

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

IN THE MATTER OF PROPOSED ACQUISITION OF SHARES OF GREAVES MORGANITE CRUCIBLES LIMITED- EXEMPTION APPLICATION UNDER REGULATION 4(2) OF THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997

WTMO/43/CFD/12/03

- 1.0 Greaves Leasing Finance Limited (hereinafter referred to as the "acquirer") is an unlisted company and is stated to be the wholly owned subsidiary of Greaves Limited. Greaves Morganite Crucibles Limited (hereinafter referred to as the "target company") is stated to be a company promoted by Greaves Ltd which is the parent company of the acquirer. The shares of the target company are listed on the Bombay Stock Exchange and the Pune Stock Exchange. Greaves Limited as a part of its ongoing financial restructuring exercise proposes to transfer its entire share holding of 7,14,000 shares representing 25.50% in the target company to the acquirer. It is stated that presently, the acquirer does not hold any shares in the target company. As a result of the proposed transfer, the acquirer shall acquire 25.50% shares in the target company.
- 2.0 The acquirer made an application dated 23.10.2003 to the Securities and Exchange Board of India (hereinafter referred to as SEBI) under sub- regulation (2) of regulation 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 (hereinafter referred to as the said Regulations) seeking exemption from the applicability of Regulation 10 of the said Regulations.
- 3.0 In the aforesaid application, the acquirer submitted, *inter alia*, the following:
 - 3.1 Greaves Limited as a part of its ongoing financial restructuring exercise has proposed to transfer all its investment including its entire shareholding in the target Company to its 100% subsidiary, the acquirer.
 - 3.2 The target company was co promoted by Greaves Limited and Morganite Thermal Ceramics Limited(now known as Morganite Crucible Limited) wherein Greaves holds 25.5% and MCL holds 50.5% of the equity capital of the target company.
 - 3.3 Consequent upon the transfer of the aforesaid shares by Greaves to the acquirer, there will not be any change in the management and control of the Target company. Further, the proposed transfer of shares is within the Group” as defined in the Monopolies and Restrictive Trade Practices Act 1969.
- 4.0 The said application was forwarded to the Takeover Panel on November 11, 2003 in terms of sub-regulation (4) of regulation 4 of the Regulations. The Takeover Panel vide its report dated

November 13, 2003 has recommended, *inter alia*, as under:

“ Facts stated in the application show that the intended transfer of 7,14,000 equity shares of Greaves Morganite Crucible Limited by Greaves Limited is to its wholly owned subsidiary viz., the Acquirer and consequent upon transfer of the said shares, no change in the management and control of the target company is likely to take place. The intended transfer is not likely to adversely affect the interest of the minority shareholders in the target company. Grant of exemption as sought is recommended”.

- 5.0 I have taken into consideration the application dated October 23, 2003, the material available on record and the recommendations of Takeover Panel.
- 5.1 It is noted that the acquirer is stated to be the wholly owned subsidiary of Greaves Limited and Greaves Limited as a part of its ongoing financial restructuring exercise proposes to transfer its entire share holding of 7,14,000 shares representing 25.50% in the target company to the acquirer.
- 5.2 It is noted that as a result of the proposed transfer, the acquirer shall acquire 25.50% holding in the target company. However the promoter group would continue to hold 76% after the proposed transfer.
- 5.3 Consequent upon the transfer of the aforesaid shares by Greaves to the acquirer, there will not be any change in the management and control of the target company.
- 6.0 Taking into consideration the above, the recommendations of the Takeover Panel and the interest of the public shareholders of the target company, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with sub-regulation (6) of regulation 4 of the Regulations, hereby grant exemption, to the acquirer from complying with the provisions of Chapter III of the said Regulations with regard to the proposed acquisition of 7,14,000 shares representing 25.50% share capital of the target company from Greaves Limited.
- 6.1 The Acquirers are directed to complete the proposed acquisition within 30 days of the order and file a report under regulation 3 (4) with SEBI on the same.
- 6.2 This order shall come into force with immediate effect.

A.K.BATRA

MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

Date: December 18, 2003

Place: Mumbai

