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SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 14th August, 2017

**SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION
OF SHARES AND TAKEOVERS) (AMENDMENT) REGULATIONS, 2017**

No.SEBI/LAD-NRO/GN/2017-18/015. —In exercise of the powers conferred under section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to further amend the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2017.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, in regulation 10, in sub-regulation (1), -

i. in clause (d), -

a. in sub-clause (ii), after the word “court” and before the word “or”, the words “or a tribunal” shall be inserted;

b. in sub-clause (iii), after the word “court” and before the word “or”, the words “or a tribunal” shall be inserted.

ii. after clause (d), the following new clause shall be inserted, namely,-

“(da) acquisition pursuant to a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).”

iii. clause (i) shall be substituted with the following new clause, namely, -

“(i) Acquisition of shares by the lenders pursuant to conversion of their debt as part of a debt restructuring scheme implemented in accordance with the guidelines specified by the Reserve Bank of India:

Provided that the conditions specified under sub-regulation (5) of regulation 70 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 are complied with.”

iv. after clause (i), the following new clause shall be inserted, namely,-

“(ia) Acquisition of shares by the person(s), by way of allotment by the target company or purchase from the lenders at the time of lenders selling their shareholding or enforcing change in ownership in favour of such person(s), pursuant to a debt restructuring scheme implemented in accordance with the guidelines specified by the Reserve Bank of India:

Provided that in respect of acquisition by persons by way of allotment by the target company, the conditions specified under sub-regulation (6) of regulation 70 of the

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 are complied with:

Provided further that in respect of acquisition by way of purchase of shares from the lenders, the acquisition shall be exempted subject to the compliance with the following conditions:

- (a) the guidelines for determining the purchase price have been specified by the Reserve Bank of India and that the purchase price has been determined in accordance with such guidelines;
- (b) the purchase price shall be certified by two independent qualified valuers, and for this purpose 'valuer' shall be a person who is registered under section 247 of the Companies Act, 2013 and the relevant Rules framed thereunder:

Provided that till such date on which section 247 of the Companies Act, 2013 and the relevant Rules come into force, valuer shall mean an independent merchant banker registered with the Board or an independent chartered accountant in practice having a minimum experience of ten years;

- (c) the specified securities so purchased shall be locked-in for a period of at least three years from the date of purchase;
- (d) the lock-in of equity shares acquired pursuant to conversion of convertible securities purchased from the lenders shall be reduced to the extent the convertible securities have already been locked-in;
- (e) a special resolution has been passed by shareholders of the issuer before the purchase;
- (f) the issuer shall, in addition to the disclosures required under the Companies Act, 2013 or any other applicable law, disclose the following information pertaining to the proposed acquirer(s) in the explanatory statement to the notice for the general meeting proposed for passing special resolution as stipulated at clause (e) of this sub-regulation:
 - a. the identity including of the natural persons who are the ultimate beneficial owners of the shares proposed to be purchased and/ or who ultimately control the proposed acquirer(s);
 - b. the business model;

- c. a statement on growth of business over the period of time;
- d. summary of audited financials of previous three financial years;
- e. track record in turning around companies, if any;
- f. the proposed roadmap for effecting turnaround of the issuer.

(g) applicable provisions of the Companies Act, 2013 are complied with.”

Sd/-

AJAY TYAGI

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Footnote:

1. The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 were published in the Gazette of India on 23rd September, 2011 vide No. LAD-NRO/GN/2011-12/24/30181.

2. The Principal Regulations were subsequently amended on:

- (a) March 26, 2013 by the SEBI (Substantial Acquisition of Shares and Takeovers)(Amendment) Regulations, 2013 vide No. LAD-NRO/GN/2012-13/36/7368.
- (b) October 8, 2013 by the SEBI (Listing of Specified Securities on Institutional Trading Platform) Regulations, 2013 vide No. LAD-NRO/GN/2013-14/28/6720.
- (c) May 23, 2014 by the SEBI (Payment of Fees) (Amendment) Regulations, 2014 vide Notification No. LAD-NRO/GN/2014-15/03/1089.

- (d) March 24, 2015 by the SEBI (Substantial Acquisition of Shares and Takeovers)(Amendment) Regulations, 2015 vide No. LAD-NRO/GN/2014-15/28/542.
- (e) May 5, 2015 by the SEBI (Substantial Acquisition of Shares and Takeovers) (SecondAmendment) Regulations, 2015 vide No. SEBI/LAD-NRO/OIAE/GN/2015-16/004.
- (f) August 14, 2015 by the SEBI (Substantial Acquisition of Shares and Takeovers) (ThirdAmendment) Regulations, 2015 vide No. SEBI/LAD-NRO/GN/2015-16/009.
- (g) December 22, 2015 by the SEBI (Substantial Acquisition of Shares and Takeovers) (FourthAmendment) Regulations, 2015 vide No. SEBI/LAD-NRO/GN/2015-16/026.
- (h) February 17, 2016 by the SEBI (Substantial Acquisition of Shares and Takeovers)(Amendment) Regulations, 2016 vide No. SEBI/LAD-NRO/GN/2015-16/035.
- (i) May 25, 2016 by the SEBI (Substantial Acquisition of Shares and Takeovers)(Second Amendment) Regulations, 2016 vide No. SEBI/ LAD-NRO/GN/2016-17/002.
- (j) March 6, 2017 by SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017 vide No.SEBI/LAD/NRO/GN/2016-17/037 read with notification dated March 29, 2017 vide No.SEBI/LAD/NRO/GN/2016-17/38.
