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**TAKEOVER CODE**

New norms to take effect after a month

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MUMBAI

Capital market regulator Securities and Exchange Board of India (Sebi) on Friday notified the new takeover code which makes it mandatory for entities buying more than 25% stake in a listed firm to buy an additional 26% from the public. Under existing norms, the trigger for making an open offer is 15% while the offer size has to be 20%.

In July, Sebi board had approved the recommendations of the takeover panel with some changes. The new code will take effect after a month.

The minimum price payable to shareholders of the target firm will be the highest

of the negotiated price that triggered the open offer; the volume-weighted average price paid by the acquirer in the preceding 52 weeks; the highest price paid by the acquirer in the preceding 26 weeks; and the market price based on volume-weighted average market prices in the preceding 60 trading days.

Currently, open offers are priced between the weekly averages of market price for 26 weeks or two weeks, whichever is higher. The code also does not provide for non-compete fees to be paid to promoters, making all shareholders equal beneficiaries. At present, selling promoters are eligible for a non-compete fee, as a compensation for not re-entering the business.

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