

# TAKEOVER PANORAMA

A Monthly Newsletter by Corporate Professionals

Year VII—Vol VI  
June Edition

Latest Open Offers



Legal Updates

ENTER THE WORLD OF TAKEOVER  
**INSIGHT**



Hint of the Month



Regular Section



Case Study

Market Update



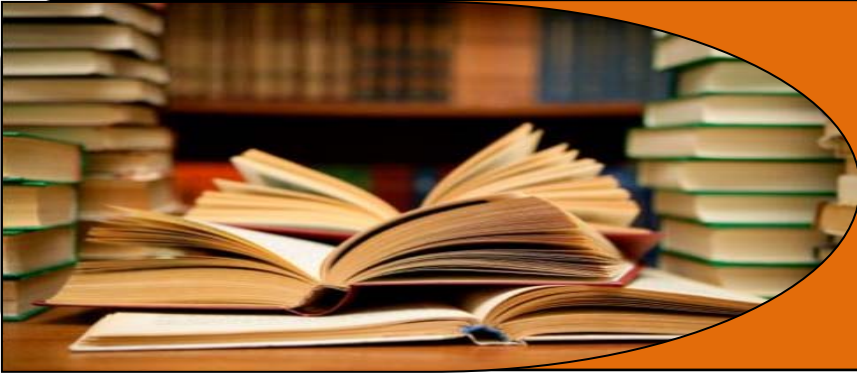
Queries



Quiz

Team





# LEGAL UPDATES

## SEBI Order in the matter of M/s Gujarat Organics Limited

### FACTS:

1. Mr. Ashwin S. Dani owns 71.15% stake in Gujarat Organics Limited (“Target Company”) and is a part of the promoter group of the Target Company. He has been named as promoters in the shareholding pattern filed by the Target Company in terms of the listing agreement for more than 3 years.
2. Now Mr. Ashwin S. Dani has proposed to transfer his holding in the Target Company to the HD Trust, a private family Trust (“Acquirer”) by way of a gift through an off-market transaction, as a part of the private family arrangement and in order to re-align the Dani family’s shareholding in the Target Company and with a view to facilitate succession planning.
3. The proposed acquisition would increase the holding of the Acquirer from 0% to 71.15% in the Target Company, thus triggering the Regulation 3(1) of SEBI Takeover Regulations, 2011. Hence the application is made by the Acquirer in respect of the said acquisition in the Target Company, seeking exemption from making an open offer in terms of the Regulation 3(1) of SEBI Takeover Regulations, 2011 on the following grounds:

SEBI granted exemption to Trust (Acquirer) where trustees and beneficiaries of Acquirer are family members of the Transferor.

GIST

### GROUND OF EXEMPTION:

- a) The Acquirer and the Transferor are part of the promoter group of the Target Company. The Trustees and the beneficiaries of the Acquirer are family members of the Transferor.
- b) The Transferor and persons acting in concert with the Transferor are directly in control of the Acquirer, hence, there will be no change in control and management of the Target Company after the proposed acquisition.



- c) The proposed acquisition is only a part of the internal re-alignment of holdings within the Dani family and is non-commercial. Therefore, it will not prejudice the interests of the public shareholders of the Target Company.
- d) Pursuant to the proposed transaction, instead of directly exercising voting rights, the promoters of the Target Company would exercise the same through the Acquirer (HD Trust).

## DECISION:

After consideration all the above facts and circumstances of the case, SEBI granted exemption to the acquirers from the requirement of making Open Offer under Regulation 3 (1) of SEBI Takeover Regulations, 2011 on the basis that the facts and statements given by the proposed acquirers are true and the acquirers will comply with other provisions of SEBI Takeover Regulations, 2011, Listing Agreement or any other law as may be applicable.

## SEBI Order in the matter of M/s Educomp Solutions Limited

## FACTS:

1. Mr. Shantanu Prakash ('Acquirer'), one of the promoters of Educomp Solutions Limited (Target Company), executed a Facility Agreement and a Pledge Agreement with Macquarie Finance (India) Private Limited ('Macquarie'), for making investments in Target Company.
2. The Facility Agreement was entered into for a loan of Rs.46 crores for a tenure of two years against which the Acquirer had pledged 91,80,000 equity shares of the Target Company held by him with Macquarie on January 14, 2013.
4. On February 27, 2013, as the share price of the Target Company fell, Macquarie served a notice on the Acquirer requiring mandatory prepayment of loan together with all other liabilities on or before February 28, 2013.
5. On February 28, 2013, the acquirer made a part payment of Rs. 2 crore. Though the Acquirer arranged for funds to the tune of Rs. 20 crores by March 02, 2013, the same could not be made on account of curtailed banking business hours, the payment had to be arranged by a demand draft. However, Macquarie invoked the pledge on March 02, 2013 itself.

SEBI granted exemption where acquisition is pursuant to release of shares pledge and subsequently invoked by the lenders

GIST



6. Now the said loan has been partly paid and Macquarie has agreed to credit back the pledged shares (91,80,000 shares) to the Acquirer. However, the aforesaid proposed acquisition will collectively increase the voting rights of the acquirer and promoter group of the Target Company from 28.70% to 36.20% and 37.30% to 44.80% respectively, which will result into triggering Regulation 3(2) and (3) of the SEBI Takeover Regulations, 1997. Hence the application is made by the Acquirer for seeking exemptions from the applicability of making the open offer on the following grounds:

## GROUNDS OF EXEMPTION:

- a) The proposed acquisition is not for the acquisition of the control of the Target Company since the Acquirer belongs to the promoter group of the Target Company and is already having control over it.
- b) The proposed acquisition is with reference to acquiring back the invoked but unsold shares of the Acquirer held by Macquarie. The objective of invoking the pledge by Macquarie was only to enforce the prepayment of loan. The prepayment amount involved was a huge chunk and Macquarie has not provided reasonable time to the Acquirer for the arrangement of funds.
- c) The loan availed from the lender was primarily utilized for investments in the Target Company.
- d) Even after the invocation of the pledge, the lender has not sold off those shares. The objective of invoking the pledge was to enforce prepayment of loan. Since the loan has been partly paid, the lender has conveyed its willingness to credit back the shares to the Acquirer's Demat A/c.
- e) The acquisition is not prejudicial to the interest of the public shareholders as even after the transfer of shares by Macquarie to the Acquirer, the shares held by public at large will remain intact and the public shareholding shall continue to be more than 25% as stipulated by the Listing Agreement.
- f) There is no fresh acquisition of shares by the Acquirer since the shares proposed to be transferred to the Acquirer belongs to Acquirer only and for which no fresh consideration needed to be paid.

## DECISION:

SEBI observed that the acquirer had pledged an aggregate of 91,80,000 equity shares of the Target Company as security with Macquarie against its loan of Rs.46 crores and in view of the delay in prepayment of the loan on account of the reduction in the value of the collateral,



Macquarie had invoked the pledge on the said 91,80,000 equity shares of Acquirer and transferred the same in its name.

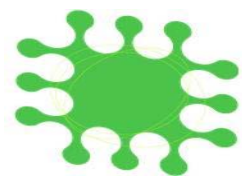
On February 28, 2013 and March 03, 2013, Acquirer had paid Rs. 2 crore and Rs. 20 crore respectively to Macquarie. Further, vide an e-mail dated May 13, 2013, the Acquirer has stated that the loan due to the lender has been settled in full. The same has also been confirmed by the lender,

Therefore, SEBI granted the exemption to the acquirer from complying with the requirements of Regulation 3(2) and (3) of the SEBI Takeover Regulations, 2011 in respect of the proposed acquisition of 91,80,000 equity shares Target Company through the release of shares pledge with Macquarie, on the basis that the facts and statements given by the acquirer are true and the acquirer will comply with the other provisions of SEBI Takeover Regulations, Buy Back Regulations, Listing Agreement or any other law as may be applicable.

## **CONSENT ORDER IN THE MATTER OF M/S MEUSE KARA & SUNGRACE MAFATLAL LTD.**

Mr. Armut Premji Shah (Applicant) had delayed by 20 days and 4 days in filing the disclosures/report with the BSE Ltd., mandated under regulations 10 (5) and 10 (6) of the SEBI Takeover Regulations, 2011, respectively. Therefore, the Applicant had voluntarily filed the consent application for the settlement of above non-compliances. The applicant submitted that no loss/harm to any of the shareholders or investors of the Target Company could be made out on account of the delayed disclosures/reporting.

Therefore, the applicant had voluntarily filed the consent application to settle the above non-compliances on the payment of Rs. 3,15,000 towards settlement charges. The terms as proposed by the applicant were placed before High Power Advisory Committee (HPAC) and on the recommendation of HPAC, SEBI settle the above non-compliances of the Applicant.



## **CONSENT ORDER IN THE MATTER OF CHINAR INDUSTRIAL INVESTMENT AND FINANCE LIMITED**

Chinar Industrial Investment and Finance Limited (Applicant) had delayed in complying with the provisions of Regulation 6(2), 6(4) & 8(3) of SEBI Takeover Regulations, 1997 for the financial year 1998 to 2010. Therefore, the Applicant had voluntarily filed the consent application for the settlement of above non-compliances. The applicant submitted that no loss/harm to any of the shareholders or investors of the Company could be made out on account of the delayed disclosures.

Therefore, the applicant had voluntarily filed the consent application to settle the above non-compliances on the payment of Rs. 5,85,000 towards settlement charges. The terms as proposed by the applicant were placed before High Power Advisory Committee (HPAC) and on the recommendation of HPAC, SEBI settle the above non-compliances of the Applicant.

## **CONSENT ORDER IN THE MATTER OF FORTIS HEALTHCARE HOLDINGS LIMITED**

Fortis Healthcare Holdings Limited (Applicant) had delayed in complying with the provisions of Regulation 7(1) and 3(4) of SEBI Takeover Regulations, 1997 and Regulation 13(3) of the SEBI (PIT) Regulations, 1992 in respect of change in its shareholding in Fortis Healthcare Limited pursuant to its rights issue in the year 2009. Therefore, the Applicant had voluntarily filed the consent application for the settlement of above non-compliances on the payment of Rs. 5,85,516 towards settlement charges. The terms as proposed by the applicant were placed before High Power Advisory Committee (HPAC) and on the recommendation of HPAC, SEBI settle the above non-compliances of the Applicant.



## **CONSENT ORDER IN THE MATTER OF SAFARI INDUSTRIES (INDIA) LIMITED**

Safari Industries (India) Limited (Applicant) had delayed by 215 days, 108 days and 6 days in complying with the provisions of Regulation 8(3) of SEBI Takeover Regulations, 1997 for the financial years ended on March 31st of 2004, 2005 and 2009 respectively. Therefore, the Applicant had voluntarily filed the consent application for the settlement of above non-compliances. The applicant submitted that no loss/harm to any of the shareholders or investors of the Company could be made out on account of the delayed disclosures.

Therefore, the applicant had voluntarily filed the consent application to settle the above non-compliances on the payment of Rs. 2,00,000 towards settlement charges. The terms as proposed by the applicant were placed before High Power Advisory Committee (HPAC) and on the recommendation of HPAC, SEBI settle the above non-compliances of the Applicant

### ***Adjudicating/WTM orders***

Target Company	Noticee	Regulations	Penalty Imposed/ Decision Taken
M/s Odyssey Corporation Ltd.	M/s. Alacritty Securities Ltd.	Regulation 8A (2) of SEBI Takeover Regulations, 1997 and Regulations 31 (1) read with 31 (3) of SEBI Takeover Regulations, 2011	Rs. 3,00,000/-
M/s Farry Industries Limited	M/s Farry Industries Limited	Regulation 8 (3) of SEBI Takeover Regulations, 1997	Rs. 15,00,000/-
M/s Global Securities Limited	Mr. Shah Nishit Babulal, Shah Nishit Babulal, HUF,	Regulation 29 (1) read with 29 (3) of SEBI Takeover	Rs. 6,00,000/-



	Ms. Sonal Nishit Shah, Mr. Shah Tejas Babulal, Mr. Babulal Chhotalal Shah and Ms. Shah Sushilaben Babulal	Regulations, 2011	
M/s Indo Green Projects Limited (Presently known as IITL Projects Limited)	M/s Indo Green Projects Limited	Regulation 7 (3) of SEBI Takeover Regulations, 1997	Matter disposed off
Mr. Jaynish R Kothari	M/s White Diamonds Industries Ltd.	Regulation 8 (1) and 8 (2) of SEBI Takeover Regulations, 1997	Rs. 3,00,000/-
Mr. Ramesh P Kothari	M/s White Diamonds Industries Ltd.	Regulation 8 (1) and 8 (2) of SEBI Takeover Regulations, 1997	Rs. 3,00,000/-
Mr. Prakash Devidas Shah	M/s DJS Shares and Stocks Ltd.	Regulation 7(1A) read with 7(2) of SEBI Takeover Regulations, 1997 and Regulation 13(4) of SEBI (PIT) Regulations, 1992.	Rs. 3,00,000/-
M/s Prakash Devidas Securities Ltd.	M/s DJS Shares and Stocks Ltd.	Regulation 7(1) read with 7(2) of SEBI Takeover Regulations, 1997 and Regulation 13(4) read with 13(5) of SEBI (PIT) Regulations, 1992.	Rs. 3,00,000/-
Mr. Sohesh Prakash Shah	M/s DJS Shares and Stocks Ltd.	Regulation 3(4) read with 3(5), 7(1) & 7(1A) read with 7(2) SEBI Takeover Regulations, 1997 and Regulation 13(4) read with 13(5) of SEBI (PIT) Regulations, 1992.	Rs. 4,00,000/-



## ***HINT OF THE MONTH***

Before tendering their shares pursuant to the open offer, the shareholders are advised to go through the Detailed Public Statement, Letter of offer and also the recommendations and observations of the Committee of Independent Directors on the offer. It may be noted that all the aforesaid documents are available on SEBI website. Further the recommendations of the Independent Directors are published in the same newspaper where the Detailed Public Statement is published by the acquirer and are published at least 2 working days before opening of the offer.

**{As substantiated from FAQ of SEBI on SEBI Takeover Regulations, 2011}**





# Latest Open Offers

**Target Company**  
M/s Shriram Asset Management Company Limited

**Registered Office**  
Mumbai

**Net worth of TC**  
Rs. 1,035.85 Lacs (31.03.2013)

**Listed At**  
BSE and MSE

**Industry of TC**  
Other Financial Services

**Acquirer**  
M/s Shriram Credit Company Limited

**Triggering Event:** Share Purchase Agreement (SPA) for the acquisition of 25,60,010 (42.67%) equity shares and control over Target Company.

**Details of the offer:** Offer to acquire 1,56,000 Equity Shares at a price of Rs. 15.60/- per fully paid up shares payable in cash.

**Triggering Event:** Share Purchase Agreement (SPA) for the acquisition of 38,000 (06.22%) equity shares and control over Target Company, thereby increasing the shareholding to 31.90%

**Details of the offer:** Offer to acquire 1,58,790 Equity Shares at a price of Rs. 10/- per fully paid up shares payable in cash.

**Target Company**  
M/s IB Infotech Enterprises Limited

**Registered Office**  
Mumbai

**Net worth of TC**  
Rs. (2,69,568) (31.03.2012)

**Listed At**  
BSE ,ASE , VSE and CSE

**Industry of TC**  
Other Agricultural Products

**Acquirer**  
Mrs. Rita Rajkumar Singh



**Target Company**

M/s Hydro S & S  
Industries Limited

**Registered Office**

Chennai

**Net worth of TC**

706121.97 Lakhs  
(31.03.2012)

**Listed At**

BSE and MSE  
(Trading facility is also  
available on NSE)

**Industry of TC**

Plastic Products

**Acquirer**

Kingfa Sci. & Tech. Co.,  
Ltd.

**Triggering Event:** Share Purchase Agreement (SPA) for the acquisition of 42,60,700 (66.50%) equity shares and control over Target Company.

**Details of the offer:** Offer to acquire 16,65,874 Equity Shares at a price of Rs. 42.70/- per fully paid up shares payable in cash.

**Target Company**

M/s Technical Associates  
Infrapower Limited

**Registered Office**

Lucknow

**Net worth of TC**

Not Available

**Listed At**

UPSE

**Industry of TC**

Manufacturing & Distribution

**Acquirer**

M/s Dwarka Goods Private  
Limited and Mr. Bhal Chandra  
Khaitan (PAC)

**Triggering Event:** Share Purchase Agreement (SPA) for the acquisition of 13,01,024 (72.83%) equity shares and control over Target Company.

**Details of the offer:** Offer to acquire 26,440 Equity Shares at a price of Rs. 5/- per fully paid up shares payable in cash.



## Regular Section

# Crossing the threshold pursuant to Buy Back: Applicability of SEBI Takeover Regulations, 2011

## WHAT IS BUY BACK

Buy-Back is the process of repurchase of its outstanding shares by a Company in order to reduce the number of shares in the market. Companies buy back their shares either to increase the value of shares still available, or to eliminate any threats by shareholders who may be looking for a controlling stake. Section 77A of the Companies Act, 1956 grants the power to the Company to purchase its own securities subject to the compliance of the conditions prescribed in it.

## APPLICABILITY OF SEBI TAKEOVER REGULATIONS, 2011

### Where Preholding of Acquirer is less than 25%

**Regulation 10(3) of SEBI Takeover Regulations, 2011** provides the exemption from the Open Offer where consequent to the buy back, the shareholding of the acquirer would increase beyond the threshold provided under sub-regulation (1) of regulation 3, i.e. beyond 25% of the voting capital of Target Company. The provision of regulation 10(3) is reproduced below:

“An increase in voting rights in a target company of any shareholder beyond the limit attracting an obligation to make an open offer under sub-regulation (1) of regulation 3, pursuant to buy-back of shares by the target company shall be exempt from the obligation to make an open offer provided such shareholder reduces his shareholding such that his voting rights fall to below the threshold referred to in sub-regulation (1) of regulation 3 within ninety days from the date of the closure of the said buy-back offer.”



Regulation 10(3) of SEBI Takeover Regulations, 2011 exempts the increase in shareholding beyond 25% where such increase is pursuant to the buy back by the Target Company. However, this exemption is available for a certain time period and the acquirer is again required to reduce its shareholding below the threshold provided in regulation 3(1) of Takeover Regulations, 2011.

## COMPLIANCES REQUIRED:

- ✓ The acquirer is required to file a report within 4 working days from the date of acquisition to the stock exchange giving all details in respect of acquisitions and the stock exchange shall disseminate the information to public. **[Regulation 10(6)]**

*However, a question arises from the interpretation of regulation 10(3) i.e. whether the acquirer has to again come back to its previous shareholding as exist prior to the buy back or has to simply maintain its shareholding at any level below 25%.*

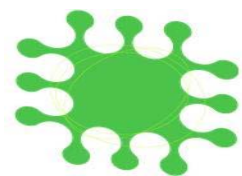
### Where Preholding of Acquirer is between 25%-75%

**Regulation 10(4)(c) of SEBI Takeover Regulations, 2011** provides the exemption from the Open Offer in case of buy back by the Target Company where the acquirer existing shareholding prior to the buy back by the Target Company is within the limit of 25%-75% and the increase in shareholding is more than 5%.

For availing the exemption under this sub regulation, the following conditions are required to be fulfilled by the Acquirer:

- Such shareholder has not voted in favour of the resolution authorizing the buy-back of securities under Section 77A of the Companies Act, 1956**

Section 77A (2)(b) of the Companies Act, 1956 provides that a Special Resolution has to be passed for authorising the buy-back for more than 10% of the paid up equity share capital and free reserves and upto 25% of the paid up share capital and free reserves . However, the first pre condition for obtaining the exemption under this sub regulation is that the Acquirer has not voted in favour of the resolution authorizing the buy-back of shares i.e. he is either against the resolution or has remained neutral.



- ii. **In the case of a shareholder resolution, voting shall be by way of postal ballot;**
  
- iii. **Where a resolution of shareholders is not required for the buy-back, such shareholder, in his capacity as a director, or any other interested director has not voted in favour of the resolution of the board of directors of the target company authorising the buy-back of securities under section 77A of the Companies Act, 1956**

Section 77A (2) of the Companies Act, 1956 provides that if the buy-back is or less than 10% of the total paid-up equity capital and free reserves of the company and such buy-back has been authorised by the Board by means of a resolution passed at its meeting, then the shareholders approval by way of Special Resolution is not required by the Target Company.

Accordingly, in order to get the exemption where the buy back is pursuant to the resolution passed by the Board of Directors, it is required that the Acquirer in his capacity as director or any other interested director has not voted in favour of the resolution authorizing the buyback.

- iv. **The increase in voting rights does not result in an acquisition of control by such shareholder over the target company.**

### IMPORTANT NOTE:

Where the conditions specified in Regulation 10(4)(c) are not met by the Acquirer and pursuant to Buy-Back his shareholding increases beyond the threshold limit as specified in Regulation 3(2) of the SEBI Takeover Regulations, 2011 then such Acquirer shall also be exempted from the obligation of making Open Offer provided that such shareholder has reduced his shareholding below the level at which the obligation to make an open offer would be attracted under sub-regulation (2) of regulation 3 within ninety days from the date of closure of the buy-back offer by the target company.



## COMPLIANCES REQUIRED:

- ✓ The acquirer is required to file a report within 4 working days from the date of acquisition to the stock exchange giving all details in respect of acquisitions and the stock exchange shall disseminate the information to public. **[Regulation 10(6)]**
- ✓ The acquirer is further required to file a report within 21 working days from the date of acquisition to SEBI giving all details in respect of acquisitions with supporting documents along with non refundable fees of rupees twenty five thousand by way of banker's cheque or demand draft in favor of Securities & Exchange Board of India. **[Regulation 10(7)]**



## SEBI order in the matter of M/s Filatex Fashion Limited

### ABOUT M/S FILATEX FASHION LIMITED (“TARGET COMPANY”/“FILATEX”)

**Filatex Fashion Limited (“Target Company”/“Filatex”)** is a company incorporated under the Companies Act, 1956 in the year 1994, having its its registered office at Myfair Garden Apartments, 8-2-682/3/A & 3/B, Flat No. 201, 2nd Floor, Road No. 12, Banjara Hills, Hyderabad, Andhra Pradesh 500034. The Target Company is engaged in the manufacture and sale of knitted socks in India and is also involved in the trade of textile products. The shares of the Target Company are listed at BSE Limited.

### FACTS:

1. SEBI conducted an investigation in respect of trading in the scrip of M/s Filatex Fashions Limited during the period April 2, 2007 to November 21, 2007. Investigation revealed that Ms. Sangeeta Sethia and Mr. Swaminathan Rajendran acting as the front entities of Mr. Prabhat Sethia, the promoter and Managing Director of Filatex (Collectively referred to as “**Acquirers**”) have acquired 3,00,000 shares each from M/s IFCI Ventures Capital Limited (“IFCI”) thereby increasing the combined holding of the promoters from 28.88% to 35.73% requiring public announcement under Regulation 11(1) of the SEBI Takeover Regulations, 1997. However, no such public announcement has been made by the Acquirers.
2. Accordingly, a Show Cause Notice was issued to individuals/ entities namely Ms. Sangeeta Sethia, Mr. Swaminathan Rajendran, Mr. Prabhat Sethia, Mr. Chand Sethia, Mr. Naresh Chand Chandak, Mr. Prashant Kumar Sethia, M/s Ivy League Schools Limited, Ms. Ratna Devi Sethia, Mr. Mahavir Golecha, Mr. Rajkumar Sethia and Ms. Shailaja Katar (the original subscribers/ promoters/ PACs to the Memorandum of Association of Filatex) (collectively referred to as ‘Noticees’) to which they made the following submissions:



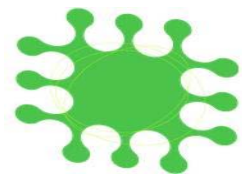
- a. None of the Noticees except Mr. Prabhat Sethia is the member of the Board of Filatex. Further, these promoters were not aware of the transactions of Ms. Sangeeta Sethia and Mr. Swaminathan Rajendran.
- b. After the notification of regulation for compulsory dematerialization of Equity Shares, IFCI who had subscribed to 4,00,000 shares of Filatex during the public issue, approached them to sell their shares in the physical form. Likewise, other small investors also approached them to sell their shares in physical form. In order to facilitate them, they had bought the shares in physical form and converted them into demat form. Thereafter, they sold these shares immediately in the market. They had no intention to increase their shareholding or voting power in Target Company.
- c. As on April 01, 2007, Ms. Sangeeta Sethia and Mr. Swaminathan Rajendran had held 3,91,673 shares i.e., 3.63% of the share capital and they were required to make public announcement for open offer only if their combined holding would have crossed 8.63% of the capital as Regulation 11(1) triggers only after acquisition of an additional 5% of shares or voting rights.
- d. Further there was no change of control and the same was done in the interest of the Target Company and its shareholders.

## ISSUES:

- a. Whether the Noticees were part of a single group and were acting in concert?
- b. Whether the acquirers have triggered Regulation 11(1) of SEBI Takeover Regulations, 1997?

## SEBI OBSERVATION:

- a. It was observed that Mr. Naresh Chand Chandak, Mr. Mahavir Golecha, Ms. Shailaja Katar, Rajkumar Sethia, Mr. Chand Sethia, Mr. Prashant Kumar Sethia, Ms. Ratna Devi Sethia and M/s Ivy League Schools Limited were the original subscribers/ promoters/ PACs to the Memorandum of Association of Filatex. However, they were not involved in the management of the Target Company. Further, they were not aware of the transactions of Ms. Sangeeta Sethia and Mr. Swaminathan Rajendran in the Target Company. Therefore they cannot be said to be operating for a common objective and purpose of acquisition of shares of the Target Company.



## **Connection between Mr. Prabhat Sethia, Ms. Sangeeta Sethia and Mr. Swaminathan Rajendran-**

SEBI further observed that Ms. Sangeeta Sethia is the wife of Mr. Prabhat Sethia. She acted as introducer/ nominee for bank account/demat account of Mr. Swaminathan Rajendran, employed as accountant in Filatex during the period of investigation and was having the same address as that of Filatex. Mr. Prabhat Sethia has acquired the shares from IFCI and later on the shares were transferred in the account of Mr. Swaminathan Rajendran and Ms. Sangeeta Sethia after dematerialization.

Moreover, it has been observed that Mr. Swaminathan Rajendran had transferred Rs. 36,50,000 to Filatex, being the sale proceeds of selling the shares of Filatex in the market. However, Mr. Prabhat Sethia mentioned that the amount was taken as a loan by Filatex from Mr. Swaminathan Rajendran. But no document has been produced in this respect.

From the above observation it is clear that Ms. Sangeeta Sethia and Mr. Swaminathan Rajendran were only acting as front entities to Mr. Prabhat Sethia thus all the three notices were operating for a common objective and purpose of acquisition of shares of the Target Company and can be referred to as 'persons acting in concert (hereinafter referred to as 'PAC') in terms of the SEBI Takeover Regulations, 1997.

- b. During the investigation, SEBI observed that Ms. Sangeeta Sethia and Mr. Swaminathan Rajendran were continuously acquiring the shares of the Target Company for which the consideration money/sale proceeds were coming from Sethia, which resulted in increase of promoters holding from 28.88% as on quarter ended June 30, 2007 to 35.73% as on August 31, 2007 requiring them to make a public announcement as per regulation 11(1) of SEBI Takeover Regulations, 1997. However they failed to make the open offer.

After considering the facts, SEBI ordered Ms. Sangeeta Sethia, Mr. Swaminathan Rajendran and Mr. Prabhat Sethia to make public announcement to the shareholders of the Target Company and directed to pay interest rate of 12% per annum to the shareholders or the loss of interest caused to the shareholders for the period of delay.





## Market Updates

### ACQUISITION OF LIVEWIRE MOBILE BY ONMOBILE GLOBAL

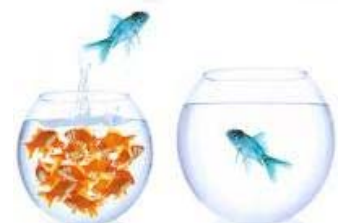
OnMobile Global, one of the largest white-labelled Data and Value Added Services [VAS] companies for Mobile is acquiring US based Livewire Mobile, a provider of end to end managed mobile entertainment solutions for network operations and consumer device manufacturers for \$17.8 Mn. After the Acquisition, Livewire Mobile will be called OnMobile Live Inc, a 100% subsidiary of OnMobile LLC, US.

### ACQUISITION OF CHLOR - ALKALI BIZ BY ADITYA BIRLA CHEM FROM SOLARIS CHEMTECH

Aditya Birla Chemicals has acquired the Chlor-Alkali & Phosphoric Acid Division of Solaris Chemtec Industries for a cash consideration of Rs.153 Cr. enabling Aditya Birla Chemicals to enter into Southern Indian market as well as the addition of phosphoric acid to its current product portfolio. The acquisition cost and proposed capital expenditure will be funded through a mix of internal accruals and debt.

### SNAPDEAL BUYS SHOPO.IN

Snapdeal.com, India's leading online marketplace has acquired the assets of Shopo.in, an online marketplace for Indian designer and handcrafted products. With this acquisition, Snapdeal will provide these unique products at great prices to its 20 Mn members and will provide Shopo's sellers to leverage Snapdeal's nationwide reach.



# Quiz

PLAY The QUIZ  
TEST YOURSELF

The name of winners of the quiz will be posted on our website [Takeovercode.com](http://Takeovercode.com) and will also be mentioned in our next edition of **Takeover Panorama**. So here are the questions of this edition:

## Question: 1

**Q.1 Whether the Takeover Open Offer which has been made on account of preferential allotment of Equity Shares can be withdrawn where the proposed acquisition through the preferential issue is not successful?**

- A. Yes
- B. No

*Mail your answer at [info@takeovercode.com](mailto:info@takeovercode.com)*

## Question: 2

**Q.2 Mr. A acquired 90% stake in M/s Z Pvt. Ltd. that holds 35% equity shares in Indian Listed Target Company. What is the applicability of SEBI (SAST) Regulations, 2011 on the said transaction?**

- A. Disclosure Requirement
- B. Open Offer as well as Disclosure Requirement
- C. Eligible for Exemption
- D. Not Applicable

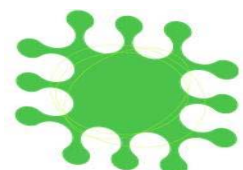
*Mail your answer at [info@takeovercode.com](mailto:info@takeovercode.com)*

## Winners of Quiz – May 2013-edition

*Manjeet Singh*

*Tariq Siddiqui*

*Radhika Bhalla*



# Our TEAM



**Ruchi Hans**

E: [ruchi@indiacp.com](mailto:ruchi@indiacp.com)

D: [+91.11.40622251](tel:+911140622251)

**Divya Vijay**

E: [divya@indiacp.com](mailto:divya@indiacp.com)

D: [+91.11.40622248](tel:+911140622248)

**Visit us at**



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**D- 28, South Extn. Part I New Delhi – 110049**

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