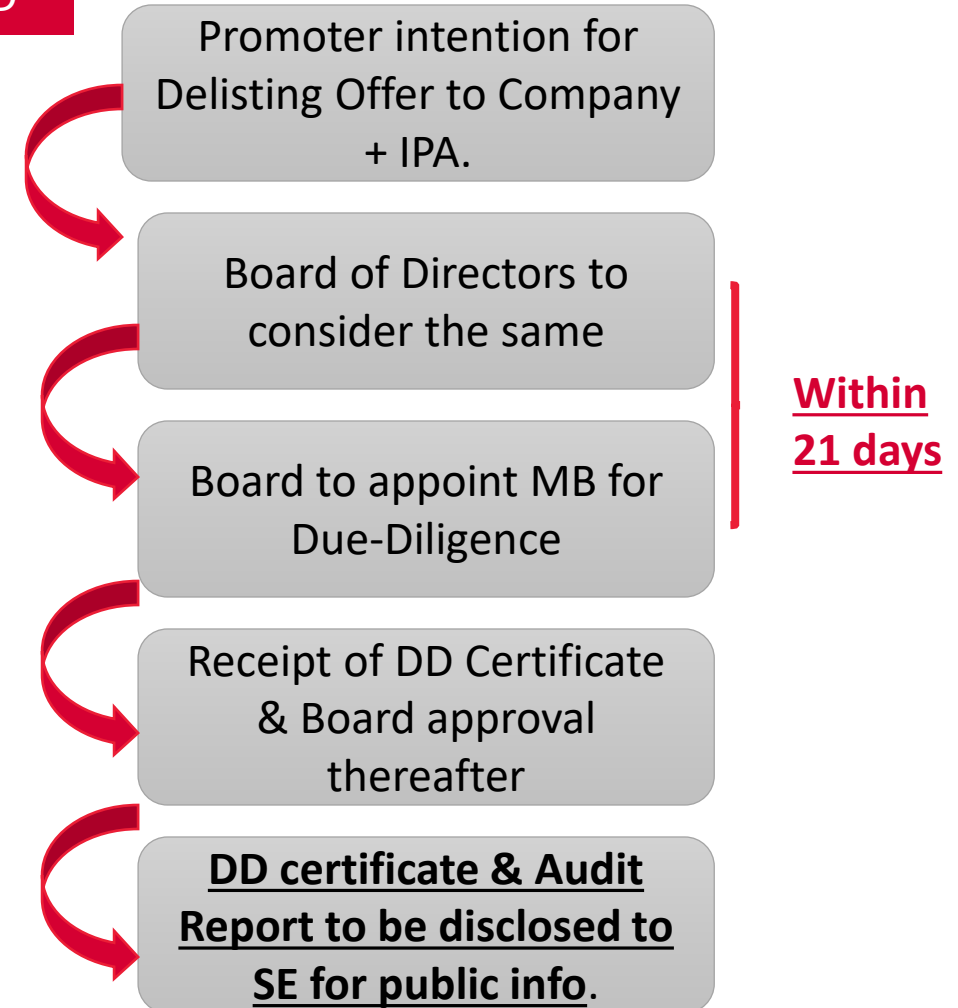
- The Promoter / Acquirer shall make the public announcement, (to be called as “**Initial Public announcement / IPA**”) of their intention to voluntarily delist the company to all the Stock Exchanges on which the company is listed, **on the same day**, when their said intention is intimated to the company
- The IPA shall be made by the acquirer/ promoter **through the manager** to the delisting offer
- IPA shall inter-alia contain the information, viz. (a) reasons for delisting; (b) compliance with the provisions of Regulations 4(1A), 4(4) and 4(5) of the Delisting Regulations

## 2. Approval by Board of Directors

### CURRENTLY



### PROPOSED



### 3. Refining the Role of Board of Directors / Independent Directors

PROPOSED

Committee of IDs to be constituted

ID Committee to give justification for  
Delisting

Voting pattern along with ID Committee  
justification to be published in  
newspaper & disclosed to SEs.

## **II. Proposals to Refine the Delisting Process**



#### 4. Shareholders' approval by way of Special Resolution

##### CURRENTLY

Special Resolution be passed through POSTAL BALLOT

##### PROPOSED

POSTAL BALLOT

or

E-VOTING

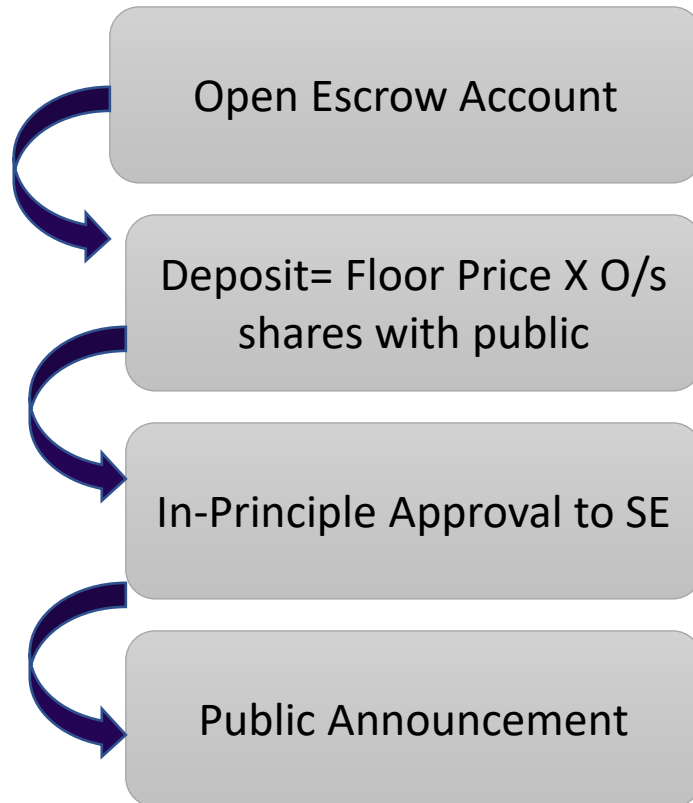
Reduction in  
timeline by 26  
days

#### 5. Indicative Price

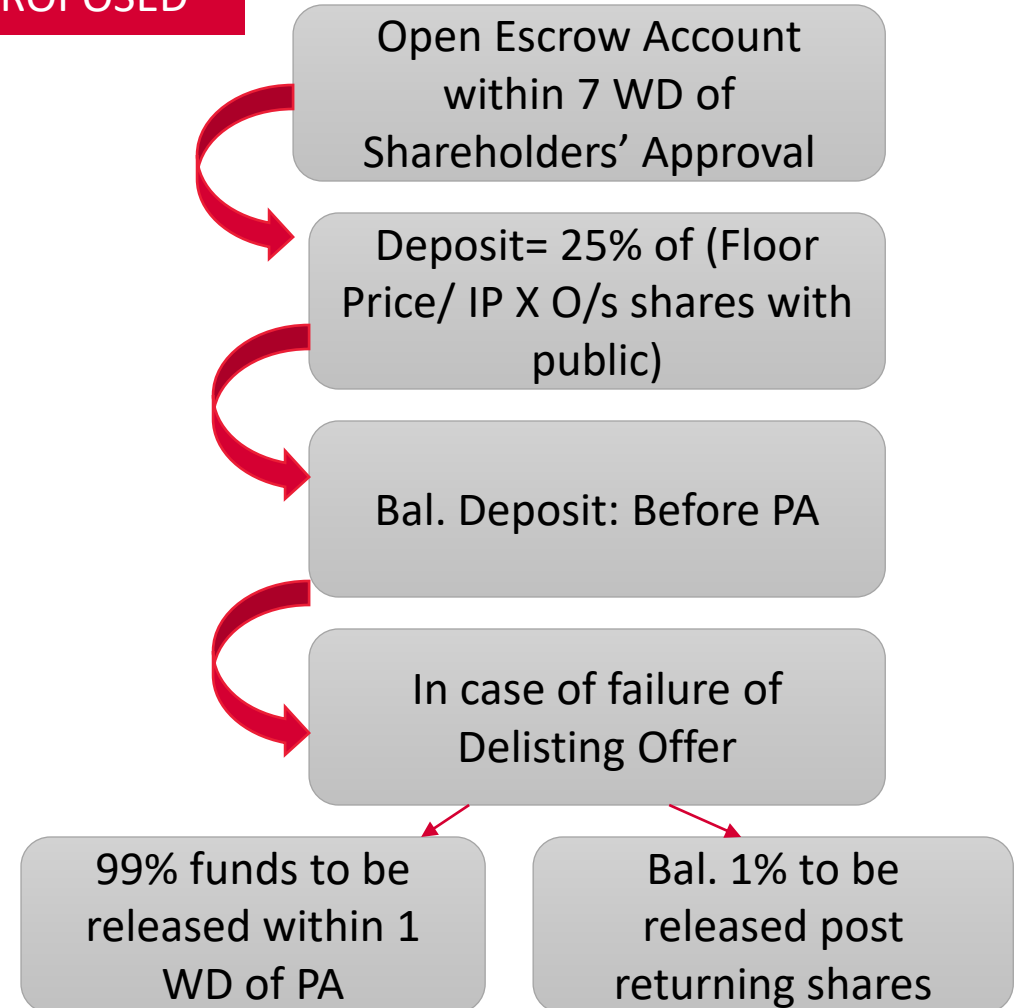
Now Indicative Price, which is > Floor Price, may be specified by the Promoters/ Acquirer.

## 6. Escrow Account

### CURRENTLY



### PROPOSED



## 7. Reverse Book Building (RBB)

### CURRENTLY

No regulation mandating the disclosures regarding the fate of the reverse book building process.

The display bids of the stock exchange RBBS window inter-alia shows the unconfirmed bids as well.

### PROPOSED

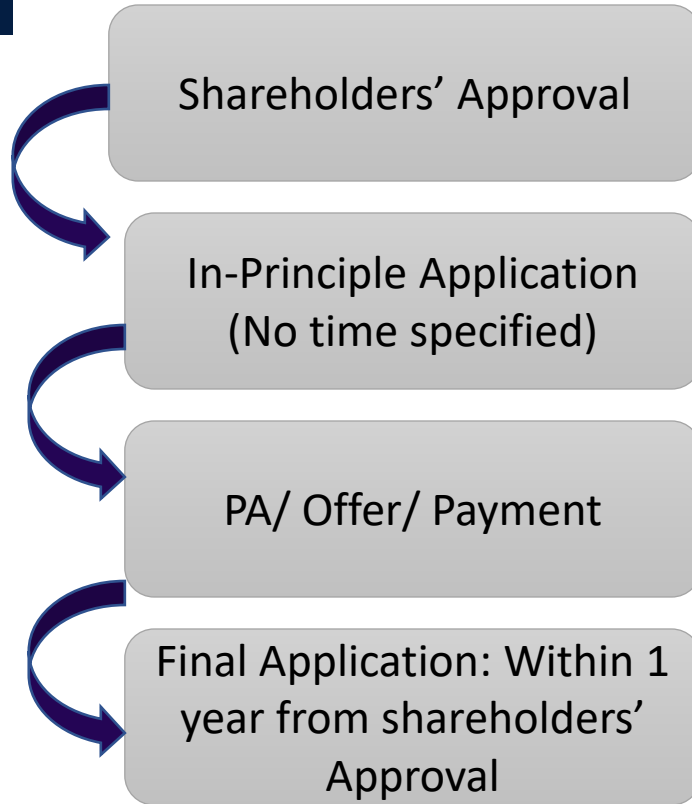
- Outcome of RBB in terms of its success or failure to be announced within 2 hours of the closure of the tendering period.
- Unconfirmed bids/ orders shall not be displayed in the stock exchange reverse book building window

# **III. Proposals to Rationalise the Timelines**



## 8. Timeline for filing of In Principle Application & Final Application

### CURRENTLY



### PROPOSED



## 9. Tendering of Shares

### CURRENTLY

Shareholders' availing exit opportunity may tender shares

1. Through deposit in special demat account opened by MB

2. Mark pledge/ lien in favour of MB.

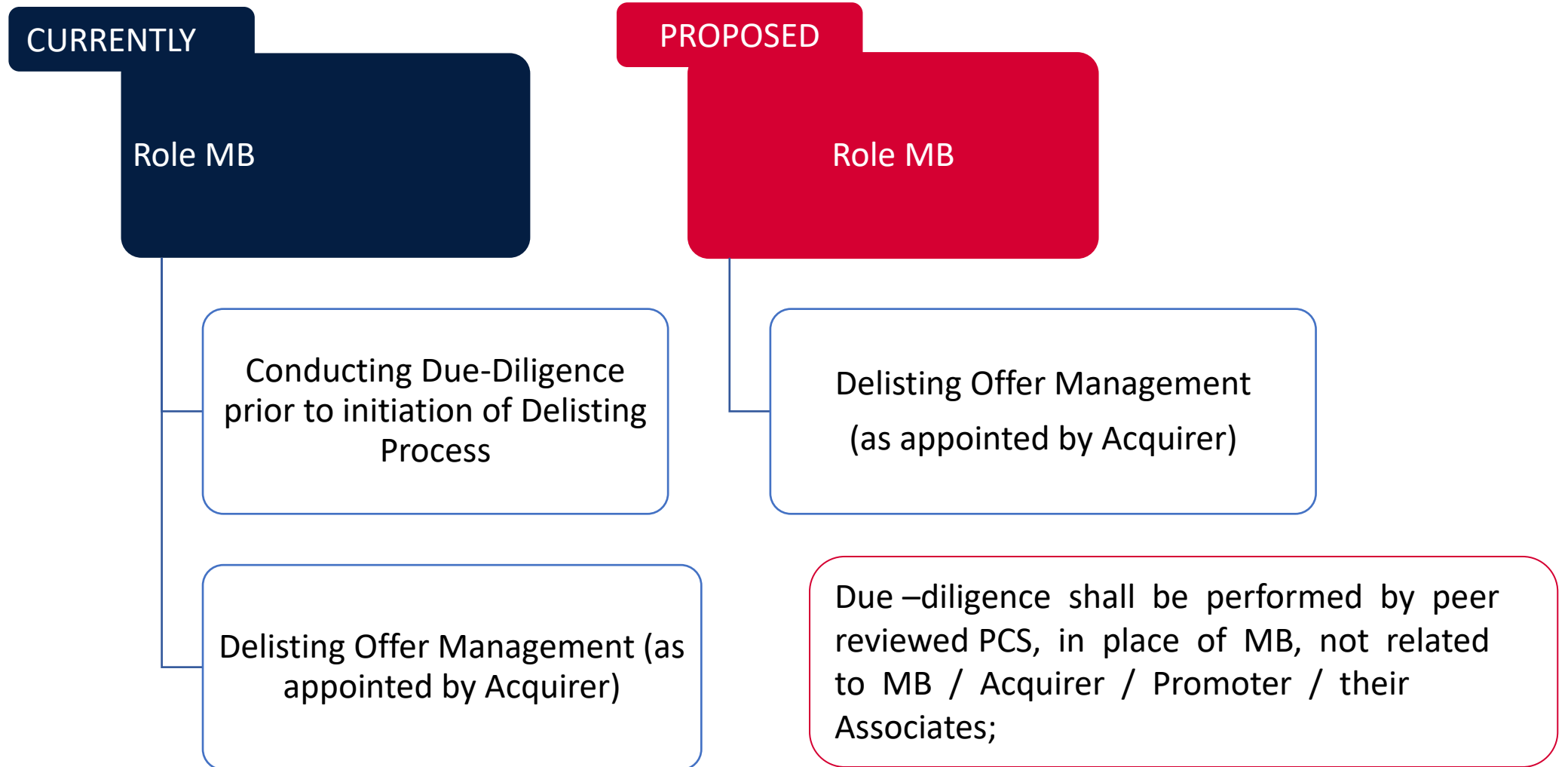
In case, promoter do not accept offer price, then such shares are returned within 10 WD from closure of bidding

### PROPOSED

- Tendering to be done through lien.

- In case (a) RBB's threshold of 90% is not met; or (b) promoter decides not to accept the discovered price, the shares tendered by way of creating lien shall be released on the same day

## 11. Role of Merchant Banker



## 12. Measures to provide exit to remaining shareholders

### CURRENTLY

Where, pursuant to acceptance of equity shares tendered, the equity shares are delisted, remaining public shareholders holding such equity shares may tender their shares to the promoter upto a period of minimum 1 year from the date of delisting.

### PROPOSED

The Acquirer/ Promoter/ MB shall take following additional further steps to provide the exit to remaining shareholders:

- Acquirer / Promoter / MB to file the quarterly progress report to the stock exchanges.
- Acquirer / Promoter / MB shall send follow up communications to the remaining shareholders on quarterly basis.
- Acquirer / Promoter shall publish, advertisement inviting remaining shareholders to avail the exit opportunity, on quarterly basis, during the one year exit window.

## 13. Issues relating to inactive shareholders

Company having  
shareholders as:

Vanishing Companies

Struck-off Companies

Shares transferred to  
IEPF

### PROPOSED

The minimum acquisition threshold under RBB (90%) shall be calculated after deducting the shareholding held by such shareholders.

## **IV. Proposals for Plugging Gaps**



## 14. Book Value for Counter Offer

### PROPOSED

Book value may be considered on the basis of both consolidated and standalone basis, whichever is higher

As per the latest quarterly financial results filed by the company on the SEs.

As on the date of Public Announcement for counter offer

## 15. Promoters to accept delisting price, if the RBBS Price = Floor Price

PROPOSED

If RBBS Price = Floor Price

- Promoter shall not have the option of rejecting the delisting.
- Expenses relating to delisting should be borne by the acquirer/promoter, in case of failure of delisting

## 16. Reducing the gap for relisting post delisting

PROPOSED

Cooling off period to be reduced from 5 years to 3 years

## 17. Cooling off period after Buy-back and preferential allotment

CURRENTLY

Delisting not permitted  
pursuant to Buy-Back/  
pref. allot.

PROPOSED

Delisting not permitted  
**until 6 months** have  
lapsed for Buy-back/  
pref. allot.

## 18. Parallel delisting of depository receipts issued overseas

PROPOSED

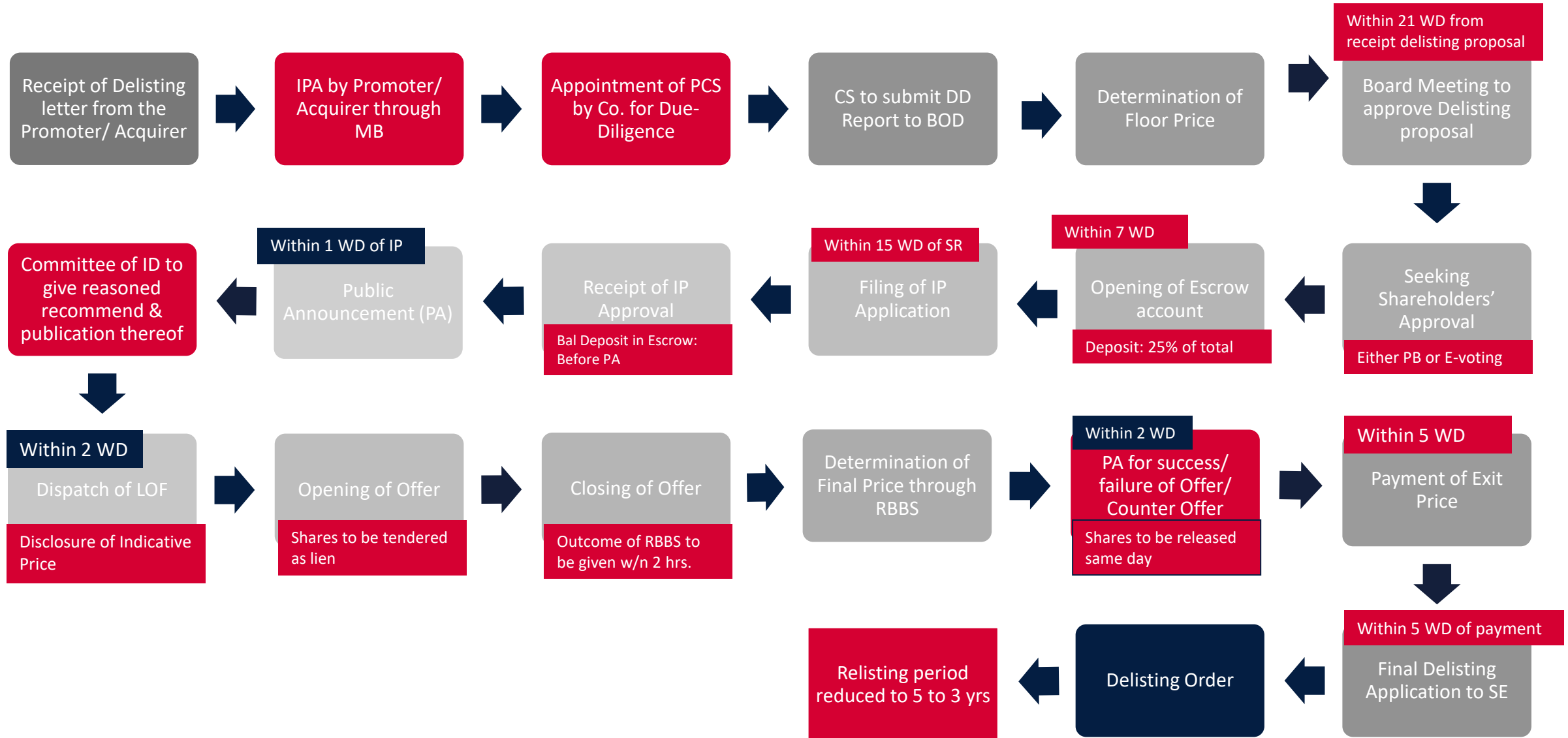
After delisting of shares in the home jurisdiction the company shall delist all of its depository receipts issued overseas (Subject to consultation with Govt. of India).

## 19. Cooling off period between two delisting attempts

### PROPOSED

Cooling off period of 6 months between two delisting offers and same acquirer(s) / promoter(s) cannot make another delisting offer during the cooling-off period.

# PROPOSED VOLUNTARY DELISTING PROCESS



# THANK YOU

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