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UPDATE: SEBI Sets Up Takeover Regulation Advisory Committee

DOW JONES NEWSWIRES

(Adds lawyer's quotes, background, context)

MUMBAI (Dow Jones)--The Indian capital markets regulator, the Securities and Exchange Board of India, Wednesday said it has set up the Takeover Regulation Advisory Committee to review existing takeover norms and make them more relevant.

India introduced a formal takeover code in 1997 that helped set basic rules for mergers and acquisitions in what was then a nascent market for consolidation activity.

The regulator last reviewed the code in 2002, when it made greater disclosures at every level of holding mandatory and exempted preferential issues from the purview of the code.

"There are certain provisions in the existing takeover code which may warrant a relook in line with the changing dynamics of the business environment," said Nishchal Joshipura, head of the mergers and acquisitions practice at law firm Nishith Desai Associates.

The present code mandates companies acquiring 15% in another company to make an open offer for an additional 20%.

This prevents financial institutions, such as private equity funds, from buying a stake beyond the 15% limit without making a mandatory open offer.

The committee is also expected to review norms relating to indirect acquisition, when an overseas acquisition triggers a change in management of a local entity.

The committee, which was set up last Friday, will be chaired by C. Achuthan, a former presiding officer of the Securities Appellate Tribunal, the regulator said in a notice.

Other members in the committee are advocates Kumar Desai, Somasekhar Sundaresan, Tata Steel group chief financial officer Kaushik Chatterjee, Larsen & Toubro chief financial officer Y. M. Deosthalee, Indian Institute of Management's N. Venkateshwaran, Tamil Nadu Investors' Association president A.K. Narayanan, Kotak Mahindra Capital Co. Ltd. executive director Sourav Malik and DSP Merrill Lynch Ltd. managing director Raj Balakrishnan.

Also on the committee from the Securities and Exchange Board of India are Usha Narayanan, executive director, corporation finance department, J. Ranganayakulu, executive director, legal department and Neelam Bhardwaj, general manager, corporation finance department, division of corporate restructuring.

Earlier Tuesday, SEBI chairman C.B. Bhave said the regulator was reviewing the overall norms related to takeovers in the country to see if it needed any changes since it was last amended.

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