



Gateway

Volume 6 Issue 1

January - February 2020

President's Message



Dear friends,

My warm greetings to all of you.

I am writing this message with a heavy heart.

The corona virus is playing havoc in China and many countries. Global economic

analysts fear a downturn in activity this month due to disruptive impact of the coronavirus on supply chains. It is said that China's footprint in the global economy is today so much bigger than it was at the time of SARS (2002-2003), China accounted for about 4 percent of global GDP then, but today the figure is close to 18 percent. Hope we will recover soon and the global economy will bounce back with tenacity, and the afflicted people world over will soon resume normal life.

The Union Budget for 2020-2021 was just announced by the Finance Minister, Government of India. According to leading economic survey reports 2020, India's GDP will grow at 6 - 6.5 percent during the year. The survey further enumerates ten positive factors - "picking up of NIFTY for the first time this year, an upbeat secondary market, higher FDI flows, build-up of demand pressure, positive outlook for rural consumption, rebound of industrial activity, steady improvement in manufacturing, growth in merchandize exports, higher build-up of foreign exchange reserves and positive growth rate of GST revenue collection". Also, the net FDI and net Foreign Portfolio Investment (FPI) in first eight months of 2019-20 stood at \$24.4 billion and \$12.6 billion respectively, more than the inflows received in the corresponding period 2018-19.

The IMF sees Japan's economy growing faster than previously expected this year due to the stimulus package unveiled last month by Prime Minister Mr. Shinzo Abe. The IMF now forecasts that Japan's economy will expand 0.7% in 2020, up from a 0.5% forecast in October 2019. **Lets strive together to build a better tomorrow.**

Regards,

T.P. Imbichammad

Special Meeting on "Japan-India Relations & Indo-Pacific Cooperation 2020" on 08th February



IJCCI Congratulates Mr. Venu Srinivasan and Mr. Anand Mahindra



Mr. Venu Srinivasan

The Government of India's 'Padma Bhushan' award conferred on Mr. Venu Srinivasan, Chairman TVS Motors & Past President IJCCI and Mr. Anand Mahindra, Chairman Mahindra Group of Companies for their significant contributions to trade and industry. The awards will be presented by the President of India at a ceremonial function to be held at the Rashtrapati Bhawan around March-April this year. IJCCI wishes many more laurels to Mr. Venu Srinivasan and Mr. Anand Mahindra.



Mr. Anand Mahindra

71st Republic Day of India was celebrated in New Delhi on 26th January. Brazilian President Mr. Messias Bolsonaro was the Chief Guest.



The Reiwa Emperor and The Empress



126th Emperor of Japan, His Majesty Naruhito's 60th birthday was celebrated in Chennai on 20th February. Consul-General Mr. Kojiro Uchiyama proposed the toast for a long-lasting friendship between Japan and India.

'India-Japan ties have been extremely strong for decades'

Relations reflect action-based cooperation, say experts

STAFF REPORTER
CHENNAI

For decades now, political ties have been extremely strong between India and Japan, except for a brief period, N. Ravi, publisher of The Hindu Group, said on Saturday.

While speaking at the Japan-India relations and Indo-Pacific Cooperation 2020 event, he said cultural ties and people-to-people ties had always remained vibrant.

"In terms of the state of the ties, it has moved from what was described as global partnership in 2000 between

India and Japan to global and strategic partnership in 2006, and in 2014, elevated to special strategic and global partnership. It was a change not just in nomenclature, but also reflected the depth and action-based cooperation that has developed between the two nations," he added.

M.K. Narayanan, former National Security Advisor, Government of India, and former Governor of West Bengal, said today, India and Japan were on the same wavelength, and this was made possible only because of the pioneering efforts of various

leaders from both sides.

"The main thrust of the Indo-Japanese coordination in the Indian Ocean region centres around expanding maritime diplomacy, accompanied by specific steps to implement directives provided from time-to-time," he said.

Sridhar Krishnaswamy, deputy dean and professor of department of journalism at the SRM Institute of Science and Technology, and T.P. Imbichammad, president of the Indo-Japan Chamber of Commerce and Industry, spoke on the occasion.

Thanjavur becomes the first IAF station in South India to have Sukhoi-30 MKI

The Indian Air Force inducted a squadron 'Tigersharks' of Sukhoi-30 MKI fighter planes, with the capability to carry BrahMos missiles, at its Thanjavur airbase on 20th January. It is expected to gradually increase to its full capacity of 18 planes. With the SU-30MKI Squadron getting positioned in Thanjavur, the Indian Air Force would get more air power to strike from long stand off ranges on any target at sea or on land with accuracy by day or night and in all weather conditions.

Union Budget of the Government of India



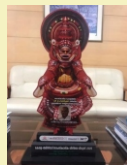
The Union Budget of the Government of India for the year 2020-2021 was presented by Finance Minister Ms. Nirmala Sitharaman at the Parliament on February 01, 2020. “We have set the ball rolling for a New India, the country will become a \$5-trillion economy in a few years”, said the Finance Minister. Currently the Indian economy stands at \$2.7 million.

IJCCI and Grant Thornton organised “Budget 2020 : Presentation and Interactive Session on Tax and Policy Changes” in English & in Japanese language by Mr. R. Sridhar and Mr. Motoaki Araki on 05th February.



Budget Presentation in Japanese language is available in <http://www.ijcci.com/budget2020-jp.html>

IJCCI Congratulates Mr. T.P. Imbichammad



Ministry of Culture, Government of Kerala in association with Malayalam Mission, Bharat Bhavan, Kerala State Chalachitra Academy and South Zone Cultural Centre honoured Mr. T.P. Imbichammad, President IJCCI for his contribution in the fields of culture, social work and education, on 24th January in Chennai at a function. Mr. A.K. Balan, Hon’ble Minister for Culture, Government of Kerala and his counterpart in the Government of Tamil Nadu, Mr. K. Pandiarajan presented the memento to Mr. Imbichammad.

Students of IJCCI Japanese Language School enthralled the audience with their Japanese performance on 22nd February at the Japanese Night organised by The Consulate General of Japan, Chennai



Takeover: Majority Shareholders can now acquire full shareholding control in a Company

Introduction:

The recent amendments to the Companies Act, 2013 [‘Act’] provides a right to the Majority Shareholder(s) of a company to propose a Takeover Offer to purchase the shareholding of the remaining minority shareholder(s) of the said company. This article is a brief write-up on the latest development in this regard.

Relevant Provisions:

Chapter XV of the Act deals with ‘Compromise, Arrangement and Amalgamations’. Section 230 of the Act deals with the ‘Power to Compromise or make an Arrangement. Though Sections 230(11) and 230(12) existed as a part of the Companies Act, 2013, such provisions were made effective only recently, on the 3rd of February 2020. Further, The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2020 [‘Rules’] has introduced new provisions into the relevant Rules in this regard.

Takeover Offer by majority shareholders:

As on date the compulsory exit of minority shareholders from a Company can be achieved by a Company through a ‘Schemes of Arrangement’ or a ‘Reduction of share capital’. The new provisions provide that a ‘Compromise’ or ‘Arrangement’ can include a Takeover Offer by the Majority Shareholders of a company to purchase the shareholding of the remaining minority shareholder(s) of the said company. The Rules contain certain specific requirements in this regard. A member or members of a company holding not less than three-fourths of the shares in a company are now entitled to make such Takeover Offer. If the Takeover Offer involves the shares of a listed company, such Takeover Offer is required to be made as per the regulations framed by the Securities and Exchange Board [‘SEBI’].

“Shares” means the equity shares of a company with voting rights, and includes any Securities, such as depository receipts, which entitles the holder thereof to exercise voting rights. Therefore, all Securities having voting rights are covered under this provision.

Brief Process:

The Takeover Offer is to be proposed as a ‘Scheme of Arrangement’ [‘Scheme’] which is to be filed by the Majority Shareholders before the appropriate National Company Law Tribunal [‘NCLT’] seeking the sanction of such Takeover Offer.

A Court-convened meeting of the members of the company will be held in which the approval from three-fourth of the members of the said company who are present and voting will be required. The NCLT can also appoint an independent Chairman for such Court-convened meeting.

The procedure for obtaining the sanction to a Scheme has to be meticulously followed and ultimately the Scheme will be considered by the NCLT for its sanction. It is the discretion of the NCLT to either sanction or reject a Scheme. If a Scheme is sanctioned, the implementation of the Takeover will be as per the mechanics set-out in such Scheme.

Valuation and Exit Price to be offered:

The exit price is the ‘Fair Price’ which is to be determined by a registered valuer through a valuation of the Shares of the Company. The registered valuer is required to take into account various valuation parameters including the return on net worth, book value of shares, earning per share, price earning multiple vis-à-vis the industry average and such other parameters as are customary for valuation of shares of the company. The registered valuer is also required to consider the highest price paid by any person or group of persons for acquisition of shares during the last twelve months.

Deposit of consideration into a separate bank account:

The Majority Shareholders will also have to deposit at least one-half of the total consideration of the Takeover Offer into a bank account opened for such purpose. This condition has been prescribed with a view to get the Majority Shareholders to establish their bonafides and to probably their financial ability to make such payments as well. The timing of this deposit is not specified and this aspect requires clarity.

This condition is intended to secure the interests of the minority shareholders. However, this condition will be onerous on the Majority Shareholders as a substantial sum of money could get locked-in for about 5 to 6 months.

The manner in which the remaining consideration will be paid by the Majority Shareholders to the Minority Shareholders should be clearly set-out in the Takeover Offer.

Also, in several companies, the details of many small shareholders are usually not traceable and hence suitable requirements in this regard could have been incorporated into the new provisions.

Rights of aggrieved Minority Shareholders:

Any aggrieved person can make an Application to the NCLT setting out the grievances with respect to the Takeover Offer [other than those made in relation to listed companies]. These grievances must be taken up in accordance with the requirements under the Act in this regard.

Conclusion:

The Majority Shareholders of a company now have an opportunity to take full shareholding control of a Company through a Court process. The minority shareholders of a private limited company or an unlisted public limited company usually do not have an easy and/or feasible exit option as compared to listed companies. Such shareholders can make use of a Takeover Offer to liquidate their stake if the proposed Takeover Offer is acceptable to them.

P.S. Suman

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