
Orissa Sponge seeks extension of deadline by 2 months

Monday, 15 Jun, 2009

ET reported that Orissa Sponge Iron and Steel the takeover target of 3 firms has written to the market regulator Sebi seeking extension of the deadline to convert warrants owned by Bhushan Group into equity shares by at least two months.

The deadline for converting warrants that can raise Bhushan Group's stake in the sponge iron firm from 15% currently to 25% is June 19th 2009. The decision to seek extension of deadline was taken by the management of Orissa Sponge in the board meeting held on June 6th.

Orissa Sponge director said that "As per the explanatory clause for warrant allotment, there should not be any change in management from the date of issue till the date of conversion of warrants. But Bhushan Group's open offer for Orissa Sponge is a clear indication of its intentions to acquire controlling stake in the company."

Mr DK Singh secretary of Orissa Sponge company secretary said "Bhushan Group's proposal is being considered and appropriate action will be taken in case either party misses the deadline."

The director said Orissa Sponge has called an extraordinary general meeting on July 27th, to take into account shareholders' viewpoint whether to relax conditions of converting warrants or not.

Bhushan Group led Bhushan Energy which owns the warrants has locked horns with Orissa Sponge's existing promoters over the control of the company. Existing promoters the Mohantys have joined hands with another suitor Monnet Ispat. Bhushan Power and Steel which is led by Mr Sanjay Singal estranged brother of Bhushan Group promoter Mr Neeraj Singal is the third firm eyeing Orissa Sponge.

Mr Nittin Johri director of Bhushan Group (finance) said "There has been no change in the management at Orissa Sponge. We are merely exercising our right to convert the warrants and the board has no right to stop it."

(Sourced from Economic Times)

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