

Takeover of Corporate Managements

583. SHRI DHULESHWAR MEENA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken or propose to take any measures to curb stealthy take-over bids of corporate managements; and

(b) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) Under the MRTP Act, Companies Act and the listing agreement which the companies are required to execute with the stock exchanges while seeking enlistment of their shares, provisions exist to prevent the stealthy take-over bids of corporate managements.

Under Section 23(4) of the MRTP Act, approval of the Central Government is required to be obtained by the owner of a MRTP undertaking for take-over of the whole or any part of any other undertaking.

Section 30B of the MRTP Act, which adopts the provisions of Section 108A of the Companies Act, prohibits any individual firm, body corporate, group constituents of a group or bodies corporate under common management to acquire shares exceeding 25 per cent of the paid up equity share capital of a public limited Company or a private limited company which is a subsidiary or a public limited company without the approval of the Central Government in the Department of Company Affairs.

The Listing Agreement, which is required to be executed between the stock

exchanges and the companies, provides a clause for protection of the interests of non-management shareholders in the event of bulk purchase of shares for acquiring managerial control. The basic principle of the clause is that whenever a Group acquires 25 per cent of the voting capital of a company, or acquires effective control of the company by any other means, the non-management shareholders shall be given an option to sell their shares to the new management group at the same price. This provision does not apply in cases of the acquisition of shares pursuant to any rehabilitation proposal for take-over of mismanaged units or sick units approved by a public financial institution specified in Section 4A of the Companies Act, 1956 or a developmental or investment agency of a State Government or by such institutions/agencies themselves pursuant to any rehabilitation proposal for take-over of mismanaged units or sick units or where such acquisition of shares does not result in the effective control of management of the company by these bodies.

Steel Plant at Pondicherry

584. SHRI PRITHIBI MAJHI: Will the Minister of STEEL, MINES AND COAL be pleased to state:

(a) whether Government have sanctioned the setting up of a steel plant at Pondicherry during the year 1984-85 by a private company; and

(b) if so, what are the names of directors of the private company and by when it is likely to start production?

THE MINISTER OF STATE IN THE DEPARTMENT OF STEEL (SHRI K. NATWAR SINGH): (a) and (b) Yes, Sir.

During the year 1984-85 letters of intent have been issued to two Companies for setting up of mini-steel plants, each with a capacity of 18,000 tonnes per annum of steel ingots/billets. The names of the

Companies are (i) M/s. Chudiwala Steels Limited, and (ii) Indian Steel Rolling Mills Limited.

The Board of Directors of the two Companies are as under:—

Name of the Company	Board of Directors
M/s. Chudiwala Steels Limited	1. Sri K. Chudiwala 2. Sri B.P. Sonthalia 3. Sri S.K. Chudiwala
M/s. Indian Steel Rolling Mills Ltd.	1. Sri C.R. Pamaswamy 2. Sri K. S. G. Haja Shareef 3. Sri S. Rajaratnam 4. Sri S.C. Gupta 5. Sri K. Padmarabhan 6. Sri V.G. Godarn.

The letters of intent to M/s. Chudiwala was issued on 19th November, 1984, and to M/s. Indian Steel Rolling Mills Limited on 20th March, 1985. The letters of intent are valid for one year from the date of issue. It is premature at this stage to indicate the precise date of commencement of production.

Income-tax proceedings against A.P.E.C.

585. SHRI GULAM MOHI-UD-DIN SHAWL: Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 156 given in the Rajya Sabha on the 24th July, 1984 and state:

(a) the income-tax returns filed for 1979-80, 1980-1981, 1981-1982, 1982-1983, 1983-84 and 1984-85 by the Apparels Export Promotion Council;

(b) the income according to the Income-tax Commissioner and tax demanded separately for each year; and

(c) the position regarding the appeals by the assessee before the Income-tax Appellate Tribunal, separately for each year and the results thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (c) Returns of income have been filed by the Apparels Export Promotion Council,

New Delhi, for the assessment years 1979-80 to 1984-85 declaring 'Nil' incomes.

Assessments for the assessment years 1979-80, 1980-81, 1981-82, and 1982-83 have been completed on total incomes of Rs. 38,050, Rs. 16,20,460, Rs. 7, 12, 980 and Rs. 69,56,667, respectively. Tax demands raised these years is Rs. 12,595, Rs. 15,76,646, Rs. 6,17,774 and Rs. 66,70, 034, respectively. Assessments for assessment years 1983-84 and 1984-85 are pending for completion.

The assessment for the assessment year 1979-80 was set aside by the Commissioner of Income-tax, under section 263 of the Income-tax Act, 1961 on 27.1.1984 on the ground that it was prejudicial to the interest of revenue. The set aside assessment is pending and appeal by the Council against the order of the Commissioner is pending with the Income-tax Appellate Tribunal. The Department has gone in appeals against the orders of the Commissioner of Income-tax (Appeals) before the Income-tax Appellate Tribunal in respect of the assessment years 1980-81 and 1981-82, which are still pending. Appeal against assessment order for the assessment year 1982-83 is filed on 20.4.1985 before the Commissioner of Income-tax (Appeals) and is still pending.