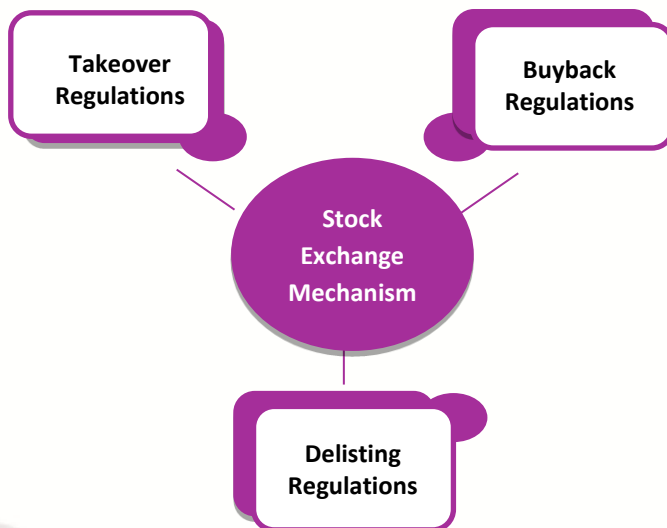




**SEBI unveils stock exchange mechanism for tendering,
settlement of shares in buy back / delisting / open offer
April 13, 2015**

SEBI unveils stock exchange mechanism for tendering, settlement of shares in buy back / delisting / open offer

SEBI vide its amendment last month had made tendering of shares possible vide stock exchange platform for offers made under Delisting, Buy Back and Takeover Regulations. Thus, shares tendered in those offers would not be subject to LTCG tax, a big relief to the shareholders who would participate in such offers. SEBI has now unveiled mechanism for tendering and settlement of shares through stock exchanges

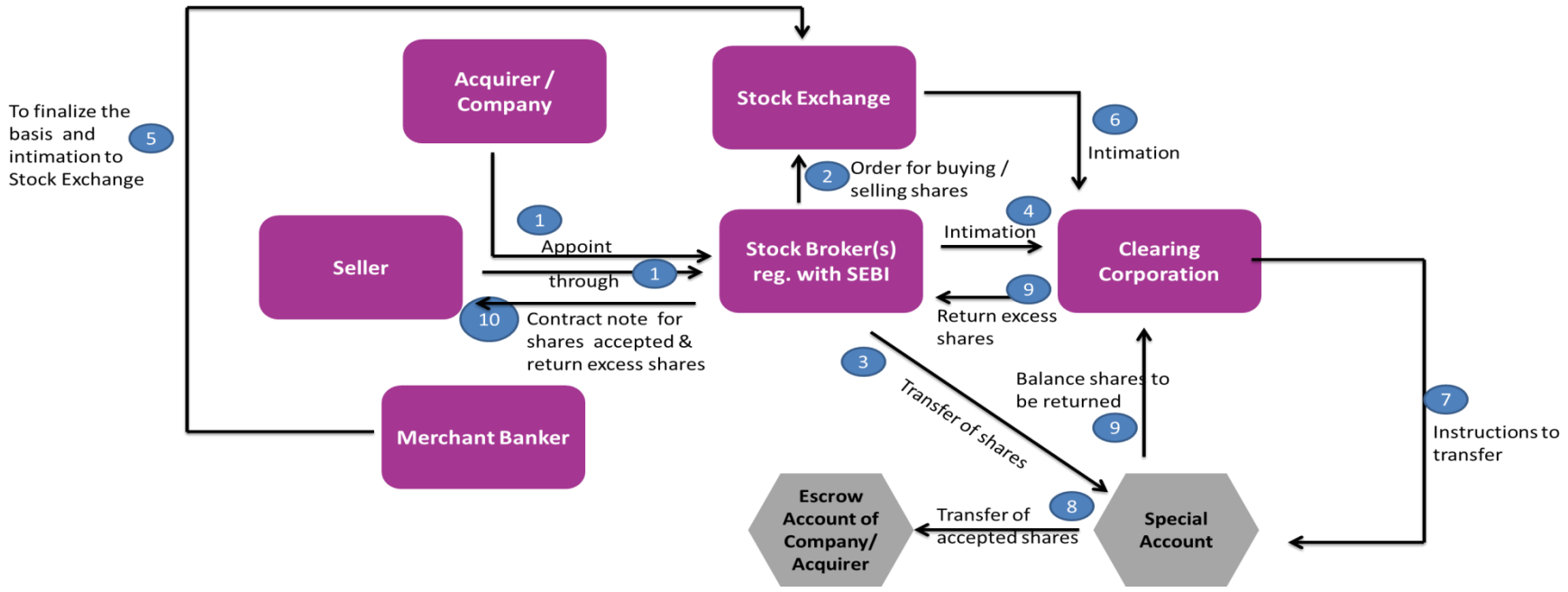


Applicability:-

- All offers for which public announcement is made on or after July 01, 2015.
- Option to acquirer / company to follow new mechanism or existing one for all impending offers.
- Existing “tender offer method” shall be followed by the acquirer and person acting in concert who are not eligible to acquire shares through stock exchange (including in case of any acquirer in competing offer).

This Precursor provides analyzed insight on new mechanism for tendering and settlement of shares through stock exchange

Procedure for tendering and settlement of shares through stock exchange



1. Appointment of stock broker by Acquirer / company at the beginning of tendering period and seller to sell shares during the tendering period through their respective stock broker.
2. SB will place an order vide stock exchange platform for buying and selling of shares.
3. Tendered shared shall be transferred to special account opened by clearing corporation
4. SB shall intimate the same to clearing corporation.
5. Merchant Banker to finalize the basis of acceptance of shares and send the final list to Stock Exchange
6. Stock Exchange to intimate clearing corporation for settlement of shares
7. Clearing corporations settles the shares
8. Accepted shares are transfer to escrow account of company/acquirer
9. Excess shares are transfer to respective stock broker by clearing corporation
10. Stock broker to issue contract note for shares transfer and return excess shares to sellers

Other key points

Disclosures

Additional Disclosures in Detailed Public Statement, Letter of Offer for Takeover Regulations, in Public Announcement for Buyback Regulations and Delisting Regulations:

- Name and address of the stock broker appointed by the Acquirer/Company;
- Name of the Recognised Stock Exchanges with nationwide trading terminals where the Acquisition Window shall be available including the name of the Designated Stock Exchange.
- Methodology for placement of orders, acceptances and settlement of shares held in dematerialised form and physical form
- Details of the special account opened with Clearing Corporation.



Participation by physical shareholder

Shareholders holding physical shares can tender their shares as per the procedure similar to the Buyback of physical shares through open market as specified in Regulation 15A of SEBI (Buyback of Securities) regulations, 1998 [Annexure](#)



Tendering lock-in shares

Lock-in shares shall be tendered vide current mode of tender ie through off market



Your comments are welcome....



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A company/Acquirer shall purchase shares or other specified securities in physical form as provided hereunder:

- (a) a separate window shall be created by the stock exchange, which shall remain open during the tendering period, for buying of shares or other specified securities in physical form.
- (b) the company shall purchase shares or other specified securities from eligible shareholders holding physical shares through the separate window specified in clause (a), only after verification of the identity proof and address proof by the broker.
- (c) the price at which the shares or other specified securities are purchased shall be the volume weighted average price of the shares or other specified securities purchased, other than in the physical form, during the calendar week in which such shares or other specified securities were received by the broker: Provided that the price of shares or other specified securities tendered during the first calendar week of the offer shall be the volume weighted average market price of the shares or other specified securities of the company during the preceding calendar week.

Explanation: In case no shares or other specified securities were purchased in the normal market during calendar week, the preceding week when the company has last purchased back the shares or other specified securities may be considered.