

Takeover Panorama

*A monthly Publication by Corporate Professionals
February Issue Volume – XXIX*





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Scenario Media Limited

Facts:

On 27.12.2004 Scenario Communications Pvt. Ltd. (acquirer) had acquired 20, 00,000 equity shares of Scenario Media Limited (Target Company) through preferential allotment and the shareholding of acquirer increased from 'Nil' to 89.29% of the enhanced paid up equity capital of the target company. The said allotment was made without obtaining in-principal approval from BSE.

SEBI directed the acquirers to make a fresh public announcement, where the previous public announcement was made pursuant to acquisition of shares in violation of Clause 24 (a) and 40A of Listing Agreement, after completion of all the applicable legal compliances.

On 28.05.05, the acquirer made a Public Announcement under regulations 10 and 12 read with regulation 14 of Takeover Regulations to acquire 2, 40,000 fully paid up equity shares representing 10.71% of the post preferential voting capital of target company at an offer price of Rs.10 (plus interest @ 10% for the delay in making Public Announcement) per fully paid up share.

By letter dated 01.07.05, SEBI sought certain details from the merchant banker including the details as to whether the preferential allotment was in compliance with the then applicable clause 40A of the Listing Agreement and whether shares allotted by said preferential allotment were eligible for listing. In response to the details sought by SEBI, the merchant banker submitted various undertakings to raise the minimum public shareholding in accordance with the Listing Agreement; however SEBI failed to receive any satisfactory clarification from the merchant bankers.

Issues:

Therefore, SEBI issued a show cause notice dated 04.12.07 to the acquirer, asking as to –

1. Why the acquirer should not withdraw the public offer made by Public Announcement dated 28.05.05 in terms of the regulation 27 (1) (d) of the Takeover Regulations?
2. Why the acquirer should not be directed under regulation 44 and regulation 45 of the Takeover Regulations and sections 11 and 11B of the SEBI Act, 1992:
 - (a) to disinvest shares acquired by the acquirer in excess of limit of 75%;
 - (b) to transfer the proceeds of such disinvestment or any unjust enrichment on account of above acquisition to the Investor Protection and Education Fund of SEBI; and
 - (c) not to exercise voting rights attached to the shares acquired in violation of provisions of listing agreement and Takeover Regulations, till completion of the process of disinvestment in accordance with regulation 44(a) of Takeover Regulations.

Submissions:

In the reply made by the acquirer to the said show cause notice, it submitted that the target company has undertaken to restructure its share capital and allot 5,25,000 equity shares of Rs. 10/- each and 14,75,000 redeemable preference shares of Rs. 10/- each to the acquirer in lieu of the 20,00,000 equity shares already allotted to it on preferential basis. The target company has also received the approval from BSE, vide their letter dated 17.03.08, to bring down the equity holding of the acquirer to 68.63%. Consequent to the said corrective steps, the obligation of the acquirer to make public offer under Takeover Regulations will continue. Since the public offer would be in the interests of the public shareholders, the withdrawal of Public Announcement need not be insisted upon.

Further, since consequent to the said corrective steps, there will no requirement of disinvestment, and therefore with no divestment, there has been no unjust enrichment and hence any situation for transfer of any proceeds of such disinvestment to the Investor Protection and Education Fund of SEBI may not arise.

Decision:

In view of the above facts and circumstances, SEBI direct the acquirer to make the revised public announcement under regulations 10 and 12 of the Takeover Regulations making full disclosures of all material facts including subsequent developments and offer the revised price within 2 weeks of

listing granted by BSE. The acquirer shall determine the price under regulation 20 of the Takeover Regulations and for the said purpose; it would factor in the two weeks traded price prior to taking the date of revised Public Announcement. The acquirer shall also pay the interest @ 10% for the delay in making the payment to the shareholders whose shares have been accepted from 26.03.05 (i.e., 90 days from the date of trigger of the Takeover Regulations) till the actual date of making payment to those shareholders.

Sukumar Nandlal Shah v Adjudicating Officer

Facts:

On December 08, 2000, Sukumar Nandlal Shah along with Smita Sukumar Shah and Anupa Sukumar Shah (Noticees) acquired shares of Texplast Industries Limited (Company) through the preferential allotment increasing their shareholding from 24.06% to 46.50% and sought the exemption from the compliance of regulation 11(1) of the SEBI Takeover Code in terms of regulation 3(1)(c) of that regulation.

SEBI held that once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation irrespective of the fact that the company is a sick company.

However, while analysing the report filed in terms of regulation 3(4) of the SEBI Takeover Code, SEBI observed that the Noticees had not complied with one of the pre condition i.e. the noticees had not sent the board resolution in respect of such preferential allotment to the stock exchanges and therefore, consider the application as not eligible for exemption and requires the noticees to make the public announcement. However, the noticee failed to make the open offer and has thus violated regulation 11(1) of SEBI Takeover Code.

Contention:

1. There is shortage of working capital;
2. Company is declared as sick by BIFR;
3. Approach to BIFR for its order for the allotment of shares to the promoters would have taken a lot of time;

4. There is Scarcity of Staff;
5. Violation is technical and has not caused any harm to any investor and/or authority;
6. Price of Rs.10 each is also justified in terms of the market condition as the entire share capital of the company was eroded.

Issues:

Whether the Noticees had violated provisions of regulation 11(1) of SAST Regulations and does the non-compliance, if any, on the part of the Noticee attract monetary penalty under section 15H (ii) of SEBI Act?

Decision:

SEBI held that once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Therefore, the aforesaid contentions of the Noticee in this regard are not tenable and imposed the penalty of Rs.50000/- on the noticee. Further, by not making the public announcement, the noticee has also avoided the expenditure which otherwise they would have incurred.

TTK Healthcare Limited

Facts:

The acquirers are the promoters of the target company and are presently holding 50,81,000 equity shares representing 62.65% of voting rights of the target company. The Target Company has announced the buyback of its shares, pursuant to which the holding of the acquirers would increase from 62.65% to 74.99% resulting into triggering the regulation 11(2) of the SEBI (SAST) Regulations, 1997.

SEBI granted the exemption from regulation 11(2) of the SEBI (SAST) Regulations, 1997 where the increase in the shareholding is pursuant to the buy back by the company.

The shareholders' approval for this was obtained by way of special resolution passed through postal ballot and scrutinizer report was submitted on September 25, 2008. Therefore, the acquirer has filed this present application dated September 17, 2008 seeking the exemption.

Grounds of Exemption:

1. No change in control.
2. No active acquisition of shares by the acquirers.
3. Minimum Public shareholding will be maintained.

Decision:

In view of the above facts, SEBI granted the exemption to the acquirers from complying with regulation 11(2) subject to the condition that the acquirers shall ensure compliance with the applicable provision of the Companies Act, 1956, SEBI (Buy-back of Securities) Regulations, 1998, the Listing Agreement and other applicable laws.

Consent Order in the matter of Prime Securities Limited

New Vernon Private Equity Limited ('the applicant') acquired, through private Placement, 6.84% of the voting share capital of company on 28.01.08 and made the disclosure in terms of Regulation 7(1) of the SEBI Takeover Code. However, while making the disclosure, the applicant failed to include the shareholding of New Vernon India Limited, a 'person acting in concert' with it, in the target company. It, however, made these disclosures with considerable delay. Therefore, the applicant has filed this present application on 21.08.08 and proposed to pay Rs.25,000/- towards settlement charges and Rs. 10,000/- towards administrative charges. The terms as proposed by the noticee were placed before the High Powered Advisory Committee and on the recommendation of HPAC, it is hereby ordered that the SEBI shall not take any enforcement action against the applicant.

Consent Order in the matter of Navkar Builders Limited

Navkar Fiscal Services Private Limited (applicant) acquired 21.97% of share capital on May 16, 2007 from the promoters of the company through the inter se transfer of shares. However, it failed to make the disclosure in terms of regulation 3(3) of the SEBI (SAST) Regulations, 1997 within time and has thus filed this present application on May 29, 2008 seeking the settlement of the enforcement action that may be initiated by the SEBI and proposed to pay Rs.50000 towards the consent terms. The terms as proposed by the applicant were placed before the High Powered Advisory Committee. On the recommendation of the HPAC, it is hereby ordered that SEBI shall not any action against the applicant.

Consent order in the matter of Veronica Laboratories Limited

Adjudication proceedings were initiated against M/s VSFL Capital Limited (Noticee) for the alleged violation of the Regulation 7(1), 7(1A) read with 7(2) and 8(2) of the SEBI (SAST) Regulations, 1997 and Regulation 13(1) and 13(3) read with 13(5) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 in the matter of M/s Veronica Laboratories Limited. Pending the adjudication proceedings, the noticee proposed to pay Rs. 1,50,000/- towards the consent terms vide application dated March 11, 2008. The terms as proposed by the noticee were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of the HPAC, SEBI disposes of the adjudication proceedings against the noticee.

Consent order in the matter of A.K. Singh

A. K. Singh (“noticee”) failed to comply with Regulation 6(1) & 6(3) for the year 1997 and Regulation 8(1) & 8(2) for the years 1997 till 2006, of SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 1997 within the time specified in such regulations. Accordingly, adjudication proceedings were initiated against the noticee. Pending, the adjudication proceedings, the noticee proposed to pay a sum of Rs.3,00,000/- towards consent terms and Rs. 5,000/- towards administrative expenses. The terms as proposed by the noticee were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of the HPAC, SEBI disposes of the said proceedings against the noticee.

Consent order in the matter of Eapen Chako

Eapen Chako (“noticee”) failed to comply with Regulation 6(1) & 6(3) for the year 1997 and Regulation 8(1) & 8(2) for the years 1997 till 2006, of SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 1997 within the time specified in such regulations. Accordingly, adjudication proceedings were initiated against the noticee. Pending, the adjudication proceedings, the noticee proposed to pay a sum of Rs.3,00,000/- towards consent terms and Rs. 5,000/- towards administrative expenses. The terms as proposed by the noticee were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of the HPAC, SEBI disposes of the said proceedings against the noticee.

Consent order in the matter of K. A. Thomas

K. A. Thomas. (“noticee”) failed to comply with Regulation 6(1) & 6(3) for the year 1997 and Regulation 8(1) & 8(2) for the years 1997 till 2006, of SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 1997 within the time specified in such regulations. Accordingly, adjudication proceedings were initiated against the noticee. Pending, the adjudication proceedings, the noticee proposed to pay a sum of Rs.3,00,000/- towards consent terms and Rs. 5,000/- towards administrative expenses. The terms as proposed by the noticee were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of the HPAC, SEBI disposes of the said proceedings against the noticee.

Consent order in the matter of Kripa Balan

Kripa Balan. (“noticee”) failed to comply with Regulation 6(1) & 6(3) for the year 1997 and Regulation 8(1) & 8(2) for the years 1997 till 2006, of SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 1997 within the time specified in such regulations. Accordingly, adjudication proceedings were initiated against the noticee. Pending, the adjudication proceedings, the noticee proposed to pay a sum of Rs.3,00,000/- towards consent terms and Rs. 5,000/- towards administrative expenses. The terms as proposed by the noticee were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of the HPAC, SEBI disposes of the said proceedings against the noticee.

Consent order in the matter of Tebma Shipyards Limited

SEBI initiated adjudication proceedings against Tebma Shipyards Limited.(“noticee”) for delayed compliance of Regulation 6(2) & 6(4) for the year 1997 and Regulation 8(3) for the years 1998 till 2006 of SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 1997. Pending the adjudication proceedings, the noticee proposed to pay a sum of Rs. 3,00,000/- towards consent terms and Rs. 25,000/- towards administrative expenses. The terms as proposed by the noticee were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of the HPAC, SEBI disposes of the said adjudication proceedings against the noticee.

Consent order in the matter of Aryaman Financial Services Limited

On examination of draft letter of offer filed for the acquisition of shares of Aryaman Financial Services Limited (AFSL), it was observed that AFSL failed to make the disclosure under regulation 8(3) of the SEBI Takeover Code for the financial years ended March 31, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, and 2006 and accordingly, adjudication proceedings were initiated against the AFSL. Pending the adjudication proceedings, AFSL proposed to pay a sum of Rs.3,50,000/- towards settlement charges and Rs.50,000/- towards administration charges. The terms as proposed by AFSL were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of HPAC, SEBI disposes of the said proceedings against the noticee.



“In case of competitive bid, the original open offer continues to subsist, and the shareholders have the option to tender their shares under any of the continuing open offers irrespective of the price being offered under various open offers.”

LATEST OPEN OFFERS

Name of the Target Company	Name of the Acquirer and PAC	Details of the offer	Reason of the offer	Concerned parties
<p>The Grob Tea Company Limited</p> <p>Regd. Office Kolkata</p> <p>Paid up capital Rs. 116.23 Lacs</p> <p>Listed At CSE</p>	<p>Rawalwasia Industries Pvt. Ltd. and Strip Commodeal Pvt. Ltd.</p>	<p>Offer to acquire 2,32,466 (20%) equity shares of Rs.10/- each at a price of Rs. 80/- per share payable in cash.</p>	<p>Regulation 10 and 12</p> <p>SPA to acquire 8,60,215 (74.01 %) equity shares of Rs. 10/- each at a price of Rs.80/- per share payable in cash aggregating to Rs.6,88,17,200/-.</p>	<p>Merchant Banker</p> <p>VC Corporate Advisors Pvt. Ltd.</p> <p>Registrar to the Offer</p> <p>Niche Technologies Private Limited</p>
<p>Zenotech Laboratories Limited</p> <p>Regd. Office Hyderabad</p> <p>Paid up capital Rs.3435 lacs</p> <p>Listed At BSE</p>	<p>Daichi Sankyo Company Limited</p>	<p>Offer to acquire 68,85,000 (20%) equity shares at a price of Rs. 113.62/- per share payable in cash.</p>	<p>Regulation 10 and 12</p> <p>Indirect acquisition of 46.85% of the paid up capital of the target company.</p>	<p>Merchant Banker</p> <p>ICICI Securities Ltd.</p> <p>Registrar to the Offer</p> <p>Karvy Computershare Private Limited</p>

<p>Star Leasing Limited</p> <p>Regd. Office Hyderabad</p> <p>Paid up capital Rs.24 lacs</p> <p>Listed At BSE</p>	<p>3A Capital Services Limited and Rajan M. Shah</p>	<p>Offer to acquire 48000 (20%) equity shares at a price of Rs.10 each payable in cash.</p>	<p>Regulation 10 and 12</p> <p>SPA to acquire 176701 (73.63%) equity shares at a price of Rs.10 each aggregating to Rs.1767010/-.</p>	<p>Merchant Banker Intensive Fiscal Services Pvt. Ltd.</p> <p>Registrar to the Offer Sharex Dynamic (India) Pvt. Ltd.</p>
<p>Aadi Industries Limited</p> <p>Regd. Office Gujarat</p> <p>Paid up capital Rs.10 crore</p> <p>Listed At VSE and BSE</p>	<p>Rushabh Jitendra Shah</p>	<p>Offer to acquire 20,00,000 equity shares being 20% of the post preferential paid up equity share capital of Target Company at a price of Rs. 10/- per share payable in cash.</p>	<p>Regulation 11(1) and 11(2)</p> <p>Allotment of 49,93,400 equity shares of Rs. 10/- each at par on preferential basis increasing the shareholding from 43.67% to 71.80% of post preferential paid up capital.</p>	<p>Merchant Banker Keynote Corporate Services Ltd.</p> <p>Registrar to the Offer Sharex Dynamic (india) Pvt. Ltd.</p>

<p>Century 21st Portfolio Limited</p> <p>Regd. Office Andhra Pradesh</p> <p>Paid up capital Rs. 179.94 Lakh</p> <p>Listed At BSE,ASE, DSE and LSE</p>	<p>Hemraj Baid & K. Anasuya</p>	<p>Offer to acquire 6,00,900 equity shares of Rs. 10/- each representing 20% of the paid up capital and 42.99% of voting capital at a price of Rs. 8.40 per share and Re. 0.90 per partly paid share, payable in cash.</p>	<p>Regulation 10 and 12</p> <p>SPA to acquire in aggregate 7,60,000 (54.36% of voting capital and 25.30% of share capital) equity shares of Rs.10/- each, at a price of Rs. 1.30 per share payable in cash.</p>	<p>Merchant Banker Ashika Capital Ltd.</p> <p>Registrar to the Offer Venture Capital And Corporate Investments Ltd.</p>
<p>Golkunda Diamonds & Jewellery Limited</p> <p>Regd. Office Maharashtra</p> <p>Paid up capital Rs.69.64 lacs</p> <p>Listed At BSE and JSE</p>	<p>Neverloose Properties & Investment Private Limited</p>	<p>offer to acquire 13,92,816 equity shares of Rs.10 each, representing 20% of the post issue equity voting capital of the Target Company at a price of Rs.12 each payable in cash.</p>	<p>Regulation 11(1)</p> <p>Allotment of 28,00,000 equity shares of Rs.10 each at a premium of Rs.1 per share increasing the shareholding of the promoter group from 38.73% to 63.37% of the post issued capital of the company.</p>	<p>Merchant Banker Arihant Capital Markets Ltd.</p> <p>Registrar to the Offer Sharex Dynamic (india) Pvt. Ltd</p>

Shaily Engineering Plastics Limited Regd. Office Maharashtra Paid up capital Rs.7.31 crore Listed At BSE	Motika Limited	Offer to acquire 14,63,686 (20%) Equity Shares, at a price of Rs. 56/- per equity share payable in cash.	Regulation 10 Allotment of 14,99,820 (20.49%) equity shares of Rs. 10/- each at a premium of Rs. 46/- per share against conversion of PCCPS.	Merchant Banker V.B.Desai Financial Services Ltd.
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REGULAR SECTION

Regulation 8A - Disclosure of pledged shares

The outbreak of biggest corporate fraud has become an eye-opener which has raised many issues relating to the transparency in transactions made by the promoters of the company and disclosures to be made to the various authorities and to the general public who has invested money in the company. Therefore, SEBI has vide amendment dated 28.01.2009 amended the SEBI (SAST) Regulations, 1997 requiring the promoters of the company to made the disclosure of the shares pledged by them. This has been done to keep under surveillance the transaction made by them in the shares of the company so that the interest of the shareholders is not prejudiced by the sudden detection of fraud as happened in the case of Satyam racket.

Synopsis of the amendment:

Regulation No.	Particulars	By whom	To whom	Time line
8A(1)	Information about all the shares pledged by the promoters of the company before the notification of the amendment.	Promoter or every person forming part of the promoter group	Company	Within 7 working Days of notification of the amendment upto February 06.2009.
8A(2)	On pledge of shares (Since no percentage has been prescribed, it means that even if single share is pledged, that should be disclosed to the company.)	Promoter or every person forming part of the promoter group	Company	Within 7 working days from the date of creation of pledge of shares.
8A(3)	On invocation of pledge (Since no percentage has been prescribed, it means that even if pledged is invoked on single share that should be disclosed to the company.)	Promoter or every person forming part of the promoter group	Company	Within 7 working days from the date of invocation of pledge on shares.
8A(4)	Information received under regulation 8A (1), (2) and (3) if the total number of shares pledged during the quarter along with the shares already pledged exceeds 25000 or 1% of the total paid up capital of the company whichever is lower.	Company	Stock Exchange	Within 7 working days of receipt of information under regulation 8A (1), (2) and (3).

Definition of “Promoter and Promoter Group”

The above regulation 8A has made the reference of clause 40A of the listing agreement for determining the category of persons that can be included in the term “promoter and promoter group” ,which has further made the reference of clause 6.8.3.2 of DIP guidelines, the provision of which are detailed below:

'Promoter' shall include:

- a) the person or persons who are in over-all control of the company;
- b) the person or persons who are instrumental in the formulation of a plan or programme pursuant to which the securities are offered to the public;
- c) the person or persons named in the prospectus as promoter(s) or the person or persons named as promoter(s) in the filings with the stock exchanges, whichever is later.

Provided that a director/ officer of the issuer company or person, if they are acting as such merely in their professional capacity shall not be included in the Explanation.

'Promoter Group' shall include:

- a) the promoter;
- b) an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and
- c) in case promoter is a company:
 - i. a subsidiary or holding company of that company;
 - ii. any company in which the promoter holds 10% or more of the equity capital or which holds 10% or more of the equity capital of the promoter;
 - iii. any company in which a group of individuals or companies or combinations thereof who holds 20% or more of the equity capital in that company also holds 20% or more of the equity capital of the issuer company; and
- d) in case the promoter is an individual:
 - i. any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relative is a member;
 - ii. any company in which a company specified in (i) above, holds 10% or more, of the share capital;
 - iii. any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total; and

- e) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group".

The Financial Institution, Scheduled Banks, Foreign Institutional Investors (FIIs) and Mutual Funds shall not be deemed to be a promoter or promoter group merely by virtue of the fact that 10% or more of the equity of the issuer company is held by such institution.

Provided that the Financial Institutions, Scheduled Banks and Foreign Institutional Investors (FIIs) shall be treated as promoters or promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them.

It is be noted that before this amendment came into force, regulation 8 requires both the promoters and the persons holding more than 15% shares to make the yearly disclosure to the company. However, this new amendment as inserted in regulation 8A has not cast any obligation on the persons holding more than 15% shares in the company. The new regulation only requires that the promoters or persons forming part of the promoter group to the make the disclosure of the shares pledged by them.

Queries:

- 1. Whether in terms of regulation 8A (4), the disclosure is to be given (i) only if the act of pledge of more 25000 shares or 1% shares has been done in the relevant quarter or (ii) if aggregate of shares pledged in the previous quarter along with shares pledged in this quarter has resulted in crossing the limit of 25000 shares or 1% shares?**

The disclosure as required in regulation 8A (4) has to be made in both circumstances as mentioned above i.e.(i) where the number of shares pledged during the relevant quarter are more than 25000 shares or 1% or (ii) where the number of shares pledged during the relevant quarter along with shares pledged in the previous quarter are more than 25000 shares or 1%.

- 2. Whether in terms of regulation 8A (4), the disclosure is to be given (i) only on the act of the pledge of shares crossing the limit of 25000 shares or 1% or (ii) even where there is no change in the number of shares pledged during that quarter but the shares already pledged in the previous quarters are more than the limit specified in that sub regulation.**

The disclosure as required in regulation 8A (4) is to be given only on the act of the pledge exceeding the limit of 25000 or 1% as the regulation 8A (4) requires the disclosure to be given within 7days of receipt of information of pledge from the promoters of the company who required to inform the company only when they have pledge the shares of the company. However, where there is no change in the quantum of shares pledged during the concerned quarter but the shares already pledged by promoters or persons forming the part of the promoter group in the previous quarter are more than the limit specified in that sub regulation, then in that case no disclosure is required to be given.

For example:

- i. Total number of shares already pledged by the promoter or promoter group of the company during the quarter January, 2009 to March, 2009 is 30000 equity shares. However, during the quarter April, 2009 to June, 2009, there is no change in the number of shares pledged by the promoter or promoter group. No disclosure is to be given.
 - ii. Total number of shares already pledged by the promoter or promoter group of the company during the quarter January, 2009 to March, 2009 is 15000(0.4%). During the quarter April, 2009 to June, 2009, 12000(0.32%) shares of the company are pledged by the promoter taking the quantum of shares pledged to 27000(0.72%). In such a case, the company will disclose such information to the stock exchange within 7 working days of the receipt of information from the promoter or promoter group in terms of 8A(2) of SEBI(SAST) Regulations,1997, even though the percentage of shares pledged are less than 1% of the total paid up capital of the company.
- 3. Whether the company is required to make the disclosure within 7 days of the receipt of information under regulation 8A(2) and 8A(3) or at the end of the quarter during which the total number of shares exceeds the limit as specified in regulation 8A(4) i.e. 25000 shares or 1% of the paid up capital of the company.**

The disclosure is to be given within 7days of receipt of information from the promoter or person forming part of the promoter group and not at the end of quarter concerned where the aggregate number of shares pledged during that quarter taken together with shares

already pledged in the previous quarter exceeds the limit of 25000 shares or 1% of the total paid up capital of the company.

4. Whether the disclosure as required under regulation 8A (4) is to be made two times during the same quarter if the limit specified in that sub regulation trigger more than once. E.g. total number of shares pledged during the quarter October, 2008 to December, 2008 is 15000 and number of shares pledged in the month of January, 2009 are 13000 and in the month of February are 5000?

In such case, the company is required to disclose such information of pledge of shares by the promoters to the stock exchange at two stages:

- a) When the promoters pledge 13000 shares in the month of January taking the total number of shares pledged to 28000; and
- b) When the promoters pledged 5000 shares in the month of February.



Daiichi Sankyo offer to Zenotech following Ranbaxy Acquisition

Background

In August 2008, Japanese third largest drug maker 'Daiichi Sankyo' (acquirer), made an open offer for acquiring 22% (approx.) equity share capital of RLL India's largest pharmaceutical Company - Ranbaxy Laboratories pursuant to acquisition of 34.8% stake in the company from Ranbaxy's founding Singh family and bought control of it in a friendly manner. The acquirer completed its acquisition of Ranbaxy in November 2008 when it also bought the remaining shares of the RLL and became the sole promoter of Ranbaxy holding 65.04% stake of Ranbaxy.

Zenotech had challenged Daiichi's acquisition of Ranbaxy in the Andhra Pradesh High Court in July 2008, but had withdrawn the case after Daiichi agreed to pay Rs 160 per share to Zenotech's shareholders through an open offer.

Ranbaxy Laboratories Ltd. holds 46.85% shares of Zenotech Laboratories Limited, which is listed on BSE. Therefore, as a result of acquisitions of shares and control over the RLL, the acquirer has indirectly acquired 46.85% of the equity share capital in the Zenotech Laboratories Limited (“ZLL”) which has resulted in an indirect substantial acquisition of shares and voting rights in ZLL. SEBI (SAST) Regulations covers both direct and indirect acquisition. Therefore, pursuant to indirect acquisition the acquirer is required to make an open offer to the shareholders of ZLL for acquiring a minimum of 20% of the paid up capital in terms of regulation 10 and 12 of the SEBI (SAST) Regulations, 1997.

Minutiae of Zenotech Open Offer:

In case of indirect acquisition or change in control, a public announcement shall be made by the acquirer within three months of consummation of such acquisition of the parent or the company holding shares of or control over the target company in India. Therefore, in compliance with regulation 10, 12 and 14(4), the acquirer has made open offer on 17.01.2009, to acquire 68, 85,000 (20%) equity shares of the ZLL at a price of Rs. 113.62/- per share calculated in accordance with regulation 20 of the said regulations, which is the average of the 26 weeks weekly high and low of the closing prices of shares of the ZLL on BSE during the 26 weeks period preceding the date of public announcement to shareholders of RLL, because as per Regulation 20(12) of the Regulations, the offer price for indirect acquisition or control shall be determined with reference to the offer price computed, in accordance with Regulation 20(4) or 20(5) based on the date of the public announcement for the parent company and the date of public announcement for acquisition of shares of the target company, whichever is higher. However, this price is less than the agreed price of Rs. 160 per share. Therefore, Now, the Zenotech has approached SEBI to look into the matter.



🌐 Fortis bought a huge stake in Mauritius Hospital

Fortis Healthcare is picking up a 58% stake in Mauritius Hospital by investing an amount of Rs. \$3.5 million. The investment would enable the Fortis to leverage medical value travel by creating a gateway to the group's network in India.

© **Fidelity acquisition in Satyam**

Asset Manager Fidelity Investment presently holds 3.41% stake in the Satyam. On January 28, 2009, Fidelity investment has acquired 17.13 million shares representing 2.5% of the capital of Satyam at a weighted average price of Rs.53.4 per share.

© **Increase in stake of RIL Promoters**

The promoters of the RIL have purchased 12 crore shares constituting more than 4% of the paid up capital of the RIL during the period between September and December 2008 increasing their shareholding to 49.03%.

© **British Airways proposed to pick up stake in GoAir**

British Airways propose to pick up a 25% stake in Go Air promoted by Wadia Group. The interest in picking up the stake in GoAir comes from the fact that the Government is considering allowing the foreign airlines to pick up stakes in domestic carriers.

A graphic with the text "OUR TEAM" in white serif font inside a dark blue oval with a light blue border, set against a background of dark blue and light blue rectangular blocks.

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