

## **Glossary of Terms :-**

### **a.) Target Enterprise**

The enterprise whose assets, shares, voting rights or control, is being acquired

### **b.) Foreign institutional investor**

Foreign institutional investor has the same meaning as assigned to it in clause (a) of the Explanation to section 115AD of the Income-tax Act, 1961

### **c.) Venture capital fund**

Venture capital fund has the same meaning as assigned to it in clause (b) of the Explanation to clause (23 FB) of section 10 of the Income-tax Act, 1961

### **d.) Public financial institution**

Public financial institution means a public financial institution specified under section 4A of the Companies Act, 1956 (1 of 1956) and includes a (4) State Financial, Industrial or Investment Corporation

### **e.) Shares**

Shares means shares in the share capital of a company carrying voting rights and includes—

- i. any security which entitles the holder to receive shares with voting rights;
- ii. stock except where a distinction between stock and share is expressed or implied.

### **f.) Group**

The 'Group' has been defined by the Act to mean two or more enterprises which, directly or indirectly, are in a position to —

- exercise twenty-six per cent or more of the voting rights in the other enterprise; or
- appoint more than fifty per cent of the members of the board of directors in the other enterprise; or
- control the management or affairs of the other enterprise.

Further, the Central Government vide a notification has exempted a 'Group' exercising less than 50 % of voting rights in other enterprise from the provisions of section 5 of the said Act for a period of five years from the date of notification i.e. 04.03.2016

(See Explanation (b) to Section 5 of the Act read and Notification No. S.O. 673(E) dated March 4, 2016)

### **g.) Acquisition**

Acquisition means, directly or indirectly, acquiring or agreeing to acquire

- i. shares, voting rights or assets of any enterprise; or
- ii. control over management or control over assets of any enterprise

### **h.) Control**

The Competition Act, 2002 provides for an inclusive definition of “control”, as including “controlling the affairs or management” of a target enterprise or group. The manner in which CCI has interpreted the meaning of the term “control” may be seen, inter alia, from the following orders: Case No. C-2012/03/47, Independent Media Trust; Case No. C-2012/06/63, SPE Holdings/MSM/Grandway & Atlas; Case No. C-2012/09/78, Century Tokyo/Tata Capital Financial Services Limited; Case No. C-2015/04/267, AXA India/Soci t  Beaujon/Bharti AXA General Insurance; Case No. C-2015/07/296, FIH Mauritius Investments/Fairfax; Case No. C-2015/09/308, Standard Life/HDFC Standard Life Insurance; Case No. C-2015/10/326, Aviva International/Dabur Invest Corp/Aviva Life Insurance; Case No. C-2015/12/346, AIA International Limited/Tata Sons Limited/Tata AIA Life Insurance, etc.

i.) **Assets/Turnover (to be hyperlinked on the webpages where value of assets/turnover is being asked)**

In terms of the provisions of Act, the value of assets is determined by taking into account the book value of assets shown in the audited books of accounts of the enterprise for the financial year immediately preceding the financial year in which (a) the proposal relating to merger/amalgamation was approved by the Board of Directors of the enterprises concerned; or (b) any agreement or other document for acquisition was executed

Value of turnover is also determined by applying the same principle.

Where only a part of the Target Enterprise is being acquired, taken control of, merged or amalgamated with another enterprise, the value of assets of the said part is determined by taking the book value of the assets as shown, in the audited books of accounts of the enterprise or as per statutory auditor’s report where the financial statement have not yet become due to be filed, in the financial year immediately preceding the financial year in which the date of the proposed combination falls.

The turnover of the said portion or division or business shall be as certified by the statutory auditor on the basis of the last available audited accounts of the company.