

SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER****IN THE MATTER OF PROPOSED ACQUISITION OF SHARES OF GREAVES LIMITED, ENGLISH INDIAN CLAYS LIMITED, SHREE SITARAM SUGAR COMPANY LIMITED, DEORIA SUGAR MILLS LIMITED AND NEW SAVAN SUGAR & GUR REFINING COMPANY LIMITED - EXEMPTION FROM THE PROVISIONS OF CHAPTER III OF THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997****WTMO/49/CFD/1/04**

1.0 Greaves Ltd, English Indian Clays Ltd, Deoria Sugar Mills Ltd, Shree Sitaram Sugar Company Ltd and New Savan Sugar & Gur Refining Company Ltd (hereinafter referred to as "the target companies") are stated to be controlled by Shri Brijmohan Thapar. DBH International Pvt. Ltd, Karun Carpets Private Ltd, Solaris Chem Tech Ltd, Solaris Holdings Ltd (hereinafter referred to as "the acquirers") are also stated to be controlled by Shri Brijmohan Thapar. On behalf of the acquirers, Shri Brijmohan Thapar submitted an application dated 6th October, 2003 to the Securities and Exchange Board of India (hereinafter referred to as "SEBI") seeking exemption from complying with the provisions of regulations 10, 11 and 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "the said regulations") in respect of acquisition of 1,16,79,473 (26.16%) equity shares and voting rights of Greaves Ltd, 15,75,762 (35.26%) equity shares and voting rights of English Indian Clays Ltd, 41,100 (10.30%) equity shares and voting rights of Deoria Sugar Mills Ltd, 49,490 (7.47%) equity shares and voting rights of Shree Sitaram Sugar Co. Ltd, and 15,234 (2.56%) equity shares and voting rights of New Savan Sugar & Gur Refining Co. Ltd by the acquirers. Further, the application also included proposed transfer of voting rights in respect of 13,70,027 equity shares of English Indian Clays; 3,03,400 equity shares of Deoria Sugar Mills Ltd; 5,03,200 equity shares of Shree Sitaram Sugar Co. Ltd and 4,94,700 equity shares of New Savan Sugar & Gur Refining Co. Ltd from Shri Brijmohan Thapar to the companies currently holding shares representing the said voting rights ("holding companies"). With regard to the said acquisitions, exemption was sought from complying with the provisions of regulations 10, 11 and 12 of the said regulations.

1.0 In this regard earlier, four brothers of the Thapar family viz, Shri Lalit Mohan Thapar, Shri Brij Mohan Thapar, Shri Inder Mohan Thapar and Shri Man Mohan Thapar who were jointly controlling around 100 companies belonging to the Thapar Group filed applications dated

January 17, 2001 and November 26, 2001 with SEBI seeking exemption under the provisions of the said regulations for acquiring voting rights of the target companies as per a Family Settlement Agreement (herein after referred to as FSA). In respect of the said applications, SEBI vide orders dated October 08, 2001 and January 22, 2002, granted exemption for transfer of voting rights of the target companies in favour of the Shri Brijmohan Thapar and his sons. The orders further stated that the shares of the target companies shall ultimately be transferred in favour of persons acting in concert which are directly or indirectly owned/controlled by the Thapar Brothers (in this case Shri Brijmohan Thapar) and the same shall be done in accordance with the provisions of the then prevailing Takeover Code.

3.0 Pursuant to the said orders passed by SEBI, the voting rights in respect of the target companies are stated to have been transferred to Shri Brijmohan Thapar.

4.0 In the present application, it is submitted that the same is made as a logical step in the implementation of the FSA in the manner contemplated in the SEBI orders. The transferors who were members of the erstwhile Thapar Group companies propose to transfer their shareholding in the target companies to the acquirers who are stated to be part of the Brijmohan Thapar Group (BMT Group). The voting rights which are proposed to be transferred to the acquirers are currently being exercised by Shri Brijmohan Thapar pursuant to the said orders passed by SEBI.

It is stated in the application that the proposed transfer of shares and voting rights would take place in the following manner:

- (i) The transfer of equity shares of Greaves Ltd. from the transferors to the acquirer –

SHARES OF GREAVES LTD.

Transferor	No. of Shares	% to current capital
Janpath Investments & Holdings Limited	7893439	17.68
JCT Ltd.	898095	2.01
KCT Bros. (Coal Sales) Ltd.	2677741	6.00
Saraswati Travels Pvt. Ltd.	9999	0.02
Arizona Printers & Packers Ltd.	6999	0.02
Central India Agencies Ltd.	193200	0.43
Total	11679473	26.16

Acquirer	No. of Shares	% to current capital

Solaris Chem Tech Ltd.	5739736	12.86
Solaris Holdings Ltd.	100000	0.22
DBH International Pvt. Ltd.	3893158	8.72
Karun Carpets Pvt. Ltd.	1946579	4.36
Total	11679473	26.16

SHARES OF ENGLISH INDIAN CLAYS LTD.

Transferor	No. of Shares	% to current capital
Janpath Investments & Holdings Limited	10,61,100	23.75
Chohal Investments & Holding Ltd.	1,95,050	4.36
Poly Investments & Holdings Ltd.	1,95,050	4.36
BILT Paper Holdings Ltd.	4,562	0.10
Crompton Greaves Ltd.	1,20,000	2.69
Total	15,75,762	35.26

Acquirer	No. of Shares	% to current capital
DBH International Pvt. Ltd.	494000	11.06
Karun Carpets Pvt. Ltd.	1081762	24.20
Total	15,75,762	35.26

SHARES OF DEORIA SUGAR MILLS LTD.

Transferor	No. of Shares	% to current capital
Karam Chand Thapar & Bros. (CS) Ltd.	1000	0.25
Janpath Investments & Holding Ltd.	9500	2.38
Punjab Business Supply Co. Ltd.	11600	2.91
Indian City Properties	9500	2.38
Ratendon Investments & Holdings Ltd.	9500	2.38
Total	41100	10.30

Acquirer	No. of Shares	% to current capital
DBH International Pvt. Ltd.	20000	5.01

Karun Carpets Pvt. Ltd.	21100	5.29
Total	41100	10.30

SHARES OF SHREE SITARAM SUGAR CO. LTD.

Transferor	No. of Shares	% to current capital
Punjab Business Supply Co. Ltd.	2500	0.37
JCT Ltd.	12500	1.89
Indian City Properties	4090	0.61
Janpath Investments & Holdings Ltd.	15200	2.30
Ratendon Investments & Holdings Ltd.	15200	2.30
Total	49,490	7.47

Acquirer	No. of Shares	% to current capital
DBH International Pvt. Ltd.	15200	2.30
Karun Carpets Pvt. Ltd.	34290	5.17
Total	49,490	7.47

SHARES OF NEW SAVAN SUGAR & GUR REFINING CO. LTD.

Transferor	No. of Shares	% to current capital
Janpath Investments & Holdings Ltd.	6934	1.16
JCT Ltd.	2500	0.42
Indian City Properties	5800	0.97
Total	15,234	2.55

Acquirer	No. of Shares	% to current capital
DBH International Pvt. Ltd.	6934	1.16
Karun Carpets Pvt. Ltd.	8300	1.39
Total	15,234	2.55

Further the application also included proposed transfer of voting rights in respect of 13,70,027 equity shares of English Indian Clays Ltd, 3,03,400 equity shares of Deoria Sugar Mills Ltd, 5,03,200 equity shares of Shree Sitaram Sugar Co. Ltd and 4,94,700 equity shares of

New Savan Sugar & Gur Refining Co. Ltd

5.0 The said application was forwarded to the Takeover Panel in terms of sub-regulation (4) of regulation 4 of the said Regulations. The Takeover Panel vide its report dated 18th December 2003 has recommended, inter alia, as under:

“Considering the facts stated in the application, it is evident that the intended transfers of equity shares and voting rights as applied for are to bring the total transaction to logical conclusion in line with the order dated 8th October, 2001 earlier passed by SEBI. This does not involve any change in management and / or control of said companies. The contemplated transfers are not likely to affect the interests of the minority shareholders of Greaves Ltd, English Indian Clays Ltd, Deoria Sugar Mills Ltd, Shree Sitaram Sugar Co. Ltd, and New Savan Sugar & Gur Refining Co. Ltd. The intended transfer of shares are from one group company, the transferors being a part of Thapar Group of companies to another. The intended transfer of voting rights is from the promoter to companies controlled by him. Grant of exemption as sought is, therefore, recommended.”

6.0 I have taken into consideration the application dated 6th October, 2003, the material available on record and the recommendations of Takeover Panel.

6.1 It is noted that earlier SEBI vide order dated 8th October 2001 and January 22, 2002, granted exemption to the transfer of voting rights of Thapar Group of companies among the four brothers of the Thapar family so as to enable them to hold the same belonging to four different groups each to be headed by one of the four brothers as envisaged in the Family Settlement Agreement. The shares in respect of the said voting rights were intended to be transferred ultimately to the respective Thapar brothers.

6.2 It is noted that as a result of the exemption granted vide the said orders, Shri Brijmohan Thapar acquired control over the target companies by acquiring the voting rights in the target companies. The present application is seeking transfer of shares (for which the voting rights are already vested with Shri Brijmohan Thapar) from companies belonging to erstwhile Thapar group to companies controlled by Shri B. M. Thapar pursuant to the implementation of FSA. Further, transfer of voting rights is proposed to take place from Shri Brijmohan Thapar to the acquirers and holding companies which are controlled by him.

6.3 It is noted that the proposed transfer may not result in change in control over the target companies. It is further noted that the proposed transfer may not affect the interests of minority shareholders of the target companies.

7.0 Taking into consideration the above, the recommendations of the Takeover Panel and the interest of the public shareholders of the Target companies, 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 said Regulations, hereby grant exemption, to the acquirers from complying with the provisions of Chapter III of the said Regulations with regard to the proposed acquisition of shares and voting rights of the target companies by the acquirers and holding companies in the manner mentioned in the application.

8.0 The acquirers are directed to complete the acquisition within a period of three months from the date of this order. The acquirers are further directed that on completion of the acquisition, a report under Regulation 3(4) read with Regulation 3(5) of the said Regulations shall be filed with SEBI.

A.K.BATRA
MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Date: January 22, 2004
Place: Mumbai