

Independent directors must give views on open offer pricing: Sebi panel

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MUMBAI: A Sebi panel on Monday proposed to make it mandatory for committee of independent directors of a target company to give its views on open offer pricing, a move aimed at increasing transparency and protecting shareholder interests during buyouts.

"The (SEBI Takeover Regulatory Advisory) Committee has also decided to mandate recommendation on the open offer, by a committee of independent directors of the target company," the panel said in its report.

The report of independent director is currently optional. The committee, headed by C Achuthan, was set up in September 2009 to bring in changes to the existing takeover guidelines.

"The new code is as per the best practices followed in developed companies. The board has a fiduciary responsibility and should act in larger interest of all the shareholders," Siddharth Shah, Principal, Nishith Desai Associates said.

The panel has suggested that the independent directors committee submit its report at least 2 business days prior to the commencement of the tendering period.

The panel also recommended hiking the open offer trigger limit to 25 per cent from 15 per cent at present and raising the open offer size to 100 per cent from 20 per cent currently.

However, a senior functionary of a global consultancy firm said, "In India, since management and ownership is linked, it may not be an easy task for independent directors to give fair views."

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