SCHEDULE XX - CONDITIONS/ MANNER OF PROVIDING EXIT OPPORTUNITY TO DISSENTING SHAREHOLDERS

[See regulation 59 and 157]

Applicability

(1) The provisions of this Chapter shall apply to an exit offer made by the promoters or shareholders in control of an issuer to the dissenting shareholders in terms of section 13(8) and section 27(2) of the Companies Act, 2013, in case of change in objects or variation in the terms of contract referred to in the offer document.

(2) The provisions of this Chapter shall not apply where there are neither identifiable promoters nor shareholders in control of the listed issuer.

Definitions

For the purpose of this Schedule:

(a) “dissenting shareholders” means those shareholders who have voted against the resolution for change in objects or variation in terms of a contract relating to objects, referred to in the offer document of the issuer;
(b) “frequently traded shares” shall have the same meaning as assigned to it in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(c) "relevant date" means date of the board meeting in which the proposal for change in objects or variation in terms of a contract relating to objects, referred to in the offer document is approved, before seeking shareholders' approval.

Conditions for exit offer

The promoter or the shareholders in control, as the case may be, shall make an exit offer in accordance with the provisions of this Chapter, to the dissenting shareholders, in cases only if a public issue has opened after April 1, 2014; if,

(a) the proposal for change in objects or variation in terms of a contract, referred to in the offer document is dissented by at least ten per cent. of the shareholders who voted in the general meeting; and

(b) the amount to be utilized for the objects for which the offer document was issued is less than seventy five per cent. of the amount raised (including the amount earmarked for general corporate purposes as disclosed in the offer document).

Eligibility of shareholders for availing the exit offer

Only those dissenting shareholders of the issuer who are holding shares as on the relevant date shall be eligible to avail the exit offer.

Exit price

The 'exit price' payable to the dissenting shareholders shall be the highest of the following:

(a) the volume-weighted average price paid or payable for acquisitions, whether by the promoters or by any person acting in concert with them, during the fifty-two weeks immediately preceding the relevant date;

(b) the highest price paid or payable for any acquisition, whether by the promoter or by any person acting in concert with them, during the twenty-six weeks immediately preceding the relevant date;

(c) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the relevant date as traded on the stock exchange where the maximum volume of trading in the shares of the issuer are recorded during such period, provided such shares are frequently traded;

(d) where the shares are not frequently traded, the price determined by the promoter or shareholders having control and the lead manager(s) taking into account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such issuers.

Manner of providing exit to dissenting shareholders.

(1) The notice proposing the passing of special resolution for changing the objects of the issue and varying the terms of contract relating to objects, referred to in the offer document, shall also contain information about the provision for an exit offer to the dissenting shareholders.

(2) A statement to the effect that the promoter/shareholders in control shall provide an exit opportunity to the dissenting shareholders shall be included in the explanatory statement to the notice for passing special resolution.

(3) After passing of the special resolution, the issuer shall submit the voting results to the stock exchange(s), in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(4) The issuer shall also submit the list of dissenting shareholders, as certified by its compliance officer, to the stock exchange(s).

(5) The promoter /shareholders in control, as the case may be, shall appoint a merchant banker registered with the Board and finalize the exit offer price in accordance with these regulations.

(6) The issuer shall intimate the stock exchange(s) about the exit offer to dissenting shareholders and the price at which such offer is being given.

(7) The stock exchange(s) shall, on receipt of such intimation, disseminate the same the public within one working day.
(8) To ensure security for performance of their obligations, the promoter or shareholders in control, as the case may be,, shall create an escrow account which may be interest-bearing and deposit the aggregate consideration in the escrow account at least two working days prior to opening of the tendering period.
(9) The tendering period shall start not later than seven working days from the passing of the special resolution and shall remain open for ten working days.
(10) The dissenting shareholders who have tendered their shares in acceptance of the exit offer shall have the option to withdraw such acceptance till the date of closure of the tendering period.

(11) The promoter /shareholders in control, as the case may be, shall facilitate tendering of shares by the shareholders and settlement of the same through the stock exchange mechanism as specified by SEBI for the purpose of takeover, buy-back and delisting.
(12) The promoter /shareholders in control, as the case may be, shall, within a period of ten working days from the last date of the tendering period, make payment of the consideration to the dissenting shareholders who have accepted the exit offer.
(13) Within a period of two working days from the payment of the consideration, the issuer shall furnish to the stock exchange(s), disclosures giving details of aggregate number of shares tendered, accepted, payment of the consideration and the post-offer shareholding pattern of the issuer and a report by the lead manager(s) that the payment has been duly made to all the dissenting shareholders whose shares have been accepted in the exit offer.

Offer not to exceed maximum permissible non-public shareholding.

In the event the shares accepted in the exit offer were such that the shareholding of the promoters or shareholders in control, taken together with persons acting in concert with them pursuant to completion of the exit offer, results in their shareholding exceeding the maximum permissible non-public shareholding, the promoters or shareholders in control, as applicable, shall be required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957.

Sd/-
AJAY TYAGI
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA