



Tuesday, 16 May 2017

Target Exemption under the Competition Act Amended¹

The government of India by way of notification published on March 29, 2017 has enhanced the scope of the dominions or the small target, exemption to include transactions structured as mergers or amalgamations. While there is no increase in the target exemption threshold which was revised last in 2016, the following changes have been made

- ✓ Revised Target exemption now extends to mergers or amalgamations as well.
- ✓ Further, in transactions involving the acquisitions/merger of only a business, division or portion of an enterprise, the notification states that the assets and turnover value of such business/division will need to be considered.
- ✓ The applicability of the new notification is for a period of 5 years until 28th March 2022. The revised target exemption does not apply to transactions

entered into prior to 29 March 2017. Such transactions will continue to be governed by the earlier target exemption provisions and its interpretations.

- ✓ The notification now clarifies that for the purposes of determining whether the jurisdictional thresholds are met, or whether the target exemption is available the asset or turn over value of the specific business or division being acquired or merged is to be considered and such value is determined on the basis of audited financial statements for the immediately preceding financial year.
- ✓ The manner in which the value of assets or turnover is to be computed has been clarified under the revised target exemption with the value of Intellectual Property Rights, if any, being included in the calculation.

Astrea Legal is a full service Law firm. It offers a comprehensive range of legal services in the areas of Civil, Constitutional, Corporate, and Criminal law. The firm extensively focuses on to address industry wise Legal & Consultancy services. The firm always keeps in mind to address every legal service requirements of the business transactions under one roof service strategy.

Website: www.astrealegal.com Email: contact@astrealegal.com

Contact: +91 9822720483, +91 020 – 6510878

Disclaimer - This publication is provided for general information and does not constitute any legal opinion. This publication is protected by copyright. © 2017 Astrea Legal Associates LLP.

¹ CCI brings about Substantive Changes to the Indian Merger Regime, Competition Law, A Cyril Amarchand Mangaldas Blog, Cyril Amarchand Mangaldas