

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:4447
ANSWERED ON:03.05.2012
VIOLATION OF RULES QUESTION
Mani Shri Jose K.

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government is aware that the companies while selling their businesses to multinational companies are violating open offer requirement of the takeover code;
- (b) if so, the details thereof; and
- (c) the steps taken to prevent such violations in future and protect the interests of minority shareholders?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH)

(a) & (b) No such case has come to the notice of the Government.

(c) SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 2011 seek to ensure that takeovers, in case of listed companies, operate in a fair, equitable and transparent manner. The Regulations recognize and accord primacy to protection of the interest of the public shareholders in takeover situations. The Companies Bill, 2011 (Bill) allows making of takeover offers by unlisted companies through schemes of compromises or arrangement to be approved by National Company Law Tribunal and further provides that in case of listed companies, such offers shall continue to be as per SEBI Regulations. To protect the interests of minority shareholders, the Bill also provides for 'class action'; exit offers to minority shareholders in appropriate cases and fair valuation of property/ shares through an independent registered valuer.