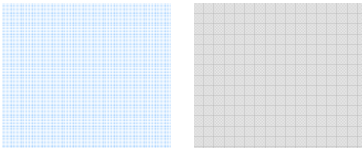
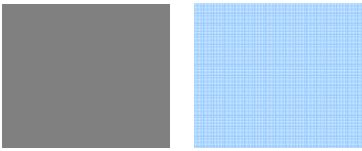


# TAKEOVER PANORAMA

*November Issue- volume XIV*



## INSIGHT

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# RECENT UPDATES



## Exemption granted in the matter of JAIN STUDIOS LTD.

### *Facts of the Case*

The acquirer named Ankur Services and Growth Fund Ltd. belonging to the promoter group of Target Company and individually holding 72,857 equity shares (0.5%) and 78.82 Lac equity shares (54.79%) along with other promoters has proposed to acquire 1, 15, 94,203 equity shares of the target company @ Rs. 10 each at a premium of Rs. 7.25 per share, by way of preferential allotment. This has resulted in triggering regulation 10 & 11 of Takeover Regulation.

### *Grounds for seeking exemption*

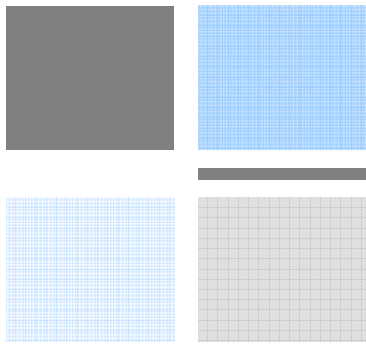
- a. The issuance of shares is necessitated, as a part of the settlement with the Industrial Development Bank of India (IDBI) through “Stressed Assets Stabilization Fund” (SASF) and the proposed allotment would make the target company debt free.
- b. The target company has fully complied with all the provision applicable on the proposed preferential allotment.
- c. There would not be any change in control pursuant to the proposed acquisition.

### *Decision*

On consideration of the above facts and circumstances, SEBI granted exemption to the acquirer from compliance of regulation 11 subject to the acquirer complying with SEBI DIP Guidelines and ensuring the minimum public shareholding being maintained.

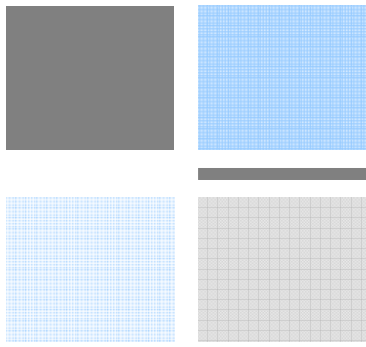
## LATEST OPEN OFFERS

Name of Target Company	Name of Acquirer	Details of Offer	Reason for the Offer	Concerned Parties Details
<b>INTRA INFOTECH LTD.</b>  <b>Regd. Office</b> New Delhi  <b>Paid up Capital</b> Rs 650.00 Lacs  <b>Listed at</b> DSE & BSE	Fortune Buildprop Pvt. Ltd.	Offer to acquire upto 3, 23, 65,740 (57%) equity shares of Rs. 1/- each at a price of Rs. 4.00 per fully paid up equity share and Rs 2.00 per partly paid up equity shares payable in cash.	<b>Regulation 10 and 12</b>  SPA dated 25 September, 2007 to acquire an aggregate of 10205000 (17.97%) fully paid up equity shares of Rs.1/- each from the promoter group of IIL, at a price of Rs. 1.00 per fully paid up equity share payable in cash.	<b>Merchant Banker</b>  Chartered Capital & Investment Ltd  <b>Registrar to the offer</b>  Beetal Financial & Computer Services Pvt. Ltd.



<p><b>SELLAIDS PUBLICATIONS (INDIA) LIMITED</b></p> <p>Regd. Office Maharashtra</p> <p>Paid up Capital Rs. 298.82Lakhs</p> <p>Listed at BSE</p>	<p>Mr. Subhash P. Rathod and Mrs. Mangla S. Rathod</p>	<p>Offer to acquire upto 7, 33,740 equity shares representing 20% of the paid-up capital and 31.80% of the voting capital, at a price of Rs. 3/- per fully paid-up share and Re. 1/- per partly paid-up share payable in cash.</p>	<p><b>Regulation 10 &amp; 12</b></p> <p>SPA with the promoter Group to acquire in aggregate 11, 59,330 equity shares of Rs.10/- each, representing 31.60% of subscribed capital and 50.24% of voting capital of Target Company.</p>	<p><b>Merchant Banker</b></p> <p>Ashika Capital Ltd</p> <p><b>Registrar to the offer</b></p> <p>Purva Shareregistry Pvt. Ltd.</p>
<p><b>FOSECO INDIA LTD.</b></p> <p>Regd. Office Pune</p> <p>Paid up Capital Rs 638.6 lakhs</p> <p>Listed at BSE, NSE &amp; PSE</p>	<p>Cookson Group plc</p>	<p>Offer to acquire up to 1,277,292 (20.0%) voting equity shares of Rs. 10 each, at a price of Rs. 420/- per Share.</p>	<p><b>Regulation 10 and 12</b></p> <p>Indirect acquisition of 66.48% of the equity share capital and control Of the Target Company.</p>	<p><b>Merchant Banker</b></p> <p>DSP Merrill Lynch Ltd</p> <p><b>Registrar to the offer</b></p> <p>Intime Spectrum Registry Ltd</p>

<p><b>Zenotech Laboratories Limited</b></p> <p><b>Regd. Office</b> Hyderabad</p> <p><b>Paid up Capital</b> Rs. 2881.05</p> <p><b>Listed at</b> BSE &amp; CSE</p>	<p><b>Ranbaxy Laboratories Limited</b></p>	<p>Offer to acquire upto 68, 93,000 equity shares representing 20% of the Expanded Equity capital at a price of Rs. 160 per share payable in cash.</p>	<p><b>Regulation 10 &amp; 12</b></p> <p>SPA with promoters to acquire a total of 78, 78,906 (27.35%) at a price of Rs. 160/- per share and SSA to acquire a total of 54, 89,536 equity shares at a price of Rs. 160 per Share.</p>	<p><b>Merchant Banker</b></p> <p>Rabo India Securities Private Limited</p> <p><b>Registrar to the offer</b></p> <p>Karvy Computershare Private Limited</p>
<p><b>Splash Mediaworks Limited</b></p> <p><b>Regd. Office</b> Mumbai</p> <p><b>Paid up Capital</b> 124.65 Lakhs</p> <p><b>Listed at</b> BSE &amp; VSE</p>	<p>Mr. Arun Dagarla and Mr. Chirag Shah</p>	<p>Offer to acquire upto 2,49,300 (20%) equity shares of Rs. 10/- each at a price of Rs. 120/- per share, payable in cash.</p>	<p><b>Regulation 10 and 12</b></p> <p>SPA with Promoters Group of the Target Company to acquire in aggregate 76,300 (6.12%) fully paid up equity shares of Rs. 10/- each, at a price of Rs. 115/- per share.</p>	<p><b>Merchant Banker</b></p> <p>Ashika Capital Ltd</p> <p><b>Registrar to the offer</b></p> <p>Purva Shareregistry Pvt. Ltd.</p>



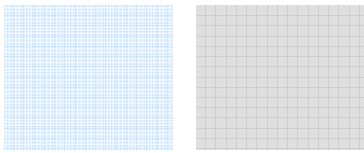
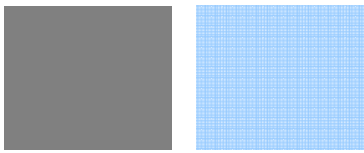
<p><b>MSK Projects (India) Limited</b></p> <p><b>Regd. Office</b> Vadodara</p> <p><b>Paid up Capital</b> Rs. 2,23,50,3590</p> <p><b>Listed at</b> BSE, NSE &amp; VSE</p>	<p>M/s Subhkam Holding Private Limited along with M/s Subhkam Securities Private Limited and Ms. Arti R Kathotia</p>	<p>Offer to acquire upto 45, 77,572 (20%) fully paid-up equity shares of Rs.10/- each, at Rs. 84 per share payable in cash.</p>	<p><b>Regulation 10</b></p> <p>Preferential allotment of 44, 50,000 (19.91%) fully paid-up equity shares of Rs. 10/- each for cash at a price of Rs. 84/- per share.</p>	<p><b>Merchant Banker</b></p> <p>Collins Stewart Inga Private Limited</p> <p><b>Registrar to the offer</b> Intime Spectrum Registry Ltd</p>
<p><b>7Seas Technologies Limited</b></p> <p><b>Regd. Office</b> Hyderabad</p> <p><b>Paid up Capital</b> Rs. 450.00 Lakhs</p> <p><b>Listed at</b> HSE &amp; ASE</p>	<p>Mrs. Meenu Bhanshali</p>	<p>Offer to acquire upto 11, 00,000 (20.28%) equity shares of Rs. 10/- each, at a price of Rs. 36/- per fully paid up share and at a price of Rs. 31/- per partly paid-up equity shares.</p>	<p><b>Regulation 10</b></p> <p>Preferential allotment of 15, 00,000 fully paid equity shares of Rs. 10/- each at a price of Rs. 36 per share and 10, 00,000 warrants at a price of Rs. 36 per share.</p>	<p><b>Merchant Banker</b></p> <p>Ashika Capital Ltd</p> <p><b>Registrar to the offer</b> Venture Capital and Corporate Investments Limited</p>

# REGULAR SECTION

## Do's and Don'ts of Acquirer during the Offer Period

### Interpretation of Regulation 22

Do's	Don'ts
Within 4 working days of entering into MOU or actual acquisition of shares, whichever is earlier, make a public announcement in newspapers.	During the offer period, the acquirer or persons acting in concert with him shall not be entitled to be appointed on the board of directors of the target company subject to certain exceptions.
In case of conversion of warrants or any other securities into shares which has resulted in acquirers' shareholding exceeding the threshold limits, the public announcement shall be made not later than 4 working days before the acquirer acquires voting rights on such shares.	Any of the persons representing or having interest in the acquirer on the board of the target company shall not participate in any matter(s) concerning or "relating" to the offer including any preparatory steps leading to the offer.
Send a copy of draft letter of offer within 14 days of public announcement of offer to: a. SEBI b. Target Company c. Stock Exchanges	The acquirer cannot dispose off or otherwise encumber the assets of the target company for a period of two years from the date of closure of the public offer unless he has stated his intention in the letter of offer.

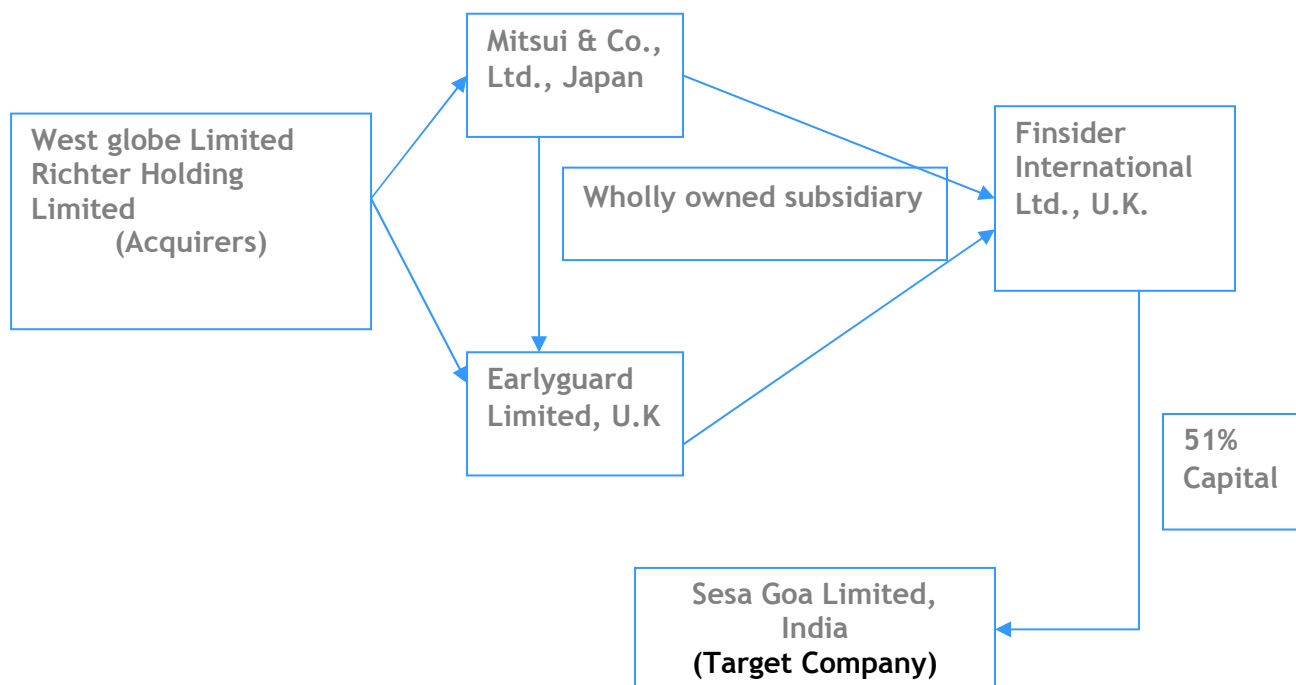


<p>Submit the requisite fees along with the draft letter of offer.</p>	<p>Where the offer has been made conditional upon the minimum level of acceptance, the acquirer shall not acquire any shares in the target company during the offer period, except by way of fresh issue of shares of the target company</p>
<p>Send a copy of final letter of offer to</p> <ol style="list-style-type: none"><li>Shareholders of Target company including NRIs</li><li>Custodian of ADRs/GDRs, if any</li><li>Warrant holders or convertible debenture holders, where the period of exercise of option falls within offer period.</li></ol>	<p>No revision of offer can be made after a period of seven working days prior to the date of closure of offer.</p>
<p>Pursuant to the SPA, the agreement shall contain a clause to the effect that in case of non-compliance of any provisions of this regulation, the agreement for such sale shall not be acted upon by the seller or the acquirer.</p>	<p>No document pertaining to the offer shall contain any misleading information.</p>
<p>The acquirer can revise upwards the offer in terms of price and the number of shares.</p> <p>The acquirer can withdraw the offer if-</p> <ul style="list-style-type: none"><li>- The statutory approval(s) required have been refused</li><li>- The sole acquirer, has died or</li><li>- Such circumstances as in the opinion of the Board merit withdrawal</li></ul>	<p>The acquirer shall not acquire any share of the Target Company after a period of seven working days prior to the date of closure of offer.</p>

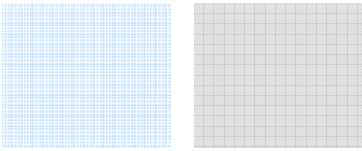
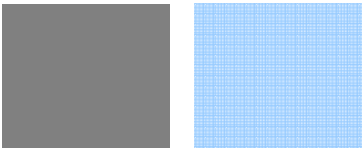
# CASE STUDY

## OPEN OFFER TO THE SHAREHOLDERS OF SESA GOA

### *Background to the Offer*



On April 23, 2007, the acquirers have entered into an agreement with Mitsui & Co Ltd. Japan & Earlyguard Limited, U.K to acquire 100% of the Equity share capital of Finsider International Ltd., U.K. from Earlyguard. Earlyguard is a wholly owned subsidiary of Mitsui. Further, Finsider International owns 51% of the fully paid-up equity share capital of Sesa Goa Limited.



Hence, through the global acquisition of Finsider International, the Acquirers together with the PAC have indirectly acquired 51% of the fully paid-up equity share capital and control of Sesa Goa Limited.

Therefore on April 26, 2007, the acquirers made an open offer to acquire up to 78,72,404 fully paid-up equity shares of the face value of Rs. 10 each, representing in the aggregate 20% of the paid-up equity share capital of the Target Company at a price of Rs. 2,036.30 per share payable in cash.

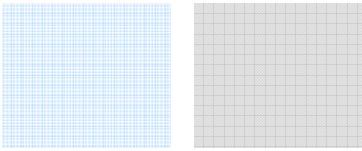
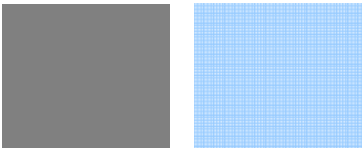
***Key Points:***

**In case of indirect acquisition, public announcement has to be given within 4 days of acquisition of the parent company:**

It is noteworthy to mention here that in case of indirect acquisition of an Indian listed company, the public announcement is required to be made within 4 days of acquisition of the parent company and not within 4 days of acquisition of Target Company.

***Share price on all the stock exchanges has to be taken into consideration for determining the offer price:***

In this case, the shares of Target Company are listed on NSE and BSE. In terms of the provision of regulation 20(5) of Takeover Regulations, the shares of the Target Company are frequently traded on both the stock exchanges. Therefore, the minimum offer price will be decided after taking into consideration the weekly high and low of closing prices of the equity shares of the Target Company on NSE as well as on BSE for the 26 weeks and daily high and low of closing prices of the equity shares of the Target Company on NSE as well as on BSE for the 2 weeks preceding the date of the public announcement.



Therefore, after taking into consideration the closing market price on both the stock exchanges, the acquirer had made the open offer at Rs. 2,036.30 per share payable in cash.

***Driving factor behind the deal:***

The driving factor behind this deal is that the West globe is an investment company and does not have any income generating operations. Since its incorporation, no financial statements of West globe have been prepared. However, the acquirer companies along with the PAC intend to leverage their metal and mining expertise to benefit Sesa Goa's operations and synergise Sesa Goa's existing operations with their own operations thus increasing shareholder value for Sesa Goa.

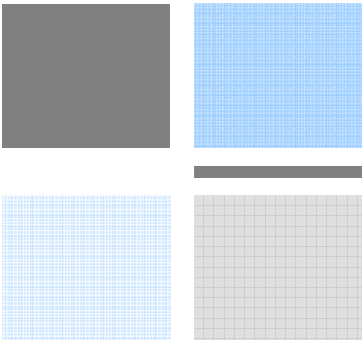
## MARKET UPDATE



### NEWS ON MERGERS & ACQUISITIONS

***Clearwater has invested \$450 Million in 26 Companies in India***

Clearwater Capital Partners is one of the largest investors in India. The New York-based private equity-cum-distressed assets fund has invested about \$450 million in 26 companies in India. Most of these deals have been done in the last two and half years. The firm, which mainly makes investments in small- and medium-sized distressed companies in Asia (excluding Japan), manages a total corpus of \$1.7 billion.



This includes its latest \$900 million fund which was closed in June. Clearwater's India portfolio includes Jamna Auto Industries Ltd, Diamond Cables Ltd, Kamath Hotels, and offshore services company Dolphin Offshore Enterprises (India) Ltd.

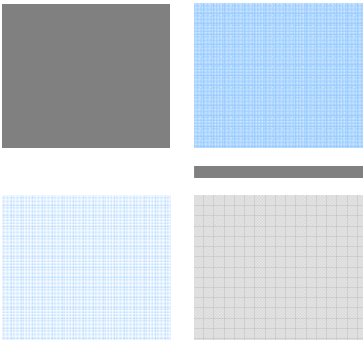
#### *Water Management Firm Doshion Gets \$9 Million from IDFC PE*

Ahmedabad-based water management company Doshion Ltd has announced Rs 35-crore funding from IDFC Private Equity Fund II, a fund managed by IDFC Private Equity. Doshion provides water management solutions to industries in the oil and gas, processing, electronic, and pharmaceutical and power sectors.

The infused capital will be used to expand and also for acquiring niche companies in the areas of design and fabrication of water treatment plants and for bidding for upcoming BOT and BOOT projects in the water segment.

Doshion was founded by Dhirajlal Doshi (its chairman) in 1978. The company started out as a small company manufacturing ion exchange resins. Now it claims to have a pan-India presence and is also said to have executed projects in water purification, waste water and effluent treatment in India and overseas. Its Indian clients include BHEL, L&T, Hindustan Zinc, Dalmia Sugars, HPCL, BARC and Maruti.

This is the first investment in this sector by IDFC Private Equity. However, the Mumbai private equity fund has been upping its cleantech investments lately. It recently led a \$100 million deal in Moser Baer Photo Voltaic in which IDFC PE's contribution was \$40 million. The fund also has \$22 million investment in Gujarat Petronet LNG and \$60 million startup capital in Krishna Godavari Gas Network Ltd, a company building the natural gas pipeline network in Andhra Pradesh.

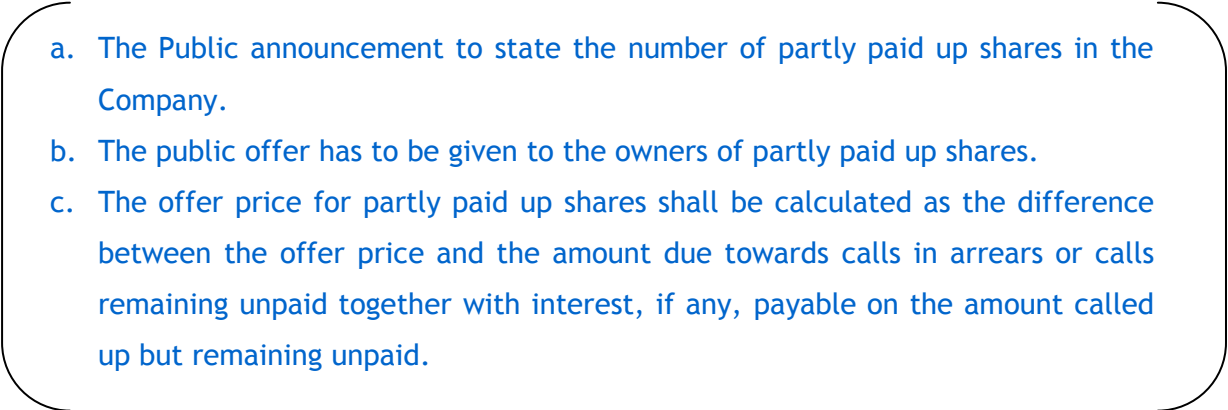


The others like Intel Capital and Siemens Venture Capital, among others, are looking at water treatment and water management space closely. In 2005, ICICI Venture had done a management buyout of Chennai-based water and waste water treatment company VA Tech. Recently, now called VA Tech Wabag, the company acquired its erstwhile Austrian parent for \$100 million.

## HINT OF THE MONTH



### TREATMENT OF PARTLY PAID UP SHARES IN OPEN OFFER

- 
- a. The Public announcement to state the number of partly paid up shares in the Company.
  - b. The public offer has to be given to the owners of partly paid up shares.
  - c. The offer price for partly paid up shares shall be calculated as the difference between the offer price and the amount due towards calls in arrears or calls remaining unpaid together with interest, if any, payable on the amount called up but remaining unpaid.

# INTERMEDIARY SEARCH

S.no	Name	Contact Details
1.	Ambit Corporate Finance Private Ltd	Ambit RSM House 449, Senapati Bapat Marg, Lower Parel Mumbai, Maharashtra
2.	Keynote Corporate Services Ltd	307, Regent Chambers, Nariman Point Mumbai, Maharashtra

*For any Clarification*

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