

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6885
ANSWERED ON:07.05.2010
GRANT OF CLEARANCE FOR AMALGAMATION
Rathod Shri Ramesh;Singh Shri Sushil Kumar

Will the Minister of FINANCE be pleased to state:

- (a) the details of provisions in the rules / norms /guidelines, governing the amalgamation of two or more listed companies;
- (b) whether any complaints have been received against mergers/ amalgamations during the recent time;
- (c) if so, the details thereof and response of the Government/Securities and Exchange Board of India (SEBI) thereto;
- (d) whether the mergers/amalgamations in question has been given clearance before completion of investigation into such complaints; and
- (e) if so, the reasons therefor and reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a): Amalgamation of two or more listed/ unlisted companies are governed under Sections 391-394 and 396 of the Companies Act 1956 read with Companies (Court) Rules 1959 and notifications issued thereunder. For merger and amalgamation of listed companies the provisions of the Listing Agreement inter-alia provides that the Scheme of Arrangement should not be in violation of the securities law or the Stock Exchange requirement and the listed company should file the scheme with the Stock Exchange for approval.

(b): Yes, Sir.

(c): In 2009-10 complaints against the following mergers/amalgamations were received as follows:

1.Amalgamation of Reliance Petroleum Limited with Reliance Industries Limited. The complaints relate to financial and accounting irregularities, mis-appropriation by Reliance Industries Ltd., its promoters and associate companies at the cost of national exchequer and minority shareholders. All the complaints were referred to the petitioner companies and companies' replies were examined by the Registrar of Companies (ROC). Based on the replies of the company and opinion of respective ROCs the amalgamation / merger was approved by the competent Courts.

2.Merger of Flextronics Design Consumer Electronics (India) Pvt Ltd. and M/s Solcctron India Pvt. Ltd. and M/s Coldwatt India Pvt Ltd. with M/s Flextronics Technologies Pvt. Ltd. The complaints relate to the fact that the scheme of merger has not been agreed to by the creditors of all the companies.

(d): The jurisdictional Regional Director does not give any clearance for the schemes under Section 391-394 of the Companies Act, 1956. The Regional Director examines this scheme as well as the petition and brings to the knowledge of competent Court any inconsistency or violation of provisions of the Companies Act. The schemes are sanctioned / approved by the competent Courts.

(e): Does not arise in view of reply to (d) above.