

NEWS ALERT

November 18, 2009

Volume IV, Issue 18



Cadbury's 'Forced' Exit Offer May Hit Legal Roadblock

Cadbury India's minority shareholders will shortly be filing an intervention petition and caveat in the Bombay High Court against the company's move to buy out the remaining minority shareholders. The company on Monday passed a special resolution at its EGM for the reduction of paid-up capital by paying off about 8,000-odd minority shareholders who together hold roughly 2.4% in the company. The exit price has been fixed at Rs 1,340 per share. The resolution was approved easily, as the promoters need only a 75% majority to pass it. The company will now have to seek a formal approval of the Bombay HC to reduce the equity capital. According to people familiar with the developments, most shareholders who were present at the meeting and supported the resolution were largely employees of the company, who also hold shares. As per section 100 of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital, can, if so authorized by its Articles, by special resolution, reduce its share capital in any way.



Retailers Turn To Co-Op Movement For Better Supply Chain Management

Far from the existing corporate or contract farming, co-operative movement is becoming a revolution. Thanks to the retail boom, retailers are giving a push to this momentum for better supply chain management. Even while the existing contract or corporate farming is being debated by many states as there are no clear-cut policies during violation by the corporates, co-operatives are much sought-after by the retailers. The buyers list includes ITC's e-choupal, Reliance Fresh, Heritage Foods and many more are the in the process to join the co-operative movement.

Reason is obvious as the co-operatives are registered under the mutually-aided co-operative society Act. For instance, as pilot, the Federation of Farmers' Association (FFA) of Andhra Pradesh has initiated a move by setting up eight co-operatives in the state for mango which has helped in mitigating losses to an extent of Rs 2-3 crore.

Mahindra Satyam on Tuesday said it has received legal notices for claims totalling Rs 1,230.40 crore from as many as 37 companies, to whom it has replied terming these claims as "legally untenable". The company said that the "confession letter dated January 7, 2009, of Ramalinga Raju, former Chairman of the company, also refers to net amount of Rs 1,230 crore arranged to the Company by the 37 companies."

Send across your feedbacks to Dilpreet Kaur at dilpreet.kaur@jimsindia.org