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November 18, 2009

The Hon'ble Chairman  
Securities and Exchange Board of India  
Plot No. C4-A, 'G' – Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai – 400 051

Respected Sir,

**Re: Takeover Regulatory Advisory Committee**  
**Sub: Suggestions to the proposed Takeover Code relevant to Private Equity / Venture Capital Funds**

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Indian Venture Capital and Private Equity Association (IVCA) is the oldest member based national organization that represents most of the active venture capital and private equity firms in India. Our members represent funds under management ranging from USD 5 Million to USD 3 Billion.

IVCA members provide capital for seed ventures, early stage companies, later stage expansion, and growth finance. Majority of investment by these firms result in fresh infusion of capital into the undertakings thus facilitating growth of economic activity and employment. Further, investment by these firms is typically made with a medium to long-term outlook. Hence, these firms expect certainty on taxation and regulatory front which in turn ensures stability and attractiveness of India as an investment market. In the last five and a half years US\$ 44.8 billion (INR 2,24,000 Crores) has been invested by VC/PE firms in India in over 13000 Indian enterprises.

It is commendable that SEBI through Takeover Regulations Advisory Committee has sought inputs on the draft Takeover Code from various sections. As a responsible industry association, we consider ourselves duty-bound to respond. Accordingly, we have availed the opportunity given to the general public to provide comments on the draft Takeover Code and have set out a few suggestions of particular relevance to us for your kind consideration.

The Takeover provisions in their present form appear to create uncertainty in respect of certain provisions. It is extremely important to have enabling provisions which would clear such uncertainty / anomaly thereby creating conducive climate for investments in India.

We have set out in the annexure the issues, our suggestions and the rationale of our recommendations.

We request you to consider our views favourably to enable create a positive and stable regime to encourage VC/PE investment in India. We would be happy to meet and discuss this further in detail.

We acknowledge the assistance provided by Nishith Desai Associates in formulating IVCA's response contained in the Annexure. This has already been submitted directly to the Takeover Regulation Advisory Committee.

We thank you for presenting us with this opportunity to provide suggestions on the proposed Take Over Code.

Yours sincerely,

**For Indian Venture Capital & Private Equity Association**

A handwritten signature in black ink, appearing to read "Mahendra Swarup". The signature is written in a cursive style with a horizontal line under the name.

**Mahendra Swarup**  
**(President)**