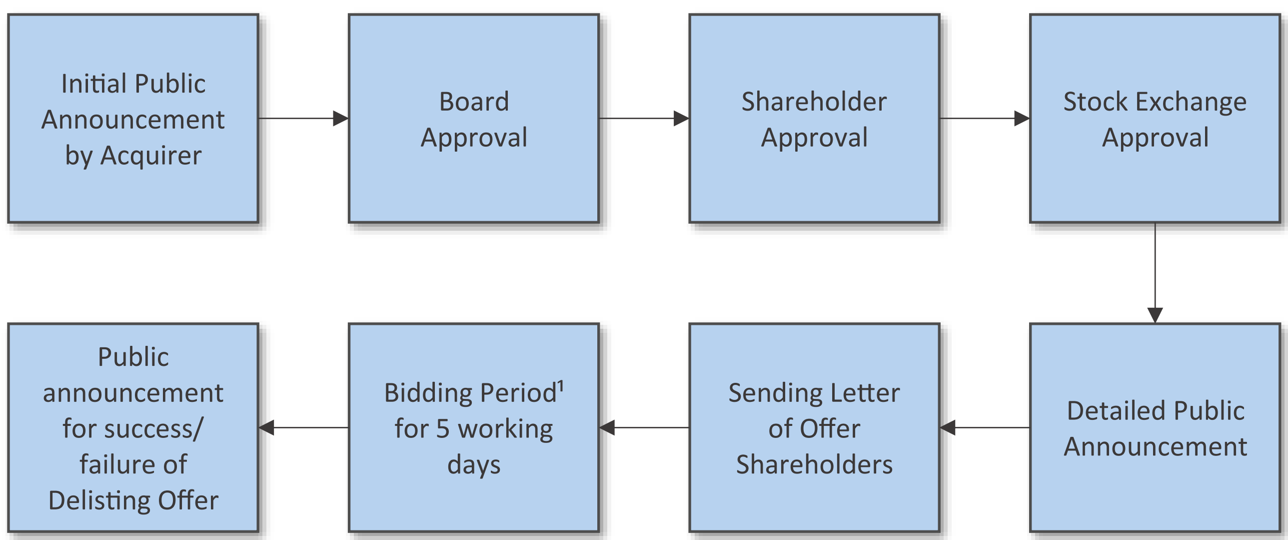
Overview on Delisting of Equity Shares

Delisting is the removal of the trading and listing of a security from a stock exchanges. Upon successful delisting, the shares of the company will not trade on the stock exchange. To undertake a delisting in accordance with the SEBI (Delisting of Equity Shares) Regulations, 2021 ("**Delisting Regulations**"), as a part of the delisting process, the company needs to obtain shareholders' approval by way of a special resolution such that the number of votes cast by the public shareholders in favor is twice the number of votes against. Post receipt of shareholders' approval, the company needs to file an application to stock exchange for obtaining in-principle approval within 15 working days.

Post receipt of in-principle approval, the acquirer will issue the detailed public announcement and the letter of offer to the public shareholders. Thereafter, there will be a bidding period during which shareholders can tender their shares at the price acceptable to them. This bidding period will remain open for 5 working days. For successful delisting, the acquirer needs to acquire equity shares from the public shareholder such that the shareholding of the acquirer/ promoters reaches 90% of the paid-up equity share capital of the company post delisting offer in accordance with the Delisting Regulations.

Process of Delisting



[1] During bidding period, shareholders can sell their shares at a price acceptable to them which will be at or above floor price

Q1. How can shareholders holding shares in Demat form tender?

If a shareholder holds shares in demat form, then shareholder can place sell order with their broker and provide the price at which they want to sell the shares. Then broker shall place the bid on shareholder's behalf on the stock exchange.

Q2. How can shareholders holding shares in physical form tender?

If shareholder has a broker, then shareholder can submit the following documents with their respective stock broker registered with the Stock Exchanges and provide the price at which they want to sell the shares while placing their bid with broker –

1. Original share certificate
2. Share transfer form duly filled and signed
3. Self-attested PAN Card copy
4. Signed Bid Form to their respective stock broker with whom they have the trading account
5. Declaration by joint holders consenting to tender Offer Shares in the Delisting Offer, if applicable
6. Foreign Account Tax Compliance Act and Common Reporting Standard forms for individual/ Non individual shareholders

The broker shall place the bid on the shareholders' behalf and will provide Transaction Registration Slip (TRS) generated by Exchange to the shareholder. Shareholder shall submit the aforementioned documents along with the Transaction Registration Slip to the Registrar to the Offer via courier/ registered post within 2 days on or before the close of business hours (by 5 p.m.) of Bid Closing Date.

If shareholder holding shares in physical form does not have a broking account then such shareholder need to open broking account with the broker.

Q3. How can shareholders holding shares in physical form but their PAN card details are not updated tender?

If Shareholder holds shares in physical form but PAN card details are not updated then such shareholder need to update their PAN details with the Registrar and Transfer Agents. Such shareholders need to submit following documents with Link Intime India Private Limited:

a. PAN along with Form ISR-1
b. Bank Account Details
c. Specimen Signature
d. Contact Details (Mobile Number)
e. Nomination Details in Form SH-13

Q4. How can a Non – Resident shareholder tender their shares?

Non-resident shareholders can tender shares via their stock-broker registered in India. The stock-broker can be reached out to either via phone or email and such shareholder can provide the price at which they want to sell the shares while placing their bid with broker. If non-resident shareholder does not have broker account in India then they need to open broking account with stock-broker registered in India to participate during the bidding period.

Q5. What is the Floor Price?

Floor price is the minimum price that the acquirer needs to pay to the shareholders and is computed as per the Delisting Regulations. It is the starting point and public shareholders can tender shares at any price above the floor price.

Q6. What is the Discovered Price?

Once the tendering process is completed, the price at which the shareholding of the acquirer (along with other members of the promoter and promoter group) reaches 90% of the of the Company based on the price offered by public shareholders for sale of their shares becomes the discovered price as per the Reverse Book Building (RBB) process.

Q7. What is the Counter-Offer Price?

If the discovered price is not acceptable to the promoter, promoter may provide counter offer price which shall not be less than the book value of the company within 2 working days of the closure of bidding period.

Q9. If discovered price is lower than the tendered price, whether shareholder would get the discovered price?

In accordance with the Delisting Regulations, if shareholder has participated at a price higher than the discovered price, such shares will not purchased by the Promoter, even if the delisting offer is successful, and the shares will be returned to such shareholder.

However, such shareholder would still have an opportunity to tender shares to the Promoter at the discovered price (also termed as exit price, once accepted by the Promoter) within the exit window of one year from the date of delisting of shares from the concerned stock exchange. Shareholders will receive a separate exit offer letter after the delisting of equity shares which will set out the process for the tender of equity shares during the exit window period.

Q8. What happens if you do not tender shares in the delisting offer?

It is not mandatory to tender your shares in the delisting offer. If you chose not to tender your shares, you will continue to be a shareholder of the company and you shall be entitled for all the benefits as a shareholder. However, in case of successful delisting, the equity shares of the company would no longer stay listed on stock exchange and therefore liquid market for the shares would cease to exist.

However, in accordance with the Delisting Regulations, if Promoter accepts the discovered price determined under the reverse book building process - an exit window of one year would be available to the residual shareholders who can tender the shares to Promoter during that 1 year period at the same price at which delisting had happened. i.e. exit price. However such sale would be considered an off market sale thereby it may have a different tax implication.