

## CCI won't hit M&As: Deora

AGE CORRESPONDENT

MUMBAI

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The two main concerns for India Inc and law firms that handle M&As is that the target for acquisition should be large say ₹500-₹600 crore on the asset side and ₹1,500-2,000 crore on the turnover side, otherwise the competition commis-

sion would catch too many transactions that are unlikely to result in any anti-competition effect. The second one according to Ms Zia Mody, an authority on M&As is the need for "the twin leg theory whereby if the company that is acquired abroad has no presence in India then the Indian company/the acquirer should not come under the purview of the competition commission."

Mr Kumar feels that these fears are unfounded as the threshold for transactions to be covered is one of the highest in the world. The threshold for the acquiring company is ₹1,500 crore on the asset side and ₹4,500 crore on the turnover side and for the target company it is ₹250 crore on the asset side and ₹750 crore on the turnover side.

### M&A effective from June 1: Deora

The regulations governing mergers, acquisitions and combinations under the Competition Act would be finalised by May 1, and implemented from June 1, said Minister for Corporate Affairs Murli Deora.

PTI

## ■ M&A Norms to be Effective From June 1: Deora

**MUMBAI** The regulations governing mergers, acquisitions and combinations under the Competition Act would be finalised by May 1, and implemented from June 1, said corporate affairs minister Murli Deora here on Monday. "The revised draft of regulations is in the final stages and we expect the notification to be finalised by May 1," he told reporters at an event organised by the Indian Merchants' Chamber (IMC) here on Monday. During the event, the minister and the officials of the Competition Commission of India (CCI) and ministry of corporate affairs met members of the industry to discuss the new provisions of the competition regime.

## Global acquisitions may also need CCI nod

YASSIR A PITAIWALLA

Mumbai

NEXT time Kumar Mangalam Birla, Ratan Tata and Mukesh Ambani want to make a global acquisition they may have to seek anti-trust approval from the Competition Commission of India (CCI) too.

The watchdog charged with the dual role of preventing the abuse of market dominance and pre-empting any adverse impact on competition in the market place plans to have a formal meeting of the board on April 29 before it notifies the final guidelines by May 1, 2011. "The final notification on corporate Mergers & Acquisitions (M&A) are expected to be gazetted on May 1, 2011 and will come into force from the beginning of June 2011," said Dhanendra Kumar, chairman at CCI.

Addressing a close door meeting of representatives of CII, FICCI, ASSOCHAM and Indian Merchants' Chamber and Law Firms in Mumbai on Monday, corporate affairs minister Murli



Deora said that his ministry would also consult the Finance Ministry, RBI and Sebi before finalising the notification for laying down rules for M&A by corporates.

Kumar sought to allay the apprehensions expressed by business leaders such as Rahul Bajaj, Deepak Parekh and Adi Godrej who said that the "discussion paper" hinted at unwarranted introduction of curbs in respect of stock-in-trade, bonus share, stock split etc, which had little to do with corporate combi-

nations. "We are very sympathetic to the suggestions received and the revised draft regulations which are currently in the final stage shall reflect this," he said. CCI will be holding consultations with representatives of industry body in Bangalore and Hyderabad on the 26th and the 27th of this month to incorporate the final suggestions in the regulations. "We mean business; we will seriously consider all your suggestions. We don't want the companies to get tangled with government departments,"

### Controlling competition

■ CCI will hold a formal meeting on April 29 before it notifies the final guidelines by May 1, 2011

■ Corporate Affairs Ministry would also consult Finance Ministry, RBI and Sebi before finalising the notification

■ Firms with turnover above Rs 4,500 crore and assets of Rs 1,500 crore will be covered under CCI provisions

■ In the case of a listed company which also comes in the ambit of the CCI, Sebi's takeover code will kick in first.

Deora said in a press statement issued by the IMC.

"At the moment overseas takeovers are a hazy area. We expect the CCI will take a view on the regulations required where an Indian firm acquires an overseas one, making it a world leader in the sector," said DK Mittal, secretary, Ministry of Corporate Affairs. India will be one of the 113 countries, which will have enacted a "competition" law which aims to protect the nationalistic interest of its industry rather than impeding or retarding the

growth. CCI will consult with other regulators as per the procedure laid down in Section 21A of the CCI Act where there are situations of overlap due to the presence of a sector regulator.

"In the case of a listed company which also comes in the ambit of the CCI, Sebi's takeover code will kick in first. The CCI may approve based on category of the applicant immediately, within 30 days or a longer period as required. In relevant cases the Sebi mandated open offer by an acquirer may have to be kept open till regulatory approval by CCI is received as is the case now too, when open offers await certain government approvals," said Mittal.

Companies with a turnover in excess of Rs 4,500 crore and assets of Rs 1,500 crore or a target company with assets of Rs 250 crore and a turnover of Rs 750 crore will be covered by the provisions of the CCI regulations on M&A activities.

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## New M&A regime to be effective from June 1

The regulations governing mergers, acquisitions and combinations under the Competition Act would be finalised by May 1, and implemented from June 1, said minister for corporate affairs, Murli Deora, on Monday. "The revised draft of regulations is in the final stages and we expect the notification to be finalised by May 1," he told reporters at an event organised by the Indian Merchants' Chamber (IMC) on Monday. During the event, the Minister and the officials of the Competition Commission of India (CCI) and Ministry of Corporate Affairs met members of the industry to discuss the new provisions of the competition regime.



# Revised norms for mergers and acquisitions to be ready by May 1

**Our Bureau**

*Mumbai, April 25*

Revised regulations governing mergers and acquisitions under the Competition Act would be finalised by May 1, the Corporate Affairs Minister, Mr Murli Deora, said on Monday.

"The revised draft of regulations is in the final stages and we expect the notification to be finalised by May 1," Mr Deora told reporters after a meeting with the Indian Merchants' Chamber (IMC).

He added that the new regulations would be implemented from June 1.

Mr Dhanendra Kumar, Competition Commission of India's Chairman said, "After Mumbai, we will hold meet-



**The Union Minister for Corporate Affairs, Mr Murli Deora (left), and the Secretary, Mr D.K. Mittal, at a press conference in Mumbai on Monday. — Shashi Ashiwal**

ings in Bangalore and Hyderabad. The combination of regulations will be finalised

after duly considering the comments and suggestions received." Under the Act,

companies with a turnover of more than Rs 1,500 crore will have to approach the CCI for approval before merging with another firm.

Also, companies with combined assets of Rs 1,000 crore or more, or a combined turnover of Rs 3,000 crore or more, would require the CCI's nod. The maximum time limit for the CCI to vet mergers has been reduced to 180 days from the earlier 210 days.

Mr Kumar added that the new regulations aim to ease mergers and acquisitions in the country. "The CCI will not stand in the way of mergers and acquisitions unless there is a genuine threat to competition," he said.

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