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CRITICAL ANALYSIS ON THE GLOBAL PERSPECTIVES OF CORPORATE DOMINANCE AND TAKEOVER CODES: INSIGHTS FROM INDIA, USA & UK

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I. ABSTRACT

The paper aims to conduct a comprehensive doctrinal legal analysis of takeover codes, examining both Indian and global perspectives. Takeover regulations play a crucial role in corporate governance and market dynamics, impacting stakeholders ranging from investors to the company's management etc. This paper reviews many instruments of governance and how they safeguard shareholder interests.

The SEBI (SAST) Regulations of 2011 and the Companies Act of 2013 are the main governing regulations for corporate takeovers in India. The City Code on Takeovers and Mergers governs it in the UK. Takeovers are subject to state and federal regulations in the US, pertaining to corporation law and securities and antitrust laws, respectively. Financial institutions adopted corporate policies and reformed the Indian business sector. Over the past twenty years, corporate takeovers have started to gather popularity in India as well.

II. KEYWORDS

Companies Act, Corporate, Takeover, Merger, SEBI, City Code, Williams Act, Minority Shareholders, Comparative Law, Corporate Control, Cross-Border Acquisitions

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III. INTRODUCTION

A takeover in business refers to the acquisition of a company by another (the target). Up until 1994, there were very few regulations in India pertaining to takeovers, and thus, the country's takeover laws were not particularly structured. With the exception of a few clauses in the Companies Act of 1956, there wasn't anything that could be referred to as systematic takeover legislation.²

The Securities and Exchange Board of India made the initial attempt to rewrite the country's takeover laws in 1994. The statute underwent appropriate changes and regulations under the able guidance of Justice P.N. Bhagwati. After revisions were made in 1997, the restrictions were eventually put into effect. The Securities and Exchange Board of India Guidelines, 1997, or TAKEOVER CODE, is the name given to the regulations since then.³ There have been numerous revisions to this regulation since then.

The purpose of this paper is to examine and contrast the development and efficacy of takeover laws in the three main jurisdictions of the United States, the United Kingdom, and India. Through case studies analyzing preliminary elements, it discusses how takeover procedures have changed in each jurisdiction, what safeguards are in place for minority shareholders, and how regulatory thresholds, compliance requirements, and enforcement mechanisms vary among these legal systems.

The Takeover Code's goal is to control the significant purchase of shares and takeovers of listed companies – that is, companies whose shares are traded on a stock market, in a structured manner. In a restricted sense, these laws also apply to some unlisted businesses, such as body corporates incorporated outside of India, to the degree that the acquisition gives the acquirer influence over a listed business.⁴

² Betton, S., Eckbo, B.E. and Thorburn, K.S., 2008. Corporate takeovers. *Handbook of empirical corporate finance*

³ Ahmad, T. and Swain, S.R., 2012. The Takeover Code in India: A Comprehensive Overview. *International Journal of Mainstream Social Science, USA*, 2(1), pp.27-42.

⁴ Sinha Abhinav, "Takeover Code- Basic Concepts"

IV. METHODOLOGY

- **Research Design:** The study employs a comparative doctrinal legal strategy, concentrating on comparing case law and statutory analysis in the US, UK, and India. The main goal of the study was to compare important aspects of takeover legislation, including thresholds, shareholder rights, and compliance procedures, utilizing academic and legal sources.
- **Research Instrument Tools:** Statutory instruments, case law, and scholarly literature were the tools utilized. The SEBI (SAST) Regulations, 2011 (India), the Williams Act and Securities Exchange Act of 1934 (USA), and the UK's City Code on Takeovers and Mergers are among the important regulations that were looked at. Peer-reviewed papers and landmark rulings were read to further the analysis and assess how takeover concepts are interpreted and applied in real-world situations.
- **Data Collection Process:** Legal texts, court rulings, law review articles, and official regulatory publications were gathered and reviewed for the study. Particular attention was paid to determining the distinctions and similarities between the enforcement frameworks, takeover regulation procedures, and the ways in which each jurisdiction handles indirect acquisitions and minority shareholder protection.
- **Findings:** The study showed that the three countries' approaches to corporate takeovers and regulatory priorities differed significantly. The comparative analysis and policy suggestions made in the paper's later sections were influenced by these findings.

V. EVOLUTION

The first wave of mergers and acquisitions, or M&A as they are now known, burst forth in the US, UK, and other countries in the late 19th century, which is when the concept of takeover first appeared. On the other hand, in India, the listing agreement's inclusion of Clause 40 marked the first move to control takeovers. It is now required for a corporation

to make a public offer to its shareholders if it wants to acquire more than 25% of its shares or voting rights. The rule itself was confused by the acquisition of voting rights, somewhat below the 25% requirement for a public offer. Thus, in 1990, the threshold level was lowered to 10%.

The Listing Agreement's Clauses 40A and 40B were subsequently added to address the requirement to make a public offer to purchase shares in the event of a change in management control, even in the absence of a change in shareholding. The introduction of these measures had the objective of promoting transparency in the share acquisition and takeover processes while safeguarding the interests of investors. However, restricted application and feeble enforceability failed to produce the intended outcomes. Furthermore, companies whose shares were listed on a stock exchange were bound by a Listing Agreement; noncompliance resulted in the delisting of the company's shares, which turned out to be detrimental to the investors' welfare, which is supposed to be safeguarded.⁵

A more structured framework emerged following the enactment of the SEBI Act, 1992, which gave SEBI the authority to control significant share purchases and takeovers. It also gave SEBI the power to launch criminal investigations, order guilty parties to stop dealing in securities, prohibit them from selling any securities they have obtained in violation of the law, and take legal action against the involved SEBI-registered intermediary.

Following this, the SEBI large acquisition of shares and takeovers regulations, 1994, were introduced. These restrictions were in effect until February 20, 1997, when a revised version was announced. In accordance with the suggestions made in the January 18, 1997, report of the first Bhagwati Committee, the Regulations were drafted under Section 30 of the Securities Exchange Board of India Act, 1992. The second Bhagwati Committee's report provided suggestions that led to additional changes to the 1997 Takeover Code,

⁵ Sampath K.R., *Law and Procedure for Mergers/Joint Ventures, Amalgamations, Takeovers & Corporate Restructure*, 4th ed., 2008, Snow White Publications Pvt. Ltd., Mumbai. pp. 55-72

and on September 9, 2002, the SEBI Substantial Acquisition of Shares and Takeovers (Second Amendment) Regulations, 2002 went into effect.⁶

VI. TAKEOVER REGULATIONS IN INDIA

To get a comprehensive understanding of turnover and regulatory frameworks in India, it is imperative to delve into the legal terminologies pertinent to the takeover process.

There are four major concepts to consider:

- An “Acquirer” refers to any individual, corporate entity, or legal entity that, either independently or in collaboration with others, directly or indirectly acquires or agrees to acquire shares, voting rights, or control over a target company.⁷
- “PACs (Persons Acting in Concert)”, comprising individuals, companies, or other legal entities, collaborate with a common objective of acquiring shares, voting rights, or exercising control over the target company. This collaboration may be formal or informal, pursuant to an agreement or understanding.⁸
- The “target company” denotes the entity whose equity shares are listed on a stock exchange and is subject to proposed changes in shareholding or control by an acquirer.⁹
- “Control” encompasses the authority to appoint a majority of directors, influence management or policy decisions, exercised directly or indirectly by an individual or group, whether through shareholding, management rights, shareholders' agreements, voting agreements, or other means¹⁰

⁶ Pathak, S.K., 2022. Role of sebi: Cross border merger, takeover code. *Part 1 Indian J. Integrated Rsch. L.*, 2, p.1.

⁷ Singh, S.P., 2021. *A critical study of merger & acquisition of companies in India* (Doctoral dissertation).

⁸ Bhaumik, S.K. and Selarka, E., 2012. Does ownership concentration improve M&A outcomes in emerging markets?: Evidence from India. *Journal of corporate finance*, 18(4), pp.717-726.

⁹ Kumar, V., Sharma, P., Kumar, V. and Sharma, P., 2019. Regulatory Insights for M&A in India. *An Insight into Mergers and Acquisitions: A Growth Perspective*, pp.135-160.

¹⁰ *Supra Note.3*(pg.3)

The threshold limit, or the level of holding at which holders are required to abide by specific conditions, is another important concept. There are two reasons to define a threshold limit. Firstly, for the purpose of disclosure, a person must notify the relevant firm and stock exchange of his holding level at each level, whether they are 5%, 10%, or 14% and secondly, it serves as the open offer trigger point, indicating the amount of shares held over which the acquirer must make an open offer in order to continue acquiring shares or voting rights.¹¹

As per the Takeover Code, 1997, an acquirer wishing to buy 15% or more of the target company's voting rights, either alone or through a group of individuals, had to submit an open offer. The Takeover Code of 2011 raised this threshold from 15% to 25%. Comparing this to the criterion outlined in the previous Takeover Code, 1997, is a significant increase. Private equity funds and institutional investors that had previously limited their ownership to 14.99% are thought to benefit from the threshold hike. Investors will now have more control over the management of the Target Companies and will be able to raise their shareholding up to 24.99%, including minority international investors and private equity funds.

A. Creeping acquisition limit

The acquirer holding 25% or more voting rights in the target company can acquire additional shares or voting rights to the extent of 5% of the total voting rights in any financial year, up to the maximum permissible non-public shareholding limit (generally 75%).¹²

Acquisition of voting rights exceeding 5% in any financial year triggers an open offer obligation.

For computing the said 5% creeping acquisition limit:

¹¹ ANALYSIS OF TRENDS IN MERGERS AND ACQUISITIONS IN INDIA. Retrieved 2016

¹² Jetley, G. and Mondal, S.S., 2015. Rights issues and creeping acquisitions in India. *Emerging Markets Review*, 23, pp.68-95.

- Gross acquisitions will be considered without netting off any reduction in shareholding or voting rights owing to the disposal of shares or dilution of voting rights on the new issue of shares by the target company.
- In case of a new issue of shares by the target company to the acquirer, the difference between the pre- and post-allotment percentage of voting rights will be regarded as the quantum of additional acquisition.¹³

B. Indirect Acquisition

The Takeover Code, 2011, provides a clear framework for handling indirect acquisitions, an area that the Takeover Code, 1997, did not sufficiently address. It basically says that any acquisition of shares or control over a business, entity, or company that would allow an individual or individuals acting on their behalf to exercise a certain percentage of voting rights or control over the Target Company, percentage that, had it been acquired directly in the Target Company, would have required an open offer announcement, shall be deemed an indirect acquisition of voting rights or control of the Target Company.

It says that in cases where one of the following occurs:

- the Target Company's proportionate net asset value as a percentage of the entity or business being acquired;
- the Target Company's proportionate sales turnover as a percentage of the entity or company being acquired; or
- The Target Company's proportionate market capitalization as a percentage of the overall value for the entity or business being taken over is greater than 80% based on the most recent audited annual financial statements.

¹³ *Supra Note 6 (pg.5)*

In these cases, the acquisition will be considered a direct acquisition of the Target Company, and all the requirements for timing, pricing, and other regulatory compliance for the open offer will apply.¹⁴

VII. CASE STUDY

A. Daiichi Sankyo Company Ltd. v. Jayaram Chigurupati and Ors

This is a landmark case pertaining to indirect takeover issues, which served as the common verdict for both appeals.¹⁵

Facts

Daiichi Sankyo Company Ltd., a Japanese pharmaceutical company, acquired a majority stake in Ranbaxy Laboratories Limited, an Indian pharmaceutical company, in 2008 for approximately \$4.6 billion. Ranbaxy was one of India's largest pharmaceutical companies at the time. A major Share Purchase and Share Subscription Agreement (SPSSA) was signed in 2007 between Zenotech and Ranbaxy Laboratories Limited, the former was looking to purchase a sizable portion of the latter. The deal said that Ranbaxy will buy 27.35% of Zenotech's fully paid-up equity share capital at a negotiated price of Rs. 160.00 per equity share from the company's promoters. Ranbaxy also subscribed for 54,89,536 fully paid-up equity shares through a preferential allotment by Zenotech, at the same price. Consequently, a sizable chunk of Zenotech's equity was owned by Ranbaxy.

Due to this, Zenotech's public shareholders were subject to an obligatory open offer, in which Ranbaxy proposed to purchase 20% of the company's increased share capital at an equity share price of Rs. 160.00.

In order to purchase a sizable portion of Ranbaxy, Daiichi Sankyo concurrently entered into an SPSSA in June 2008 with Malvinder Singh and other Ranbaxy promoters, as well as with Ranbaxy Laboratories Ltd. Daiichi sought to purchase warrants and extra shares

¹⁴ Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Reg. 5(2), *Gazette of India, Extraordinary, Part III, Sec. 4* (Sept. 23, 2011)

¹⁵ Daiichi Sankyo Company Ltd. v. Jayaram Chigurupati and Ors, AIR 2010 SC 3089.

in addition to 30.91% of Ranbaxy's fully paid-up equity share capital. In the end, this acquisition process gave Daiichi command of Zenotech, a subsidiary of Ranbaxy, as well as the former.

Since its shareholding in Zenotech was above the 15% mark, Ranbaxy, which was now a significant shareholder in the company, was legally required to announce its intention to buy shares from Zenotech's common shareholders.

There were disagreements on the offer price for Zenotech shares; Daiichi's estimated offer price of Rs. 113.62 per share was disputed. Conflicting rulings and appeals resulted from the case being brought before regulatory agencies such as the Securities and Exchange Board of India (SEBI) and the Securities Appellate Tribunal (SAT). The main points of contention were whether Daiichi's offer price complied with regulatory requirements and if Daiichi and Ranbaxy could be regarded as "persons acting in concert" with respect to the purchase of Zenotech's shares.

Issues

- Whether Daiichi's offered price for Zenotech shares complied with regulatory requirements.
- Whether Daiichi and Ranbaxy could be considered 'persons acting in concert' regarding Zenotech's acquisition, potentially influencing the determination of the offer price.

Judgment

The court reviewed Regulation 14, paying particular attention to Sub-regulations (1) and (4), which set deadlines for notifying the public about purchases. It acknowledged the importance of the Second Amendment Regulation of 2002, which modified the announcement schedule by adding Sub-regulation (4) to Regulation 14. The court also cited Regulation 20(12), which establishes the deadlines for calculating the offer price but provides no instructions on the process.

They examined the procedures for figuring up the offer price, citing Regulation 20(12) and Sub-regulations (4) and (5). It was noted that, since there had been no recent share acquisitions or negotiated price, Daiichi's offer price calculation for Zenotech shares was based on Regulation 20(4)(c), yielding an offer of Rs. 113.62 per share.

Respondents disputed this estimate, claiming that Regulation 20(4)(b) ought to be in effect and asking for Rs. 160.00 per share.

They also examined Daiichi and Ranbaxy's relationship, paying particular focus to the ramifications of Ranbaxy being Daiichi's subsidiary. It refuted the notion that Ranbaxy, being a subsidiary, would inevitably collaborate with Daiichi. The court stressed the requirement for verifiable proof of cooperative goals intended to acquire significant shares outside of the corporate framework.

The court decided that 'persons acting in concert' meant something more than a simple parent-subsidiary arrangement. It was determined that, in the absence of joint aims for a significant acquisition, Ranbaxy's purchase of Zenotech shares did not amount to concerted activity with Daiichi. The court overturned the decision of the Appellate Tribunal, affirming Daiichi's offer price estimate for Zenotech shares.

VIII. TAKEOVER REGULATIONS IN THE UNITED STATES

In the United States, the primary methods for acquiring a publicly traded firm are mergers and tender offers. In a tender offer, the target's shareholders are directly approached with an offer to purchase their shares on predetermined terms and circumstances.

A hostile or negotiated tender bid is both possible. The US federal securities laws, which outline necessary disclosures and establish substantive regulation, govern tender bids. The corporate laws of the state in which the target is established also govern the acts of the target and its board of directors in relation to a tender offer. Among other things, these laws govern whether or not the board's actions are in line with its fiduciary duties under the relevant statutes. The target and the person making the offer in a negotiated

transaction would be subject to increased scrutiny under the applicable state corporate law, and a tender offer would also be subject to enhanced disclosure obligations under US federal securities laws if the offeror is an affiliate or controlling shareholder of the target.¹⁶

The Securities Exchange Act of 1934 and rules issued by the Securities and Exchange Commission (SEC) essentially govern the regulations. The Williams Act, 1968 is a landmark federal law in the United States aimed at regulating tender offers and protecting shareholders during takeover attempts. In order to maintain fairness and openness throughout the process, it requires information to be disclosed by both target companies and bidders in tender offers. In order to do this, bidders must submit a Schedule TO to the Securities and Exchange Commission that contains important information about the tender offer, including the terms, duration, and offer price. Additionally, it restricts the use of certain strategies, such as dishonest or fraudulent techniques, and gives shareholders certain rights, such as the right to withdraw tendered shares and equitable treatment.¹⁷

A few notable takeover-related clauses are as follows:

- Section 13(d) of the Securities Exchange Act mandates that any person or entity that purchases more than 5% of a class of equity securities in a publicly traded firm submit a Schedule 13D to the SEC. The identity, plans, and other pertinent details of the acquirer regarding the acquisition must be revealed in this document. This clause seeks to be transparent about large ownership interests and prospective shifts in corporate control.¹⁸ Tender offers for equity securities are governed by Regulation 14D of the Securities Exchange Act. In order to make a tender offer, a bidder must follow certain procedural guidelines, which include

¹⁶ Ferrarini, G. and Miller, G.P., 2009. *A simple theory of takeover regulation in the United States and Europe*. *Cornell Int'l LJ*, 42, p.301.

¹⁷ Magnuson, W., 2009. *Takeover regulation in the United States and Europe: an institutional approach*. *Pace Int'l L. Rev.*, 21, p.205.

¹⁸ Rules, G., Securities Exchange Act of 1934.

filing a Schedule TO with the SEC and giving specific disclosures to target shareholders.

- Regulation 4D of the Securities Exchange Act elaborates on how equity securities tender offers are regulated. A Schedule TO must be filed with the SEC, and target shareholders must receive specific information. It also lays out procedural rules for bidders submitting tender offers. In addition, Regulation 14D forbids certain fraudulent or manipulative acts and lays out requirements that must be fulfilled for a tender offer to be fulfilled.
- Regulation 14E covers the Going-private deals, tender offers, and other acquisitions involving publicly traded corporations. Both bids and target corporations are required to disclose substantial facts and to file a Schedule 14E-3 with the SEC. To maintain fairness and openness, parties to these transactions are subject to additional regulations outlined in Regulation 14E.¹⁹
- In addition to these regulations, an understanding of concepts like fiduciary relationships, poison pills, and proxy contests is essential while endeavoring to completely understand US takeover regulations.
- Poison pills or Shareholder rights plans are defensive strategies companies use to thwart hostile takeovers. Usually, if an acquirer reaches a particular number of shares without board approval, it permits current owners to buy more shares at a reduced price. Poison pills reduce the acquirer's ownership stake, raising the cost of the takeover and possibly discouraging hostile bids.²⁰
- Proxy Contest is an event where a dissident shareholder group tries to replace the current board of directors with its own nominations. The SEC's proxy rules mandate that important information be disclosed to shareholders and control the process of requesting proxies from them. Intense campaigning and

¹⁹ Bebchuk, L.A. and Ferrell, A., 2001. *A new approach to takeover law and regulatory competition*

²⁰ Dari, S. and Choudhary, N., 2022. *TAKEOVER CODE VIS A VIS CORPORATE RESTRUCTURING—A COMPARATIVE STUDY OF INDIA, USA, UK AND SINGAPORE. Russian Law Journal, 10(2), pp.19-26.*

communication are frequently used in proxy elections to sway shareholders' votes in favor of the dissident slate of directors.²¹

- Fiduciary duties are owed by directors of publicly traded firms to the company and its shareholders. These responsibilities include the duty of care, which calls for directors to make decisions with appropriate care and diligence, and the duty of loyalty, which requires directors to act in the company's and its shareholders' best interests. Directors in a takeover must carefully consider rival offers, bargain for the best price for shareholders, and notify shareholders of significant facts.
- The fiduciary duties of directors during takeovers are governed by state corporate law, particularly Delaware law, in addition to federal law. According to the ruling in *Unocal Corp. v. Mesa Petroleum Co.*²² Defensive actions are only permitted if the board reasonably believes that a threat exists and reacts appropriately.
- Similarly, in another well-known case, *Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc.*²³ It was decided that directors had to look for the best value that shareholders might reasonably expect when a firm was for sale.

All of these regulations, statutes, and concepts collectively create an extensive framework that governs takeover operations within the US and makes sure that transactions are carried out with integrity, transparency, and in the best interests of shareholders.

IX. TAKEOVER REGULATIONS IN THE UK

The City Code on Takeovers and Mergers, sometimes referred to as the "City Code" or "Takeover Code," governs takeovers in the United Kingdom (that is, acquisitions of exclusively public corporations). 'The Blue Book' is a book that contains all of the takeover

²¹ DeAngelo, H. and DeAngelo, L., 1989. Proxy contests and the governance of publicly held corporations. *Journal of Financial Economics*, 23(1), pp.29-59.

²² *Unocal Corp. v. Mesa Petroleum Co.*, 493 A.2d 946 (Del. 1985).

²³ *Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc.*, 506 A.2d 173 (Del. 1986)

guidelines. At first, the Code was a set of non-statutory guidelines that municipal institutions were in charge of, ostensibly voluntarily.

Nonetheless, the Code was seen as obligatory since breaking it may result in severe reputational harm and the loss of access to city services provided by those organizations. The Code was enacted into law in 2006 as part of the UK's efforts to comply with the European Takeover Directive.²⁴ According to the Code, a company's shareholders must all be treated fairly. It establishes deadlines for specific bid components, controls what information corporations may and cannot disclose to the public, and establishes minimum bid amounts in the event that a previous share purchase has been made.

X. ACQUISITIONS AND MERGERS IN THE UNITED KINGDOM ~ COMPANIES LAW

There are three primary areas of U.K. company law that govern mergers and acquisitions (also known as reconstructions or takeovers): general reconstructions, demergers, amalgamations, and takeovers that deal with the purchase of public firms. All of these areas are supervised by a court.

The European Directive on Takeover Bids for Public Companies and other Companies Act obligations are supervised by the Panel on Takeovers and Mergers in the City of London, which was founded in 1968.

A takeover bidder who has already obtained 90% of a company's shares is entitled, by Section 979 of the Companies Act 2006, to a compulsory buyout of the remaining shareholders. On the other hand, minority shareholders may demand that their shares be acquired using Section 983. The rules would come under part 28 of the Act.

²⁴ Johnston, A., 2007. Takeover regulation: historical and theoretical perspectives on the City Code. *The Cambridge Law Journal*, 66(2), pp.422-460.

XI. THE TAKEOVERS AND MERGERS PANEL & EUROPEAN COMMISSION

The organization that oversees acquisitions of businesses governed by the City Code is the Panel on Takeovers and Mergers, or the "Panel."

Since the UK is a member of the European Union (EU), in some situations, the European Commission has exclusive competence to review competition issues arising from proposed takeovers.²⁵

A. City Code

The City Code, overseen by the Panel, regulates takeover bids in the UK. It ensures fairness, transparency, and equality for shareholders through six principles and 38 rules. These principles focus on treating shareholders equally, preventing false markets, and curbing target company actions that could thwart offers.

The primary objective can be summed up in three guiding principles: a false market in the offeror's or target company's securities cannot be created; all shareholders of the same class in the target company must be treated equally and have access to sufficient information to enable them to make an informed decision; and the target company's management cannot obstruct an offer without the consent of its shareholders.

The law establishes minimum bid amounts after a prior purchase, mandates that all shareholders in a firm be treated fairly, and controls when and what information companies may and cannot divulge in regard to the bid. It also establishes timelines for specific components of the bid.

Particularly,

- A shareholder is required to make an offer when their shareholding, including that of concert parties, reaches 30% of the target (mandatory bid rule);

²⁵ Pennington, R.R., 1969. *Takeover bids in the United Kingdom*. *The American Journal of Comparative Law*, 17(2), pp.159-193

- The information about the bid can only be disclosed through announcements governed by the code
- The bidder is required to announce if rumors or speculation have affected the price of the company's shares
- The offer amount cannot be lower than the lowest price the bidder paid in the three months prior to the announcement of a firm intention to make an offer
- If shares are purchased during the offer period at a price higher than the offer price, the offer must be increased to the amount offered.²⁶

Most of the City Code consists of 38 regulations that are essentially extensions of the main principles, with sections covering particular aspects of a takeover. It is necessary to abide by the exact wording of the City Code as well as its spirit.

The Panel views concerns pertaining to the company and its shareholders, and is not concerned with the financial or commercial benefits or drawbacks of a takeover. It is also not the intention of the City Code to encourage or prohibit takeover offers. Even in these difficult times, a lot of businesses still want to expand through acquisitions.²⁷

Corporate takeovers are a common tactic in the modern global economy, when companies want to increase their size and accelerate the rise of their market share while also gaining economies of scale that will make them more competitive. In every industry, including IT, R&D, pharmaceuticals, infrastructure, energy, consumer retail, automotive, telecom, financial services, media, and hospitality, India's economy has been expanding quickly and rising to the top. Large corporations, investors, and industrial houses view.

The Indian market is seeing rapid growth and expansion, resulting in substantial returns on capital and shareholder value. Every takeover has a unique set of circumstances and motivations that influence how the deal is approached, handled, and carried out.

²⁶ Gaughan, P.A., 2010. *Mergers, acquisitions, and corporate restructurings*. John Wiley & Sons.

²⁷ Shea, T., 1990. Regulation of Takeovers in the United Kingdom. *Brook. J. Int'l L.*, 16, p.89.

However, how successfully the deal makers can merge the two businesses will determine whether the buyout succeeds. Every transaction has unique factors that are impacted by a variety of unrelated variables, including the company's leadership and personnel retention rate. The risk of these corporate takeovers will depend on factors including profits, intellectual property, client base, and whether the acquiring business is the primary or secondary target.²⁸

XII. COMPARATIVE ANALYSIS OF THE VARIOUS REGULATORY PROCESSES IN THE UK, US, AND INDIA

India, the UK, and the USA all have different regulatory criteria and thresholds for acquisition activity. In India, 15% is the initial acquisition threshold, and exceeding this threshold requires a public declaration. On the other hand, the UK has comparable regulations for public announcements but imposes a higher threshold of 30% for initial purchases. Takeover offers are voluntary in the United States, with no minimum requirement, but public notifications are still required. In each of these jurisdictions, distinct authorities are in charge of regulatory monitoring. In India, takeover laws are governed by the SEBI and the Companies Act of 1956. The Securities Exchange Act of 1934 governs the USA, whereas the City Code or the Companies Act of 2006 governs the UK.

India permits shareholders holding between 15% and 75% to progressively purchase up to 5% more in terms of creeping acquisition limitations. But there are no similar laws governing creeping acquisitions in the USA or the UK.

Different governments distribute information on letters of offer differently. It needs to be sent to the stock exchange, the target company, and SEBI in India. It is given to the trustee of the target business's pension plan in addition to employees of the offeror and the target company in the UK. In the United States, it is distributed to the intended business, all stockholders, and, if relevant, benefit plan trustees. Offer parameters and sizes vary as

²⁸ *Supra Note.21(pg.14)*

well. Whereas the UK concentrates on remaining shares, India requires a minimum offer size of 20% of the target company's voting share capital. Offer sizes in the USA are subject to certain limitations and can be as high as 5% for tender offers or as low as 5% for mini-tender offers.

Every jurisdiction reflects the distinct regulatory landscapes and national interests in its approach to escrow accounts, withdrawal of offers, and penalties for noncompliance. In terms of escrow account requirements, India mandates that 25% of the consideration payable must be held in escrow. In contrast, the UK requires confirmation from a third party regarding the availability of resources, ensuring the bidder's ability to fulfill the offer. Notably, the USA does not have specific provisions for escrow accounts in its takeover regulations.

Regarding the withdrawal of offers, India allows for withdrawal under certain conditions, providing flexibility for acquirers. Similarly, the UK permits withdrawal if a competitive bid is made at a higher price, incentivizing competitive bidding processes. In contrast, the USA's regulations are silent on withdrawal, allowing regulatory discretion as deemed fit.

Both the USA and India have accepted the idea of indirect acquisitions, which permits intricate acquisition structures involving numerous firms. This recognizes the reality of contemporary business dealings, which frequently entail complex ownership arrangements and acquisitions made through subsidiary companies.

Lastly, different jurisdictions have different consequences for non-compliance. Because regulatory violations are so serious in India, violators may be subject to both civil and criminal penalties. Reprimands and public censure are examples of penalties used in the UK to deter misbehavior. Civil fines are enforced in the United States of America, signifying a dedication to accountability and enforcement in takeover operations.²⁹

²⁹ Goel, N.K., Chatterjee, A. and Kumar, K., 2016. Corporate Takeover and Automobile Industry A Review from India, USA & UK. *Asian Journal of Research in Business Economics and Management*, 6(6), pp.37-57.

XIII. CONCLUSION

The paper elaborately reviewed the takeover codes, taking into account viewpoints from both the international and Indian spheres. It looked at how each jurisdiction's takeover rules have evolved, how they safeguard minority shareholders, and what regulatory thresholds and enforcement strategies they utilize. The study highlighted significant variations in legal philosophy, regulatory framework, and shareholder rights protections by employing a comparative doctrinal method.

One significant finding is that India's takeover regime, particularly as it relates to the SEBI (SAST) Regulations, 2011, has changed from a disjointed system to a codified and numerically accurate framework that prioritizes investor protection and obligatory disclosure. The U.S. approach, on the other hand, is primarily dependent on state law fiduciary duties that are enforced by judges and federal disclosure laws. Under a single statutory framework after 2006, the UK places a high priority on timely disclosures, shareholder equality, and procedural fairness through its City Code and the Panel on Takeovers and Mergers.

This study suggests, in light of the comparative research, that India should keep updating its takeover laws to handle the intricacies of cross-border acquisitions and digital transactions, including improving how related party and indirect acquisitions are handled.

Given the rise in shareholder activism, the United States think about strengthening rights for minority shareholders during hostile takeovers., and the UK could modify its rules to reflect the expanding role of private equity in public M&A and make sure that post-Brexit takeover evaluations continue to be transparent in the absence of EU-level oversight.

In the future, technical developments (such as artificial intelligence (AI) in due diligence), shifting ESG (Environmental, Social, and Governance) agendas, and heightened scrutiny of cross-border transactions for national security purposes are anticipated to influence the global takeover environment. In a dynamic global economy, regulators will have to

balance promoting economic growth with safeguarding the interests of shareholders and stakeholders as businesses continue to explore strategic consolidations.

XIV. BIBLIOGRAPHY

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