

LAW & POLICY UPDATE

CORPORATE & COMMERCIAL



SEBI relaxes takeover and buy-back regulations

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On May 14, 2020, SEBI issued a circular (**Circular**) granting a one-time relaxation from strict enforcement of procedural requirements under Regulation 18(2) of the Takeover Regulations and Regulation 9(ii) of the Buy-Back Regulations for all open offers and buy-back tender offers opening till July 31, 2020. Pursuant to this Circular, SEBI has permitted the dispatch of letter of offer and tender form through electronic mode provided in Regulation 18(2) and 9(ii), subject to fulfilment of the following conditions by the acquirer/company:

- Publishing the letter of offer and tender form on the websites of the company, registrar, stock exchanges and managers to the offer
- Undertaking adequate steps, along with lead managers, to reach out to the shareholders through other means such as ordinary post, SMS, audio-visual advertisement on television or digital advertisement, etc.
- Publishing an advertisement containing details of the dispatch of letter of offer electronically and its availability on the websites of the company, stock exchanges, registrar and managers to the offer, in the same newspapers where the detailed public statement was published as per Regulation 14(3) of the Takeover Regulations (i.e., one English national daily and Hindi national daily with wide circulation, and any one regional language daily with wide circulation at the place where the registered office of the target company is situated and one regional language daily at the place of the stock exchange where the maximum volume of trading in the shares of the target company are recorded during the 60 days preceding the date of the public announcement).
- Publishing an advertisement containing prescribed material information and details of the dispatch of the letter of offer and tender form electronically and its availability in the websites of the company, stock exchanges, registrar and managers to the offer, in the same newspapers where the detailed public statement was published under Regulation 7(i) of the Buy-Back Regulations (i.e., one English national daily, Hindi national daily and regional national daily, all with wide circulation at the place where registered office of the company is situated)
- In addition to the aforesaid, the acquirer/company may publish the dispatch advertisement in additional newspapers
- Ensuring availability of all advertisements issued hereunder on the websites of the company, registrar, stock exchanges and managers to the offer

In addition to the above, the acquirer/company shall provide appropriate procedures for the inspection of material documents electronically and also attempt to adhere to the existing prescribed framework.

It is pertinent to note that these relaxations are only one-time relaxations and are applicable only to open offers and buy-back tender offers opening till July 31, 2020. Through these relaxations, SEBI intends to ease the burden on companies and acquirers from compliance and procedural requirements with the Takeover Regulations and Buy-Back Regulations, which has become increasingly difficult due to the ongoing Covid-19 pandemic and the lockdown imposed by the State and Central governments. This is one of the many welcome measures introduced by SEBI in order to enable companies to function in a seamless fashion, in these trying times.