



Takeover Panorama

A Monthly Newsletter by Corporate Professionals
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(*Insight*)

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Legal Update

SAT Order in the matter of Surya Pharmaceuticals Limited

Facts:

1. Futuristic Garments Private Limited (Acquirer) belongs to the promoter group of the Surya Pharmaceutical Limited (appellant) and holds in aggregate 35.15% of the paid up capital of the Target Company along with other promoters.
2. To comply with the stipulation imposed by IDBI for the release of financial assistance, the promoters of the Target Company desires to increase their holding to 51% in the appellant.
3. The appellant in its EGM resolved to issue 47 lacs optionally convertible share warrants to the acquirer which when converted into equity shares will definitely result in triggering Regulation 11 of the SEBI Takeover Regulations.
4. When the convertible warrants are yet to be issued, the appellant filed the application before the Takeover Panel for automatic exemption under Regulation 3(1) (I) of the SEBI Takeover Regulations which has been declined by the Takeover Panel on the ground that the preferential allotment of equity shares/warrants convertible into shares is not eligible for exemption per se but the exemption may be granted on case-to-case basis, particularly, where the target company has become sick and infusion of funds by the promoters/acquirers is stipulated under CDR Mechanism. However, as proposed acquisition does not fall into any such category which deserves the grant of exemption from the provisions of the Takeover Regulations and further as the public shareholding in the Target Company is approx 65%, therefore, granting an exemption would prejudice the interest of large group of shareholders.
5. Therefore, the appellant has filed this present appeal to SAT.

The Tribunal rejected the exemption application on the ground that the same is pre mature as it has been filed at the time of allotment of warrants and not on conversion of same in equity shares carrying voting rights.

Issues:

Whether the order of SEBI Takeover Panel declining the exemption on the ground that the allotment is not made in terms of CDR Mechanism or the Target Company is not a sick company is justified?

Decision:

The tribunal held that the decision of the whole time member declining the exemption do not appear to be tenable. However, even if the impugned order were to be set aside, no substantial relief can be granted to the appellant in the facts and circumstances of the present case. The request of the appellant seeking exemption under Regulation 3(1) (I) of the SEBI Takeover Regulations in our view is premature as SEBI Takeover Regulations will get triggered on the conversion of warrants into equity shares carrying voting rights and not on the allotment of warrants.

Adjudicating Officer Order in the matter of G R Magnets Limited

Facts:

SEBI conducted an investigation into the dealings of scrips of Zigma Software Limited (“ZSL”) because of sudden rise in prices from Rs 4.09 to Rs 20.8 during August to November, 2003 and fall in price from Rs 24.75 to Rs 3.86 during May to June, 2004. G R Magnets Limited (Noticee) is the only promoter company of ZSL and holds 12,68,212 shares of ZSL representing 8.56% of the paid up capital of the company during September 30, 2003.

Adjudicating Officer held that where no reply is received in response to the show cause issued to the Noticee, then it can be assumed that Noticee had admitted the charges alleged against it.

Investigations revealed that there has been an increase in the shareholding of Noticee from 8.56% to 10.36% (15,34,562 shares) by December 31,2003 but no disclosure under Regulation 7(1) of SEBI Takeover Regulations has been made.

Accordingly, Investigation officer has issued 3 summons to the Noticee to appear in person for hearing and also issued show cause notice but the Noticee had replied only to the first two summons and no reply was received for the third summon and the show cause notice.

Issue:

Whether, where the Noticee had not replied to the show cause notice issued by Adjudicating Officer, it can be assumed that it had admitted the charges alleged against it?

Decision:

Considering the judgement passed by the Tribunal in the matter of Classic Credit Limited, wherein it was held that “where the appellant did not file reply to the show cause notice, it has to be assumed that the charges alleged against him in the show cause notice was admitted by him”, Adjudicating Officer imposed the penalty of Rs 3,00,000 for not replying to the summon and show cause notice and Rs 1,00,000 for not making disclosure under regulation 7(1) of SEBI Takeover Regulations on the Noticee.

Adjudicating Officer Order in the matter of Kirloskar Investment and Finance Limited

Facts:

SEBI conducted an investigation into dealings in the scrips of Kirloskar Investment and Finance Limited (KIFL) because of frequent changes in prices during November and December, 1999. Investigations revealed that there has been a change control of KIFL from Mr. Vijay Kirloskar to Mr. Hari Singh Champawat along with Mr. Keshar Singh Rathore and Mr. Manohar Singh Rathore (Noticees) and no open offer was made to the public and as such, there has been a violation of regulation 12 of SEBI (SAST) Regulations, 1997.

AO held that where the new persons appointed on the Board are acting in concert with each other and are also taking part in the management and policy decisions, then it would constitute a change in control in terms of regulation 12 of SEBI Takeover Regulations.

Further, Mr. Hari Singh Champawat along with PAC acquired 12,50,625 shares constituting 11.59% shares on August 10, 1999 and became the single largest shareholder of the company.

Contentions:

1. The Noticees contended that the resignation by Mr Vijay Kirloskar and other members on August 10, 1999 was beyond their control and authority.

2. Their co-option as director of KIFL was in normal course and desired by the promoter director of KIFL.
3. They had not acted in concert.
4. Transfer of 12,50,625 shares of KIFL by Vijay R. Kirloskar was within the limit of regulation 11 of SEBI (SAST) Regulations, 1997.
5. Their appointment was for a particular period and purpose and does not attract the provision of regulation 12 and 14(3).
6. The appointment as director was not aimed to take over the management of the company.

Issue:

Whether the resignation of existing chairman of the company and appointment of new persons who were acting in concert with each other and are also taking part in important decision relating to the management and policy handling as the director of the company would constitute a change in control in terms of regulation 12 of SEBI (SAST) Regulations, 1997.

Decision:

The term “control” as defined under regulation 2(1)(c) of SEBI (SAST) Regulations, 1997 provides that possession of any of the following rights by any person amounts to control in hand of such person:

- i. To appoint majority of the directors;
- ii. To control the management;
- iii. The policy decision.

On becoming the directors of KIFL, the Noticees while acting in concert, gained the control of the company as the management was under their control and they took policy decisions in terms of regulation 2(1)(c) of SEBI (SAST) Regulations, 1997. Thus, considering the facts and circumstances of the case, Adjudicating Officer restrain the Noticees from assessing the securities market and also prohibit them from buying, selling or otherwise dealing or associating with securities market in any manner for a period of one year.

Adjudicating Officer Order in the matter of Somani Cement Co. Limited

Facts:

SEBI conducted an investigation into the scrips of Somani Cement Co. Limited (SCCL) due to alleged irregularity in the shares from July 2, 2004 to April 1, 2005. Investigations revealed that Shri Ashlesh G. Shah (Noticee) held 4.61% of the paid up capital of SCCL on October 14, 2003 which further increased to 9.40% on November 20, 2003 and 12.23% on May 18, 2004. Thus, the Noticee's shareholding in SCCL had gone up beyond 5% and 10% as mentioned above.

Adjudicating officer imposed the penalty of Rs.1,00,000 for the violation of Regulation 7(1) and 7(2) of SEBI (SAST) Regulations, 1997 and Regulation 13(1) and 13 (3) of SEBI Insider Trading Regulations.

It is further observed that the Noticee shareholding, after going up beyond 5% of the paid up capital of SCCL, had changed by more than 2% on a number of occasions. However, no disclosure under Regulation 7(1) and 7(2) of SEBI (SAST) Regulations, 1997 and Regulation 13(1) and 13 (3) of SEBI (Prohibition of Insider Trading) Regulations, 1992 has been made.

Issue:

Whether the imposition of penalty for the alleged violation of Regulation 7(1) and 7(2) of SEBI (SAST) Regulations, 1997 and Regulation 13(1) and 13 (3) of SEBI (Prohibition of Insider Trading) Regulations, 1992 is justified where the Noticee has failed to reply to the show cause notice issued to him?

Decision:

Considering the judgment given in the matter of **Milan Mahindra Securities Pvt Ltd Vs SEBI**, wherein SAT held that *"the purpose of these disclosures is to bring about transparency in the transactions and assist the regulator to effectively monitor the transactions in the market,* Adjudicating Officer imposed the penalty of Rs 1,00,000 on Noticee for the violation of Regulation 7(1) and 7(2) of SEBI (SAST) Regulations, 1997 and Regulation 13(1) and 13 (3) of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Adjudicating Officer Order in the matter of Unique Lease Finance Limited

Facts:

SEBI conducted an investigation into the dealings of scrips of Fast Track Entertainment Limited (FTEL) from January to June, 2004. It was observed that Unique Lease Finance Limited (Noticee) holds 7,00,000 shares of FTEL on November 18, 2003. However, by March 31, 2004, the shareholding of the Noticee in FTEL has increased to 9.05% i.e. it has crossed the limit of 5% requiring the disclosure under Regulation 7(1) and 7(2) of SEBI (SAST) Regulations, 1997 and Regulation 13(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 but no such disclosure has been made by the Noticee.

Adjudicating officer imposed the penalty of Rs.1,50,000 for the violation of Regulation 7(1) and 7(2) of SEBI (SAST) Regulations, 1997 and Regulation 13(1) of SEBI Insider Trading Regulations.

Accordingly, a show cause notice was issued to the Noticee and opportunity of personal hearing was also granted. However, the Noticee does not appear for the personal hearing.

Issue:

Whether the Noticee has violated the above mentioned provisions of the SEBI (SAST) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992?

Decision:

In case of **Shri Ram Mutual Fund**, SAT held that *“once the violations of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of the parties committing such violation becomes totally irrelevant. Once the contravention is established then the penalty is to follow”*.

Therefore, considering the above facts and circumstances of the case, Adjudicating Officer imposed the penalty of Rs 1,50,000 on Noticee for the violation of regulation 7 of SEBI (SAST) Regulations, 1997 and regulation 13 of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Takeover Panel Exemption in the matter of PVP Ventures Limited

Facts:

1. Mrs. Jhansi Sureddi and Mrs. Sai Padma Potluri (Acquirers) are part of the promoter group of the PVP Ventures Ltd (Target Company) and currently holds 65.68% of the total paid up capital of Target Company together with other Promoters.
2. PVP Enterprises Ltd (PMEL) is a wholly owned subsidiary of the Target Company and had executed a Facility Agreement and Pledge Agreement with India Bulls Financial Services Ltd (Lender) for a loan of Rs 400 million.
3. PMEL has pledged the shares of the Target Company held by it as a security for the loan. The lender instructed PMEL to provide additional security due to fall in prices of the shares of Target Company in June-September 2008.
4. The acquirers credited its 11, 32, 000 equity shares to the Demat Account of PMEL which was specifically opened for providing security to the loan.
5. PMEL repaid its loan in full in 2009 and now proposes to return the shares to the acquirers and this return of shares would increase the acquirers stake in the Target Company by 0.49%, thereby, resulting into triggering regulation 11(2) of SEBI (SAST) Regulations, 1997. Therefore, the acquirers has filed the present application seeking the exemption on the following grounds:

SEBI granted exemption from the applicability of regulation 11(2) where the increase in shareholding is pursuant to the return of shares pledged with the bank.

Grounds for Exemption:

1. The transaction is merely a return of those shares which were given by the acquirers to PMEL.
2. The acquirer shall not pay any consideration for such return of shares to PMEL.
3. No change in management or control of Target Company.
4. The return would not be prejudicial to the shareholders of Target Company.

Decision:

In view of the above facts, SEBI granted the exemption to acquirer from complying with Regulation 11(2) of SEBI (SAST) Regulations, 1997 subject to the compliance of SEBI (Issue of Capital and Disclosure Requirement), Listing Agreement or any other applicable law.

Takeover Panel Exemption in the matter of Gujarat Petrosynthese Limited

Facts:

1. The acquirers belong to the promoter group of Gujarat Petrosynthese Limited (Target Company) and holds in aggregate 20,73,021 Equity Shares representing 34.44% of the paid up capital of the Target Company.
2. The Target Company proposes to buy back maximum of 12,11,762 equity shares at a maximum price of Rs. 40 per share.
3. Pursuant to Buy Back, assuming the 100% response to Buy Back offer, the shareholding of the acquirers will increase from 34.44% to 43.12%, i.e. by 8.68% resulting into triggering regulation 11(1) of the SEBI Takeover Regulations requiring the open offer be made to the shareholders of Target Company.
4. Therefore, the acquirers has filed the present application seeking exemption from the requirement of making the open offer on the following grounds:

SEBI granted the exemption where the increase in promoter shareholding is pursuant to Buy Back by the Target Company and there is no active acquisition by the Promoter Group.

Grounds of exemption:

1. Increase in the shareholding is incidental to Buy Back.
2. No change in control over Target Company.
3. The acquirers will not participate in Buy Back offer.
4. Minimum public shareholding would be maintained.
5. The acquirers do not propose to acquire a single share of the Target Company.

Decision:

On the basis of above facts and circumstances of the case, SEBI granted the exemption to the acquirer from the requirement of making open offer subject to the acquirer complying 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 Kar mobiles Limited

Adjudicating Proceedings were initiated against Mr. S.K.Bhargava, Mr. C. Prabhakar, Mr. R. Jagannath, Mr. Ashok Malhotra, Mr. L. Lakshman, Mr. Axel Linke and Mr. L. Ganesh (Noticees) for the violation of Regulation 16(xix) and 22(19) of SEBI(SAST) Regulations, 1997 for non-disclosure of vital information to the investors. Pending the adjudication proceedings, on October 20, 2008, the noticees have filed the consent application for the settlement of above violation and proposed to pay a sum of Rs 5,00,000 as settlement charges. The terms as proposed by the notices were placed before High Power Advisory Committee (HPAC) and on the recommendation of HPAC, SEBI accepted the terms and disposes of the said proceedings against the noticees.

Consent Order in the matter of Gitanjali Gems Ltd.

Adjudicating Proceedings were initiated against Sansar Capital Management LLC (Noticee) and its sub accounts Sansar Capital (Mauritius) Ltd. and Sansar Special Opportunities (Mauritius) Ltd. for alleged violation of the provisions of Regulation 7(1) and 7(2) of SEBI (SAST) Regulations, 1997 in the scrip of Gitanjali Gems Limited. Pending the adjudication proceedings, on September 14, 2009, the noticee have filed the consent application for the settlement of above violation and proposed to pay a sum of Rs 4,50,000 as settlement charges. The terms as proposed by the notices were placed before High Power Advisory Committee (HPAC) and on the recommendation of HPAC, SEBI disposes of the said proceedings against the noticees.

Consent Order in the matter of Satia Industries Ltd.

On February 24, 1997, Satia Industries Limited (applicant) had made preferential allotment of 7,30,000 Equity Shares in compliance of term loan condition imposed by IFCI which is exempted under Regulation 3(1)(c) of SEBI(SAST) Regulations,1997 provided that the conditions as prescribed under regulation 3 are complied with. However, the applicant made an unintentional violation of the provisions of Regulations 3(3), 3(4) and 7(1) of SEBI (SAST) Regulations, 1997. Therefore, vide letter dated March 19, 2009, the applicant voluntary proposed to pay a sum of

Rs.1,50,000 towards the consent terms. The terms as proposed by the applicant were placed before the HPAC and on the recommendation of HPAC, SEBI admitted the case for settlement.

Consent order in the matter of Brand Realty Services Limited

Brand Realty Services Limited (Applicant) has file the disclosure under Regulation 6(2), (4) and 8(3) of SEBI (SAST) Regulations, 1997 with a certain delay. Therefore, vide letter dated September 3, 2009, the applicant have voluntary filed the consent application for the settlement of enforcement action that may be initiated by SEBI and proposed to pay a sum of Rs 3,00,000 as 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 compliance of the applicant.

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>Golechha Global Private Limited</p> <p>Regd. Office Chennai</p> <p>Paid up capital Rs. 420.43 lacs</p> <p>Listed At BSE, JSE, ASE & MSE</p>	Advani Private Limited	Offer to acquire 8,40,860 (20%) Equity Shares at a price of Rs. 11/25 per share payable in cash.	<p>Regulation 10 & 12</p> <p>SPA to acquire 24,18,000 (57.51%) Equity Shares of Target Company at a price of Rs.6 per share.</p>	<p>Merchant Banker Fedex Securities Limited</p> <p>Registrar to the Offer Sharex Dynamic (India) Pvt. Ltd.</p>
Sampada Chemicals Limited	Shyam Alcohol and Chemicals Limited	Offer to acquire 9,96,000 (20%) Equity Shares at	<p>Regulation 10 & 12</p> <p>SPA to acquire</p>	<p>Merchant Banker Imperial Corporate</p>

<p>Regd. Office Mumbai</p> <p>Paid up capital Rs. 498 lacs</p> <p>Listed At BSE</p>		<p>a price of Rs. 46.25 per share payable in cash.</p>	<p>12,51,000 (25.12%) Equity Shares of Target Company at a price of Rs.18 per share.</p>	<p>Finance & Services Pvt Ltd.</p> <p>Registrar to the Offer Sharex Dynamic (India) Pvt. Ltd.</p>
<p>i Power Solutions India Ltd</p> <p>Regd. Office Chennai</p> <p>Paid up capital Rs. 444.90 lacs</p> <p>Listed At BSE</p>	<p>Mr. Ram N. Ramamurthy</p>	<p>Offer to acquire 8,89,800 (20%) Equity Shares at a price of Rs. 5.75 per share payable in cash.</p>	<p>Regulation 10 & 12 SPA to acquire 29,92,258 (67.26%) Equity Shares of Target Company at a price of Rs.4.10 per share.</p>	<p>Merchant Banker Systematix Corporate Services Limited</p> <p>Registrar to the Offer Cameo Corporate Services Limited</p>
<p>Frontier Leasing and Finance Limited</p> <p>Regd. Office Mumbai</p> <p>Paid up capital Rs.24.50 lacs</p> <p>Listed At BSE</p>	<p>Essar Capital Finance Private Limited</p>	<p>Offer to acquire 49,000 (20%) Equity Shares at a price of Rs. 30 per share payable in cash.</p>	<p>Regulation 10 & 12 SPA to acquire 1,53,450 (62.63%) Equity Shares of Target Company at a price of Rs.30 per share.</p>	<p>Merchant Banker Intensive Fiscal Services Private Limited</p> <p>Registrar to the Offer Sharex Dynamic (India) Pvt. Ltd.</p>

Hint of the Month

The holder of ADRs or GDRs would be required to give the public announcement on the acquisition of such depository receipts where the holder thereof is entitled to exercise the voting rights on the underlying shares in excess of percentage specified in regulation 10 or regulation 11 and such public announcement is required to be made within four working days of acquisition of such depository receipts.

{As substantiated from proviso to regulation 14(2) of SEBI Takeover Regulations}

Regular Section

Regulation 12 – Acquisition of Control over a Company

Regulation 12 provides that “Irrespective of whether or not there has been any acquisition of shares or voting rights in a company, no acquirer shall acquire control over the target company, unless such person makes a public announcement to acquire shares and acquires such shares in accordance with the regulations:

Provided that nothing contained herein shall apply to any change in control which takes place in pursuance to a special resolution passed by the shareholders in a general meeting:

Provided further that for passing of the special resolution facility of voting through postal ballot as specified under the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 shall also be provided.

Explanation.—For the purposes of this regulation, acquisition shall include direct or indirect acquisition of control of target company by virtue of acquisition of companies, whether listed or unlisted and whether in India or abroad.”

Analysis of regulation 12

The regulation states that if any acquirer including person acting in concert acquires control over the target company irrespective of any acquisition of shares or not, he has to give public announcement to acquire shares from shareholders of the target company.

However, the requirement of public offer is not there if the shareholders of the target company approve change in control by a special resolution. Furthermore the regulations provide that the facility of voting through postal ballot shall be provided to the shareholders for passing of the special resolution.

It is appreciable that the acquisition of control includes both direct & indirect acquisition of control over target company by virtue of acquisitions of companies whether listed or unlisted and whether in India or abroad.

Further, in the matter of **Eaton Corporation (18/07/2001) –SAT**, the tribunal held that Regulation 12, read with regulation 2(b), takes care of direct and indirect acquisition, and thus, indirect acquisition of control, including acquisitions through chain of subsidiaries would attract provisions of regulation 12.

For the purpose of Regulation 12, Control means:

- the right to appoint majority of the directors, or
- to control the management, or
- to control the policy decisions of the Target Company

either by a person individually or with the persons acting in concert, directly or indirectly, by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

In order to acquire control over a listed company, one would have to have ability to control the management or policy decisions of such company. Such control can be inferred from the right to

appoint a majority of the directors. Such control could also arise out of statutory rights as a shareholder, or the provisions of any management rights agreement or shareholders agreements or voting agreements. Thus, where the name of the Noticees has been shown under the promoter categories that were having the controlling holdings on the advised of BSE, it cannot be said that they are in control of the company. **(This has been substantiated in the matter of India Newbridge Investments Limited and others-Adjudicating officer)**

Exceptions:

- a. Where there are two or more persons in control over the target company, the cesser of any one of such persons from such control shall not be deemed to be a change in control of management.
- b. Further, there would be no change in control in case there is change in nature and quantum of control amongst the person having control over the target company. However, in case of transfer from joint control to sole control, the change should be effected in accordance with regulation 3(1)(e) of SEBI Takeover Regulations.
- c. Also, if after the change in control which is effected through Regulation 3(1)(e), the control acquired by the person is equal to or less than the control exercised by person prior to such acquisition of control, such acquisition shall not be treated as change in control.

Further in the matter of **Ashwin K. Doshi vs SEBI**, the Tribunal held that the expression 'control' in regulation 12 mean effective controls, in other words control must be taken to mean de facto control also and not de jure control alone. While determining control for the purpose of regulation 12, following points must be remembered:

- A pure assessment of numerical composition of Board by itself would lead one too far to identify seat of control.
- The fact that a company is professionally managed does not mean that nobody is in control over Company.
- Even majority holding of shares is not a decisive factor in determining effective control.
- On the other hands, sometimes a person not holding majority shares, say even less than 15%, can be said to have control over the Company if he has effective de facto control over the Company.

Case Study

An analysis of Takeover Open offer for Zim Laboratories Limited

About Zim Laboratories Limited (Target Company)

The Target Company is an ISO 9001:2000 certified company and engaged in the activities of manufacturing, distribution & marketing of pharmaceuticals in Allopathic & Herbal categories encompassing almost every dosage form, including Tablets, Capsules, Dry Syrups, Liquid Orals, External Preparations, SVPs (Injectables), Ointments, Powders, etc. The shares of the Target company are listed on OTCEI.

About Unijules Life Science Limited and Mr. Anwar S. Daud (Acquirers)

The acquirers belong to the promoter group of Target Company. The main object of Unijules is to manufacture pharmaceutical preparation in the form of tablets, powder, ointments, suspension, injections and its trading in India and abroad and to carry on the business of merchant sales, commission agents, broker sales. The shares of the company are not listed on any stock exchange. Mr. Anwar S. Daud is the director of Unijules Life Science Limited and Zim Laboratories Limited.

About the offer:

Unijules Life Sciences Limited and Mr. Anwar S. Daud (acquirers) belongs to the promoter group of Target Company. During the period March 2007 to May 2008, the promoters including the acquirers have acquired on preferential basis 44,40,590 Equity Shares, thereby, increasing their shareholding to 75% of paid up capital of the Target Company which has resulted into triggering SEBI Takeover Regulations. It is noteworthy to mention here is that the SEBI Takeover Regulations were first triggered in the month of March 2007 when 14,40,590 Equity Shares, which were earlier forfeited by the Target Company, are reissued to the promoter group.

Accordingly, on April 21, 2009, the acquirers have given the open offers to acquire 12,00,000 fully paid up equity shares representing 20% of the share capital of the Target Company at a price of Rs. 20 per share plus interest of Rs. 4.76 per share for the delay in making the public announcement to the shareholders of Target Company.

Withdrawal of Offer and Exit opportunity to the shareholders of Target Company

As the total promoter shareholding is already 75%, therefore, acquisition of shares by the acquirers in response to the open offer made to the shareholders of the Target Company would result in public shareholding falling below the minimum requirement as prescribed under the Listing Agreement. Accordingly, the acquirers have also mentioned in the public announcement made on April 21, 2009 that if after the completion of open offer, the public shareholding falls below the minimum public shareholding as required under the Listing Agreement, and then the acquirers intend to delist the shares of the Target Company from the OTCEI in accordance with SEBI Delisting Regulations.

Therefore, SEBI vide letter dated December 3, 2009, has directed Unijules Life Sciences Limited and Mr Anwar S Daud (Acquirers) to withdraw the PA issued on April 21, 2009 and provide an exit opportunity to the shareholders by making a delisting offer. Consequently, vide corrigendum dated December 17, 2009, the Acquirers have withdrawn the PA in terms of Regulation 27(1)(d) of SEBI(SAST) Regulations, 1997.

It is to be noted that earlier also, in the matter of Public announcement made to the shareholders of Jacqart Chemical Industries Limited, SEBI has directed the acquirers to withdraw the open offer made to the shareholders of Jacqart Chemical Industries Limited under SEBI Takeover Regulations and make a delisting offer in terms of SEBI (Delisting of Securities) Guidelines, 2003.

Market Update

- **Bharti Airtel gets Bangladesh Telecom Regulator approval**

Bangladesh Telecom Regulatory Commission has approved Bharti Airtel bid to purchase a 70% stake in Warid Telecom, a Bangladesh fourth biggest mobile phone operator and the proposal for investment of \$300 million into the company for expanding its network in Bangladesh. Further, in terms of the Bangladeshi laws, the regulator would get 5.5% of price that Airtel would pay to for Warid.

- **Revision in Offer Price of Vardhman Holdings Limited**

Vide corrigendum dated 14 December 2009, Pradeep Mercantile Company Private Limited (acquirer) has revised the offer price from Rs 223 per share to Rs 283 per equity share payable to the shareholders of Vadhman Holdings Limited.

- **Bharti plans for another offer for GOL**

As the present offer given by Bharti to GOL did not entitle him to acquire the control of the company, therefore, Bharti plans to come out with another offer under Regulation 12 of SEBI (SAST) Regulations, 1997 to have the representation on the Board of GOL. However, before giving the offer Bharti will have to seek the consent of GOL's lender that they will not call back the loans to the company in case of a management change. The most interesting to be noted here is that some of the shareholders holding approx. 15% shares who do not want to take the risk of pro rata acceptance by Bharti have also tendered their shares to the ABG Shipyard at an offer price of Rs. 520 per share which is comparatively a good option as compared to the market price of Rs. 469 per share on December 22, 2009.

{ Our Team }

<p>Neha Pruthi Assistant Manager neha@indiacp.com</p>	<p>Visit us at</p> <p> An innovation beyond imagination</p>
<p>Ruchi Hans Associate ruchi@indiacp.com</p>	<p>A Venture of</p> <p> WHERE EXCELLENCE IS LAW</p>
<p>Priyanka Gupta Analyst Priyanka@indiacp.com</p>	<p>D- 28, South Extn. Part I New Delhi – 110049</p> <p>T: 40622200 F: 91.40622201</p> <p>E: info@takeovercode.com</p>

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