

# TAKE OVER CODE AMENDMENTS

3. In the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, in regulation 10, in sub-regulation (1), after clause (i) the following clause shall be inserted, namely:-

"(j) increase in voting rights arising out of the operation of sub-section (1) of section 106 of the Companies Act, 2013 or pursuant to a forfeiture of shares by the target company, undertaken in compliance with the provisions of the Companies Act, 2013 and its articles of association."

3. In the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, in regulation 1, in sub-regulation (3), the proviso shall be substituted by the following, namely:-

"Provided that these regulations shall not apply to direct and indirect acquisition of shares or voting rights in, or control over a company listed without making a public issue, on the institutional trading platform of a recognized stock exchange."

3. In the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, -  
(I) in regulation 2, in sub-regulation (1),

(1) Clause (ze) shall be re-numbered as clause (zf);

(2) After clause (zd) and before clause (zf) the following shall be inserted, namely,-

"(ze) "willful defaulter" means any person who is categorized as a willful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India and includes any person whose director, promoter or partners categorized as such;"

In regulation 3 inserted by SEBI (substantial Acquisition of Shares & Takeovers) Amendment Regulations, 2016, w.e.f. 17-2-2016 namely:

Nothing contained in this regulation shall apply to acquisition of shares or voting rights of a company by the promoters or shareholders in control, in terms of the provisions of Chapter VI- A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(II) After regulation 6 and before regulation 7, the following shall be inserted, namely,-

"6A. Notwithstanding anything contained in these regulations, no person who is a willful defaulter shall make a public announcement of an open offer for acquiring shares or enter into any transaction that would attract the obligation to make a public announcement of an open offer for acquiring shares under these regulations: Provided that this regulation shall not prohibit the willful defaulter from making a competing offer in accordance with regulation 20 of these regulations upon any other person making an open offer for acquiring shares of the target company."

In Regulation 10 in the list of general exemptions a new clause inserted:

Increase in voting rights arising out of the operation of sub section (1) of Section 106 of the Companies Act, 2013 or pursuant to a forfeiture of shares by the target company, undertaken in compliance with the provisions of the Companies Act, 2013 and its articles of association.