




M&A Lab

November 26, 2012

PUBLIC M&A'S IN INDIA: TAKEOVER CODE DISSECTED

I buy companies, break them up into pieces and then I sell that off; it's worth more than the whole, explains the callous corporate acquirer enacted by Richard Gere in the celebrated movie, Pretty Woman. The movie shows him scheming to acquire a financially distressed company through a hostile bid and strip it off its assets, completely disregarding the years of hard work invested in the company by its promoters. Evidently, in the highly competitive business world, it is critical for each of the stakeholders in a company to guard their interests in the company from all forms of third party interferences. Shareholding in companies and ownership of business are amongst the most prized assets today. This is exactly where the significance of takeover laws lies and states around the globe have enacted various securities laws to protect the interests of the stakeholders in a company.

Last year, Securities and Exchange Board of India ("SEBI" ) overhauled the entire takeover regime in India by replacing the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the "1997 Code" ) with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "Takeover Code" ). On October 22, 2012, the Takeover Code turned 1, but the market and the key M&A players are yet to get completely in sync with the law. One year, around 70 open offers and a few noteworthy SEBI orders down, the Pandora's box opened by the TRAC does not seem to have run out of stock. The buzz around the Takeover Code and the implications of the change in law refuses to settle down. Naturally, when the entire legal regime pertaining to takeovers has been fully revised, questions and confusion will be aplenty. Celebrating the first anniversary of the law that overhauled the Indian takeover regime, we make a deeper probe into the provisions of the Takeover Code and the implications thereon. While the fundamental objective of this Lab is to familiarize the reader with the law, we have also attempted to highlight the lacunae in the law that need to be considered and reviewed by the market regulators.

For a detailed analysis of the legal and tax issues, [please click here for the document](#).

— Arun Scaria, Alap Yadav, Simone Reis, Nishchal Joshipura

You can direct your queries or comments to [Team M&A](#)

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