

IN THE NEWS

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1.0 Competition Commission of India's approval must for Mergers and Acquisitions

The government is currently in the process of introducing draft Merger Regulations, which when enforceable would require domestic, cross-border and totally offshore deals to seek approval of Competition Commission of India (“**CCI**”). The competition regulator will scrutinize big transactions only as per the threshold levels prescribed. For instance, a domestic transaction in which the combined entity has INR 100 billion¹ (USD 2 billion) in assets or INR 300 billion (USD 6 billion) in turnover will need approval of CCI. In case of group of companies acquiring another one, the threshold increases four times. CCI will scrutinize offshore deals only if the parties have minimum market presence in India. The threshold for regulating offshore deals is INR 50 billion (USD 1 billion) in assets or INR 150 billion (USD 3 billion) in turnover for the combined entity.

The government has set a three-month deadline for notifying such Merger Regulations. These regulations are likely to be implemented prospectively i.e. deals agreed before the regulations are notified would not require CCI approval.

2.0 Delisting of Companies made tougher

Securities Exchange Board of India (“**SEBI**”) has come up with tougher norms for companies trying to delist from the stock exchanges. According to SEBI (Delisting of Equity Shares) Regulations, 2009 dated June 10, 2009, the non-promoter shareholders votes in favor of the delisting proposal should be at least two times the number of votes cast against it. It is an attempt to give minority shareholders a say in the decision stages of the delisting process.

SEBI also clarified the definition of a successful open offer ahead of delisting. It said that an open offer would be deemed successful only when the shareholding of the promoter combined with the shares accepted through eligible bids crosses 90% of the total shares issued. Alternatively it will be deemed successful, also when the open offer reaches higher than the total of 50% of the offer size and the aggregate percentage of pre offer promoter shareholding.

3.0 Credit report to be given to loan seekers - RBI

Reserve Bank of India (“**RBI**”) has instructed banks to issue loan applicants a copy of their credit report upon request. RBI has issued these directions in light of the several complaints it has received, alleging that banks are wrongfully rejecting loan applications based on incorrect data. Credit Information Bureau (“**CIBIL**”), a credit rating agency, maintains an individual's loan repayment track record based on the details submitted to it by lenders. This data is used by other lenders to decide whether or not, to extend a loan to a customer.

¹ 1 INR = 50 USD

Obtaining credit information can help borrowers ascertain the reasons for their application being turned down and update their credit histories.