

PROPOSED AMENDMENTS TO THE REGULATORY FRAMEWORK FOR DELISTING

SEBI vide circular dated February 17, 2003 issued guidelines on Delisting of Securities. In light of various issues raised by market participants it has been decided to review the existing guidelines.

As a step in this direction, draft regulations have been prepared after considering suitable suggestions received from various market participants. The text of the same is given in the Annexure.

Interested persons and entities may send their comments on the draft amendments to the e-mail address : harinib@sebi.gov.in or by fax (022) 22829520 or by post to the General Manager, Corporation Finance Department, Division of Corporate Restructuring, Securities and Exchange Board of India, Mittal Court, 'B' Wing, 224 Nariman Point, Mumbai 400 021, before 29th April, 2004.

	<p>established under the Securities and Exchange Board of India (Central Listing Authority) Regulations, 2003.</p> <p>(c) 'Board' means the Securities and Exchange Board of India established under section 3 of the Act;</p> <p>(d) 'company' means a company registered under the Companies Act, 1956 and includes a body corporate or corporation incorporated by any special Act for the time being in force whose securities are listed on a recognized stock exchange;</p> <p>(e) 'compulsory delisting' means delisting of securities of a company by a stock exchange under Chapter V of these Regulations;</p> <p>(f) 'Ombudsman' means the Ombudsman appointed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2004;</p> <p>(g) 'stock exchange' means any stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956;</p> <p>(h) 'schedule' means a schedule appended to these Regulations;</p> <p>(i) 'voluntary delisting' means delisting of securities of a company voluntarily in accordance with regulation 5 or 6.</p> <p>(j) 'working days' shall mean the working days of the Board.</p> <p>(2) Words and expressions not defined in these Regulations shall have the same meaning as have been assigned to them under the Act or the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 1956, or any statutory modification or re-enactment thereof, as the case may be.</p> <p>(3) The words 'acquirer', 'associate', 'promoter', 'public</p>
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	<p>shareholding' and 'person acting in concert' shall have the meanings respectively assigned to them under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time.</p>
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CHAPTER II
DELISTING OF SECURITIES

Applicability	3	<p>(1) These Regulations shall apply to delisting of securities of a company from the stock exchange or stock exchanges, where such securities are listed.</p> <p>(2) Without prejudice to the generality of sub-regulation (1), they shall also apply to any delisting:</p> <ul style="list-style-type: none"> (a) where an application for voluntary delisting is made to the stock exchange by a company ; (b) where pursuant to any scheme of arrangement, by whatever name called, public shareholding in a company may fall below the minimum level of public shareholding specified in the listing agreement; (c) where any acquisition of the shares of a company is made by its promoter or by any other acquirer, resulting in the public shareholding falling below the minimum level of public shareholding specified in the listing agreement; (d) where the securities of a company are compulsorily delisted by a stock exchange; (e) where the securities of listed companies are deemed to be delisted consequent upon withdrawal of recognition or non-renewal of
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		<p>recognition of the stock exchange where such securities are listed; or,</p> <p>(f) where the securities of a company are required to be delisted pursuant to a rights issue in terms of these regulations.</p>
<p>Delisting not permissible in certain circumstances and conditions for delisting</p>	<p>4</p>	<p>(1) No company shall apply for and no stock exchange shall grant delisting of securities of a company, pursuant to a buyback of securities by the company or pursuant to a preferential allotment made by the company.</p> <p>(2) No company shall apply for and no stock exchange shall grant delisting of any class of securities of a company unless a period of three years has elapsed since the listing of that class of securities on any stock exchange.</p> <p>(3) No company shall apply for and no stock exchange shall grant delisting of securities where any convertible instruments issued by the company are outstanding.</p> <p>(4) Nothing contained in sub-regulations (2) and (3) shall apply to delisting of securities under clause (a) of sub-regulation (1) of regulation 6.</p> <p>(5) Notwithstanding delisting of any class of securities of a company, any other class of its securities may continue to be listed on the stock exchange(s).</p>

CHAPTER III
VOLUNTARY DELISTING

Delisting from all stock exchanges	5	The securities of a company may be delisted from all the stock exchanges where they are listed or from the only stock exchange where they are listed, subject to the provisions of these Regulations, and provided that all public holders of the securities sought to be delisted are given an exit opportunity in accordance with Chapter IV.
Delisting from only some of the stock exchanges	6	<p>(1) The securities of a company may be delisted from one or more stock exchanges where its securities are listed, and continue to remain listed on one or more other stock exchanges, subject to the provisions of these Regulations and subject to the following:</p> <p>(a) if after the proposed delisting from any one or more stock exchanges, the securities of a company would remain listed on any stock exchange which has nationwide trading terminals, no exit opportunity shall be required to be given to the shareholders; and,</p> <p>(b) if after the proposed delisting, the securities of a company would not remain listed on any stock exchange having nation wide trading terminals, exit opportunity shall be given to all the public holders of securities sought to be delisted, as per Chapter IV of these Regulations.</p> <p><i>Explanation:</i> For the purposes of this sub-regulation, 'stock exchange having nation wide trading terminals' means the Stock Exchange, Mumbai, the National Stock Exchange or any other stock exchange, which may be specified by the Board in this regard.</p> <p>(2) In case of delisting under clause (a) of sub-</p>

		<p>regulation (1), the company shall give a public notice in at least one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language newspaper of the region where the concerned stock exchange or stock exchanges is or are located.</p> <p>(3) The public notice made under sub-regulation (2) shall mention the stock exchange(s) from which the securities of the company are intended to be delisted, the reasons for such delisting and continuation of listing of securities on stock exchange(s) having nation wide trading terminals.</p>
<p>Conditions for delisting</p>	<p>7</p>	<p>(1) Any company desirous of delisting its securities under the provisions of Chapter III shall: -</p> <p>(a) obtain the prior approval of shareholders or security holders of the company by special resolution passed at their meeting; and,</p> <p>(b) within one year of passing the special resolution, make an application to the concerned stock exchange in the form specified by the stock exchange:</p> <p><i>Provided that any special resolution passed before the commencement of these Regulations shall be valid, for a period of one year from the date of its passing or for a period of six months from the commencement of these Regulations, whichever is more.</i></p> <p>(2) An application for delisting under this chapter shall be accompanied with a true copy of the special resolution passed under clause (a) of sub-regulation (1) and where applicable, with proof of having given the exit opportunity.</p> <p>(3) While considering the application for delisting, the stock</p>

		<p>exchange shall not unjustly withhold such application and may require the company to satisfy it as to:</p> <p>(a) the resolution of investor grievances by the company;</p> <p>(b) the full payment of listing fees to that exchange;</p> <p>(c) the compliance with any particular condition of the listing agreement;</p> <p>(d) any litigation / action pending against the company.</p> <p>(4) An application for delisting received under sub-regulation (2) shall be disposed of by the stock exchange within a period not exceeding 45 days from the receipt by it of such application complete in all respects.</p> <p>(5) Any application for delisting not disposed of within the period stipulated under sub-regulation (4) shall be reported to the Board with reasons for such delay.</p>
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**CHAPTER IV
PROCEDURE FOR EXIT OPPORTUNITY**

Applicability of Chapter IV	8	The provisions of this Chapter shall apply to any delisting sought to be made under regulation 5 or under clause (b) of sub-regulation (1) of regulation 6.
Public announcement	9	(1) Promoters of the company or acquirers, as the case may be, shall make a public announcement in at least one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language newspaper of the region where the concerned stock exchange or

		<p>stock exchanges is or are located.</p> <p>(2) The public announcement shall contain all material information including the information specified in Schedule I and shall not contain any false or misleading statement.</p> <p>(3) The public announcement shall also specify a date, being a day not later than thirty days from the date of the public announcement, which shall be the 'specified date' for determining the names of shareholders to whom the letter of offer shall be sent and who shall be eligible to place bids.</p> <p>(4) Before making the public announcement, the promoter or acquirer shall appoint a merchant banker registered with the Board and such other intermediaries as are considered essential.</p> <p>(5) It shall be the responsibility of the promoter or acquirer and the merchant banker to ensure compliance of this Chapter.</p> <p>(6) No promoter or acquirer shall appoint any person as a merchant banker under sub-regulation (4) if such a person is an associate of the promoter or acquirer.</p>
<p>Escrow account</p>	<p>10</p>	<p>(1) The promoter or acquirer shall deposit in an escrow account, 100 per cent of the estimated amount of consideration calculated on the basis of the floor price indicated and the number of securities required to be acquired.</p> <p>(2) The provisions of regulation 10 of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 shall be applicable <i>mutatis mutandis</i> to such escrow account.</p>

Letter of offer	11	<p>(1) The promoter or acquirer shall despatch the letter of offer to the public holders of securities, not later than forty five days from the date of the public announcement so as to reach them at least five days before the opening of the bidding period.</p> <p>(2) The letter of offer shall be sent under sub-regulation (1) to the public holders of securities of the company as on the specified date fixed under sub-regulation (3) of regulation 9.</p> <p>(3) The letter of offer shall contain all the disclosures made in the public announcement.</p> <p>(4) The letter of offer shall be accompanied by a bid form.</p>
Offer period	12	<p>(1) The date of opening of the offer shall not be later than the sixtieth day from the date of the public announcement.</p> <p>(2) The offer shall remain open for a period of fifteen days.</p>
Offer price and floor price	13	<p>(1) The offer price shall be as determined through book building in the manner specified in Schedule II.</p> <p>(2) The floor price shall be fixed as follows:</p> <p style="padding-left: 40px;">(a) where the securities are frequently traded in all the stock exchanges where they are listed, the floor price shall be fixed at the average of the weekly high and low of the closing prices of the securities of the company as quoted on the stock exchange where the securities of the company are most frequently</p>

	<p>traded during the 26 weeks preceding the date of public announcement;</p> <p>(b) where the securities of the company are infrequently traded in all the stock exchanges where they are listed, the floor price shall be arrived at in accordance with the provisions of sub-regulation (3); or,</p> <p>(c) where the securities are frequently traded in some stock exchanges and infrequently traded in some other stock exchanges where they are listed, the floor price shall be the highest of the prices arrived at in accordance with clauses (a) and (b) above.</p> <p>Explanation: For the purposes of this sub-regulation, the term 'infrequently traded' shall have the same meaning as in the Explanation to sub-regulation (5) of regulation 20 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the term 'frequently traded' shall be construed accordingly.</p> <p>(3) For the purposes of clause (b) of sub-regulation (2), the floor price shall be determined by the promoter and the merchant banker taking into account the following factors:</p> <ul style="list-style-type: none">a. the highest price paid by the promoter for acquisitions including by way of allotment in a public or rights issue, if any, during the 26 week period prior to the date of public announcement;b. the price paid by the promoter under a
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		<p>preferential allotment made to him at any time during the 26 weeks period upto the date of the public announcement; and,</p> <p>c. other parameters including return on net worth, book value of the shares of the company, earning per share, price earning multiple vis-à-vis the industry average.</p>
Right of security holders to participate in the book building process	14	<p>All public holders of the securities which are sought to be delisted shall be entitled to participate in the book building process in the manner specified in Schedule II.</p> <p><i>Provided that</i> the promoter or the acquirer, as the case may be, or any person acting in concert with him shall not be eligible to participate in the book building process.</p>
Right of the promoter not to accept the offer price	15	<p>(1) The promoter shall not be bound to accept the securities at the offer price determined by the book building process.</p> <p>(2) Where the promoter decides not to accept the offer price so determined:</p> <p>(a) he shall not acquire any securities tendered pursuant to the offer and such securities shall be returned to their respective holders within seven days of closure of the bidding period;</p> <p>(b) he shall not make an application to the exchange for delisting of the securities;</p> <p>(c) in a case where the public holding of securities at the start of the bidding process was less than the minimum level of public holding required under the listing agreement, the promoter or the acquirer shall ensure that the public holding shall be brought up to such</p>

		<p>minimum level within a period of six months from the date of closure of the bidding through any of the ways mentioned in sub-regulation (3).</p> <p>(3) For the purposes of clause (c) of sub-regulation (2), the public shareholding may be increased by any of the following ways:</p> <p>(a) by issue of new shares by the company in compliance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000;</p> <p>(b) by the promoter making an offer for sale of his holdings in compliance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000; or,</p> <p>(c) by the promoter making sale of his holdings through the secondary market in a transparent manner.</p>
<p>Public announcement of final price</p>	<p>16</p>	<p>On determination of the final price pursuant to the book building, the promoter or the acquirer shall within a period of two working days from the closure of the bidding period:</p> <p>(a) make a public announcement in the newspapers as mentioned in sub-regulation (1) of regulation 9, of the final price as discovered by the book building process and whether or not the promoter or the acquirer has accepted the price; and,</p> <p>(b) communicate to the stock exchange or stock exchanges from which delisting is sought to be</p>

		made, the final price discovered and whether the promoter has accepted the price.
Minimum number of securities to be acquired	17	<p>(1) Where the offer results in acceptance of a fewer number of securities than the total securities for which the offer was made and the public holding in such securities does not fall below the minimum level specified by the listing agreement, the offer shall fail and no securities shall be acquired pursuant to such offer.</p> <p>(2) In such a case, the securities of the company shall not be delisted.</p>
Payment of consideration and return of securities	18	<p>(1) The acquirer shall make the requisite funds available with the exchange/clearing corporation on the final settlement day (which shall be not later than seven days from the end of the book build period). The trading members shall correspondingly make the shares available. On the settlement day the funds and securities shall be paid out in a process akin to secondary market settlements.</p> <p>(2) All the security holders whose bids have been accepted shall be paid the final price stated in the public announcement</p> <p>(3) The securities deposited or pledged by a holder pursuant to paragraphs 7 or 8 of Schedule II shall be returned to the holder or the pledge lifted, as the case may be, within seven days from the closure of the offer in cases where the bids pertaining thereto have not been accepted.</p>
Right of	19	Where pursuant to acceptance of securities tendered in

<p>remaining security-holders to tender securities</p>	<p>terms of the foregoing provisions of these Regulations, the securities of a company are delisted, any remaining public holder of such securities may tender his securities to the promoter or the acquirer, as the case may be within a period of six months from the date of delisting,, and in such a case, the promoter or acquirer shall accept the securities tendered, at the same final price at which the earlier acceptance of securities was made.</p>
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**CHAPTER V
COMPULSORY DELISTING**

<p>Compulsory Delisting by a stock exchange</p>	<p>20</p> <p>(1) A stock exchange may, by order, delist any securities of a company in a case where trading in the securities has been suspended by the stock exchange and such suspension has been in effect for a period of at least six months:</p> <p><i>Provided that</i> the stock exchange shall issue a show cause notice to the company before making an order delisting its securities under this sub-regulation.</p> <p>(2) Before making an order under sub-regulation (1), the stock exchange shall give a notice in an English newspaper of wide circulation of the proposed delisting and shall also display such notice on its trading systems and website, giving a time period of not less than fifteen days from the notice, within which representations may be made to the stock exchange by any person who may be aggrieved by the proposed delisting.</p> <p>(3) The stock exchange shall while passing the order, consider the representations, if any, made by the</p>
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		<p>company as also any representations received in response to the notice given under sub-regulation (2).</p> <p>(4) The provisions of Chapter IV shall not be applicable to a compulsory delisting made by a stock exchange under this Chapter.</p> <p>(5) The stock exchange may compulsorily delist any securities of a company by following the procedure laid down in Schedule III if such company satisfies the norms laid down in that Schedule.</p> <p>(6) Where the Board is satisfied that the compulsory delisting of the securities of a company ordered by the stock exchange is not in the interest of investors and the securities market, the Board may, after giving an opportunity of hearing to the stock exchange, direct the stock exchange not to proceed further with the delisting of securities.</p>
<p>Rights of public holders of securities in case of a compulsory delisting</p>	<p>21</p>	<p>(1) Where securities of a company are delisted by a stock exchange under this Chapter, the promoter of the company shall acquire securities of the public-holders of the company by paying them the fair value of the securities to be determined by the Ombudsman subject to their option to remain security-holders with the company.</p> <p>(2) In the event of non-compliance of sub-regulation (1) by the promoter, such security holders may enforce compliance thereof through the office of the Ombudsman.</p> <p><i>Explanation:</i> For the purposes of sub-regulation (1), fair value shall be determined by the Ombudsman having regard to the factors mentioned in regulation 20 of the Securities and Exchange Board of India (Substantial</p>

		Acquisition of shares and Takeovers) Regulations, 1997.
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CHAPTER VI
SPECIAL PROVISIONS

<p>Delisting consequent upon withdrawal of recognition or non-renewal of recognition of a stock exchange</p>	<p>22</p>	<p>(1) Where the recognition of a stock exchange is withdrawn or not renewed, all securities of companies which are listed solely on such stock exchange shall be deemed to be delisted.</p> <p>(2) Where the securities of a company are delisted under sub-regulation (1), its Board of Directors and promoters shall ensure that such company makes a listing application to a stock exchange which has nationwide trading terminals within a period of sixty days from the date of withdrawal or expiry of recognition of such stock exchange. <i>Provided that</i> the board of directors and promoters of the company can make a listing application within the time specified as above, to any stock exchange other than a stock exchange having nationwide trading terminals after obtaining approval of the security holders.</p> <p>(3) Where the Board of Directors of the company or the promoters do not take steps to ensure compliance with sub-regulation (2), they may be directed by the Board to grant an exit option to all the public holders of securities of such company, in the manner specified in the direction.</p>
<p>Delisting pursuant to a</p>	<p>23</p>	<p>(1) Where any body corporate makes a rights issue, it shall be permissible to allot the unsubscribed portion</p>

<p>rights issue</p>	<p>of the securities to the promoters even though such allotment may result in the public holding in such securities falling below the minimum permissible level prescribed in the listing agreement:</p> <p><i>Provided that</i> adequate disclosures have been made in the letter of offer of such possibility.</p> <p>(2) Where a rights issue offered by a company is not fully subscribed and the unsubscribed portion of the issue is allotted to the promoters or to any other person in terms of sub-regulation (1), and as a result public shareholding in the company falls below the minimum level prescribed in the listing agreement, the promoters shall –</p> <p>(a) give an exit opportunity to the public holders of such securities by offering to purchase shares held by them at a price of the rights issue and make an application to the stock exchange where they are listed for delisting its shares; or,</p> <p>(b) offer for sale their holdings so that the public holding in such securities is raised to the minimum level of public shareholding prescribed under the Listing Agreement or the listing conditions, within a period of three months.</p> <p>(3) Nothing contained in this regulation shall apply to a rights issue made by a company in which the public shareholding is less than the minimum permissible level prescribed in the listing agreement.</p>
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**CHAPTER VII
MISCELLANEOUS**

<p>Stock exchanges to monitor compliance with Regulations</p>	<p>24</p>	<p>The respective stock exchanges shall comply with and monitor compliance with the provisions of these Regulations and shall report to the Board any instance of non-compliance which comes to their notice.</p>
<p>Power of the Board to grant exemption in certain cases</p>	<p>25</p>	<p>(1) A promoter or acquirer in relation to a company having fifty or less number of public holders of any class of securities, desirous of getting such securities delisted, may apply to the Board seeking exemption from following the book building process.</p> <p>(2) No application shall be made under sub-regulation (1), unless:</p> <ul style="list-style-type: none"> a. the promoter or acquirer, as the case may be, has written individually to all such public holders informing them of his intention to get the securities delisted, indicating the exit price acceptable to him and seeking their consent for the proposal and for dispensing with the exit price discovery through book building method; b. at least ninety percent of such public holders have given their positive consent in writing to the proposal for delisting; and, c. at least ninety percent of such public holders have either consented to offering their securities at the price offered by such promoter or acquirer, or consented to remain

		<p>holders of the securities even if they are delisted.</p> <p>(3) The communication made to the public holders under clause (a) of sub-regulation (2) shall contain the justification for the offer price, with particular reference to the parameters mentioned in sub-regulations (4) or (5) of regulation 20 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as may be applicable.</p>
Listing of delisted securities	26	<p>(1) No application for listing shall be made in respect of any securities which have been delisted under these Regulations or under any other law for the time being in force, unless a period of two years has elapsed from the date of the delisting.</p> <p>(2) While considering an application for listing of any securities which had been delisted, the Authority and the exchange shall have due regard to facts and circumstances under which delisting was made.</p>
Directions by the Board	27	<p>(1) Without prejudice to sections 15A, 15HB and 24 of the Securities and Exchange Board of India Act, 1992, the Board may in case of any violation of these Regulations and in the interests of the securities market give such directions as it deems fit including: -</p> <p>(a) suspending the trading of any security in an exchange;</p> <p>(b) restraining persons from accessing the securities market and prohibiting any person associated with securities market from buying, selling or dealing in securities;</p>

		<p>(c) directing the Board of Directors or promoters of a company whose securities are delisted consequent upon withdrawal of recognition or non-renewal of recognition granted to a stock exchange, for getting its securities listed on any such stock exchange as may be specified by the Board; or,</p> <p>(d) directing a stock exchange to delist any securities of any company.</p> <p>(2) If any person fails to comply with any directions issued under sub-regulation (1), he shall be liable to a penalty as specified in section 15HB.</p>
Repeal and savings	28	<p>(1) The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 shall stand withdrawn upon the commencement of these Regulations.</p> <p>(2) Notwithstanding such withdrawal:</p> <p>(a) any application for delisting made by any company and pending with any stock exchange prior to such commencement, shall be deemed to have been made under the corresponding provisions of these Regulations;</p> <p>(b) any exit opportunity already completed, or initiated and pending completion, under the Guidelines, prior to such withdrawal, shall be completed and shall be dealt with as if those Guidelines were not withdrawn.</p>

SCHEDULE I

[See regulation 9]

CONTENTS OF THE PUBLIC ANNOUNCEMENT

1. The floor price and how it was reached
2. The dates of opening and closing of the bidding
3. The name of the exchange or exchanges from which the securities are sought to be delisted.
4. The names and addresses of the trading members as well as the bidding terminals and centres through which bids can be placed.
5. The specified date, fixed as per sub-regulation (3) of regulation 9.
6. The procedure to be followed by the security-holder in placing the bids.
7. Description of the methodology to be adopted for determination of acceptable price.
8. Period for which the offer shall be open.
9. The necessity and the object of the delisting.
10. The proposed time table from opening of the offer till the payment of consideration / return of securities.
11. Details of the escrow account and the amount deposited therein.
12. Listing details and stock market data:
 - (a) high, low and average market prices of the securities of the company during the preceding three years;
 - (b) monthly high and low prices for the six months preceding the date of the public announcement; and,
 - (c) the volume of securities traded in each month during the six months preceding the date of public announcement.
13. Present capital structure and shareholding pattern.
14. The likely post-delisting capital structure.
15. The aggregate shareholding of the promoter group and of the directors of the promoters, where the promoter is a company and of persons who are in control of the company.
16. Name of compliance officer of the company.
17. It should be signed and dated by the promoter or the acquirer, as the case may be.

SCHEDULE II
[See regulation 12(1)]
THE BOOK BUILDING PROCESS

1. The book building process shall be made through an electronically linked transparent facility and the promoter shall enter into an agreement with a stock exchange for the purpose.
2. The minimum number of bidding centres shall be:
 - (a) the four metropolitan centres situated at Mumbai, Delhi, Calcutta and Chennai;
 - (b) all such centres where the stock exchanges are located in the region in which the registered office of the company is situated.

Explanation: For the purpose of this clause, the regional division of collection centres shall be as follows:

A.	NORTHERN REGION	
S. No.	Exchange	City
1.	Ludhiana Stock Exchange	Ludhiana
2.	Delhi Stock Exchange	Delhi
3.	Jaipur Stock Exchange	Jaipur
4.	U.P. Stock Exchange	Kanpur
B.	SOUTHERN REGION	
S. No.	Exchange	City
1.	Hyderabad Exchange	Hyderabad
2.	Bangalore Stock Exchange	Bangalore
3.	Coimbatore Stock Exchange	Coimbatore
4.	Cochin Stock Exchange	Cochin
5.	Madras Stock Exchange	Madras
6.	Mangalore Stock Exchange	Mangalore
C.	EASTERN REGION	
S. No.	Exchange.	City
1.	Calcutta Stock Exchange	Calcutta
2.	Gauhati Stock Exchange	Gauhati
3.	Magadh Stock Exchange	Patna
4.	Bhubaneswar Stock Exchange	Bhubaneswar
D.	WESTERN REGION	
S. No.	Exchange	City

1.	Bombay Stock Exchange	Bombay
2.	National Stock Exchange	Bombay
3.	OTC Exchange of India	Bombay
4.	Pune Stock Exchange	Pune
5.	M P Stock Exchange	Indore
6.	Vadodara Stock Exchange	Vadodara
7.	Ahmedabad Stock Exchange	Ahmedabad
8.	Saurashtra Kutch Stock Exchange	Rajkot

3. There shall be at least one electronically linked computer terminal at all bidding centres.
4. The bidding period shall remain open for a minimum period of fifteen days.
5. The security holders may withdraw or revise their bids not later than three days before the closure of the bidding period.
6. The promoter or acquirer shall appoint 'trading members' at the bidding centres, whom the public holders of securities may approach for placing bids on the on-line electronic system.
7. The demat security holders desirous of availing the exit opportunity may deposit the shares offered with the trading members prior to placement of orders or, alternately, may mark a pledge for the same to the trading member.
8. The holders of physical securities may send their bidding form together with the security certificate and transfer deed to the trading member appointed for the purpose, who shall immediately after entering their bids on the system send them to the RTA for confirming their genuineness.
9. The verification of physical certificates shall be completed in time for making the public announcement under regulation 15 of these Regulations.
10. The bids placed in the system shall have an audit trail in the form of confirmations which gives broker ID details with time stamp and unique order number.
11. The final offer price shall be determined as the price at which the maximum number of shares have been offered. If the price is accepted

then the acquirer shall be required to accept all offers upto and including the final price but may not have to accept higher priced offers. However, the promoter or acquirer may, if he deems fit, pay a higher price.

Illustration

The bids placed in respect of exit opportunity made in respect of shares of company X are as follows:

Offer Quantity	Offer Price	Remarks
50	120	Floor price
82	125	
108	130	Final price (as quantity offered is maximum).
27	135	
5	140	

- ? If final price is accepted the promoter or the acquirer shall have to accept offers up to and including the final price i.e. 240 shares at the final price of Rs. 130/-.
- ? If the promoter or acquirer decides to pay a higher price of Rs. 135/- he may acquire all the shares bid upto that price i.e., 267 shares at Rs. 135/- each.

12. The acquirer shall make the requisite funds available with the exchange/clearing corporation on the final settlement day (which shall be not later than seven days from the end of the book build period). The trading members shall correspondingly make the shares available. On the settlement day the funds and securities shall be paid out in a process akin to secondary market settlements.

SCHEDULE III

[See regulation 19(5)]

NORMS AND PROCEDURE FOR DELISTING OF SECURITIES BY THE STOCK EXCHANGES

A NORMS

1. The percentage of equity capital (floating stock) in the hands of public investors

This may be seen with reference to ---

- ? Existing paid-up equity capital
 - ? Market lot
 - ? Share price – very high, medium, low
 - ? Market Capitalisation
 - ? SEBs Takeover Regulations-Regulation 21(3)
 - ? Clause 40A of the Listing Agreement
2. The minimum trading level of shares of a company on the regional /other exchanges. There should be some liquidity in every trading cycle. There should be some volume of trading for price discovery on the market. The Company should appoint market makers. Criteria of no-trading may be considered.
 3. Financial aspect/Business aspects
 - a) The company should generate reasonable revenue/income/profits. It should be operational/working. It must demonstrate earning power through its financial results, profits, reserves, dividend payout for last 2/3 years.
 - b) If there is hardly any public interest in the securities the company then it is for consideration whether its “listed company” label needs to be retained any more.

- c) The company should have some tangible asset. It is therefore for consideration as to what value of assets the company should own in order to be listed continuously listed.
4. Track records of compliance of the Listing Agreement requirements for the past three years.
- ? Submission of audited/unaudited results, annual report, other documents required to be furnished to the Exchange,
 - ? Book closure Record date with due notice
 - ? Payment of listing fee
 - ? Service to investors especially with regard to timely return of shares duly transferred, timely payment of dividend, communication of price sensitive information, etc.
 - ? Failure to observe good accounting practises in reporting earnings and financial position
 - ? Publishing half yearly unaudited/audited results
 - ? Frequent changes in –
 - Accounting year
 - Share transfer agent
 - Registered office
 - Name
5. Promoters' Directors' track record especially with regard to insider trading, manipulation of share prices, unfair market practises (e.g. returning of share transfer documents under objection on frivolous grounds with a view to creating scarcity of floating stock, in the market causing unjust aberrations in the share prices, auctions, close-out, etc. (Depending upon the trading position of directors or the firms).
6. If whereabouts of the company, its promoters directors are not available and even the letters sent by the Exchange return undelivered and the company fails to remain in touch with the Exchange.

7. The company has become sick and unable to meet current debt obligations or to adequately finance operations, or has not paid interest on debentures for the last 2-3 years, or has become defunct, or there are no employees, or liquidator appointed, etc.
8. On the basis of the above norms and other relevant information available about the company, its promoters/directors, project, litigations, etc., a profile of the company should be prepared and then a decision on delisting should be taken by an Exchange.

B PROCEDURE

1. The decision on delisting should be taken by a panel to be constituted by the Exchange comprising the following :
 - a) Two directors/officers of the Exchange (one director to be a public representative),
 - b) One representative of the investors
 - c) One representative from the Central Government (Department of Company Affairs)/ Regional Director / Registrar of Companies
 - d) One representative from SEBI.
 - e) Executive Director / Secretary of the Exchange
2. Due notice of delisting and intimation to the company as well as other Stock Exchanges where the company's securities are listed to be given.
3. Notice of termination of the Listing Agreement to be given.

**G.N.BAJPAI
CHAIRMAN**

[ADVT. III/IV/69ZB/2004/Exty.]