

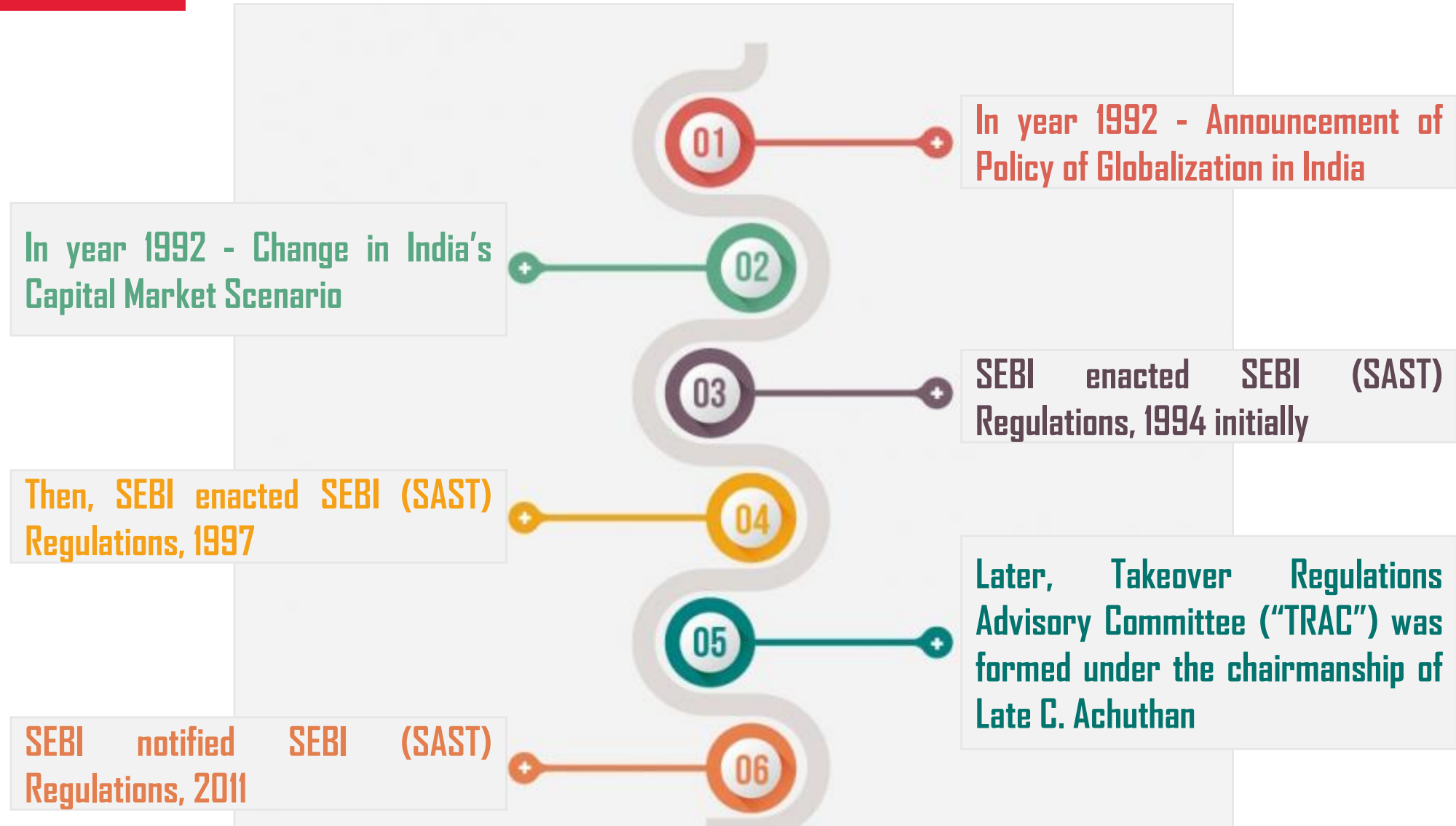
# Takeover Regulations

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# Overview

# Evolution of Takeover Law



# Need of Revamping

Considering the significance of the Takeover Regulations, SEBI on 28th of November, 2022 constituted a committee of 20 members lead by ***Shri. Justice Retd. Shiavax Jal Vazifdar*** (Retd.) Chief Justice, of the Punjab and Haryana High Court for revamping and strengthening existing law

Proposed measures by the committee under Takeover Regulations, 2011 would be —

- ❖ To facilitate ease of doing business;
- ❖ In light of past judicial pronouncements and various informal guidance's;
- ❖ To simplify Takeover Regulations and to strengthen Takeover Regulations by adopting appropriate global practice;

# Purpose of Takeover

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# Current Law

## Offer

### Initial Threshold – Regulation 3(1)

Acquisition of 25% or more of the voting rights of the Target Company.

### Creeping Acquisition – Regulation 3(2)

Any acquisition of additional 5% or more of the voting rights in any financial year

### Control– Regulation 4

Acquiring control over the target company, irrespective of any voting rights

### Indirect Acquisition – Regulation 5

Indirectly acquiring shares breaching limit under Regulation 3 or 4, also triggers open offer.

## Non-Offer

### Regulation 29(1)

Disclosures for acquisition of 5% or more shares of the target company

### Regulation 29(2)

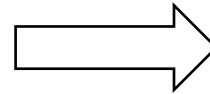
Disclosure for change in holding of 2% or more, when already holding along with PAC more than 5% shares

### Regulation 31

Disclosure for encumbrance

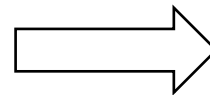
# Exemptions under Takeover Regulations

Automatic Exemption  
Regulation 10



- Inter-se transfers;
- Transmission/ Succession;
- Scheme of arrangements;
- Buy-backs;
- Insolvency;
- Rights Issue

Exemption on application  
Regulation 11



- Grant exemption from the obligation to make an open offer;
- Grant relaxation from strict compliance with procedural requirement of offer



# Important Case Laws

## Subhkam Ventures (I) Pvt. Ltd

SEBI observed that rights conferred upon the Acquirer, through the agreements, amounted to '**control**'

## Kamat Hotels (India) Ltd

SEBI has held that existence of protective rights to safeguard one's investments cannot be construed to be acquisition of "control"

## Jet Airways (India) Limited

Etihad has no control over management or policy decision of Jet as the supremacy of the promoters in the board is unaffected by the transaction.





# Major Issues under current law