

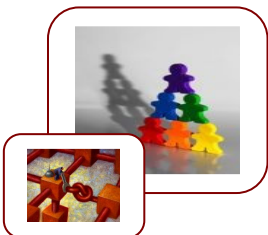
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- ♥ Open Offer of IMP Finance
- ♥ M & A updates
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- ♥ Hint of the Month



# TAKEOVER PANORAMA

*May Issue - Volume VIII*





# Insight



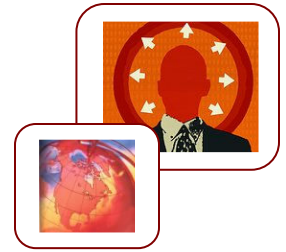
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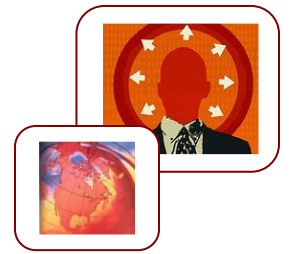


## Latest Open Offers



S.no	Name of Target Company	Acquirer	Offer details	Reason of the offer	Concerned Parties Details
1.	<p><b>ROSSELL TEA LIMITED</b></p> <p>Regd. Office Kolkata</p> <p>Paid up Capital Rs. 6,31,42,950</p>	<p>BMG Enterprises Limited, Mr. Harsh Mohan Gupta &amp; Mrs. Vinita Gupta</p>	<p>To acquire 12,62,859 equity shares of Rs. 10/- each representing 20% of post-preferential Share Capital of RTL at a price of Rs. 22.50 per share, payable in cash.</p>	<p><b>Regulation 11(2)</b></p> <p>Preferential issue of 17,77,778 fully paid up equity shares of Rs 10/- each at a price of Rs. 22.50 per share, aggregating to Rs. 4,00,00,005 increasing the shareholding of acquirer from 54.09% to 67.01%</p>	<p><b>Manager to the offer</b></p> <p>Nexgen Capitals Limited</p> <p><b>Registrar to the offer</b></p> <p>M/s Skyline Financial Services Pvt. Ltd.</p>
2.	<p><b>BLISS GVS PHARMA LIMITED</b></p> <p>Regd. Office Mumbai</p> <p>Paid up Capital Rs. 630.67 lacs</p>	<p>Nr. Shibroor N. Kamath</p>	<p>To acquire upto 12, 61,334 fully paid equity shares of Rs. 10 each at a price of Rs. 60 per share representing 20% of the post issue capital.</p>	<p><b>Regulation 11(1)</b></p> <p>Issue of 26,66,667 equity shares of Rs. 10 each on preferential basis at a price of Rs. 60 per share.</p>	<p><b>Manager to the offer</b></p> <p>Ashika Capital Limited</p> <p><b>Registrar to the offer</b></p> <p>Mondkar Computers Private Limited</p>
3.	<p><b>IMP FINANCE LIMITED</b></p> <p>Regd. Office Mumbai</p>	<p>Mr. Vinubhai L. Kanani &amp; Mr. Premjibhai D. Kanani</p>	<p>To acquire additional 49,800 equity shares of Rs. 10/- each representing</p>	<p><b>Regulation 10 &amp; 12</b></p> <p>Share Purchase Agreement to acquire an</p>	<p><b>Manager to the offer</b></p> <p>Chartered Capital &amp; Investment</p>





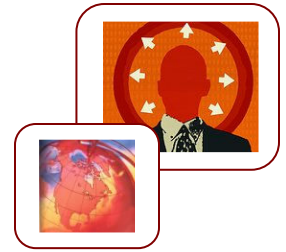
	<b>Paid up Capital</b> Rs. 1,50,00,000		20.00 % of the total paid up capital/voting share capital of “IMPFL” at a price of Rs. 17/- per share payable in cash.	aggregate of 1,86,600 Equity Shares of Rs.10/- each representing 74.94 % of the total equity/voting share capital of the company.	Limited <b>Registrar to the offer</b>  Intime Spectrum Registry Limited
4.	<b>CORCOMP INFOSYSTEMS LIMITED</b>  Regd. Office Mumbai  Paid up Capital Rs. 20,00,000	Mr. Dayabhai Gajibhai Jivani, Mr. Jagdishbhai Harjibhai Jivani, Mr. Savji Dungarshibhai Patel and Mrs. Usha Savji Patel	Offer to acquire 40,000 equity shares representing 20% of the voting capital of Corcomp Infosystems Limited at the rate of Rs. 142/- Per equity share.	<b>Regulation 10 &amp;12</b>  SPA to acquire 1,32,000 fully paid up equity shares at a cash price of Rs. 15/- per share representing 66% of fully paid up equity share capital.	<b>Manager to the offer</b>  Aryaman Financial Services Limited  <b>Registrar to the offer</b>  Sharepro Services (I) Pvt. Ltd.
5.	<b>BENZO PETRO INTERNATIONAL LIMITED</b>  Regd. Office Gujrat  Paid up Capital Rs. 1109.52 Lakhs	Mr. Jasbir Singh Sodhi	To acquire from them upto 22, 19,050 (20%) fully paid-up Equity Shares of Rs. 10/- each at a price of Rs. 2.50 per share.	<b>Regulation 10 &amp;12</b>  SPA to acquire 19, 12,400 fully paid up equity shares being 17.24% of the voting capital at a price of Rs. 2.50 per share.	<b>Manager to the offer</b>  Ashika Capital Limited  <b>Registrar to the offer</b>  Adroit Corporate Services Pvt. Ltd.





6.	<p><b>ELECTRA FINANCIAL SERVICES LIMITED</b></p> <p>Regd. Office Mumbai</p> <p>Paid up Capital Rs. 300.04 lacs</p>	<p>Mr. Keshrimal Jain, Mr. Mukesh Jain, Mr. Navin Jain and Mr. Sunil Jain</p>	<p>To acquire by tender upto 6,00,080 (20%) fully paid equity shares of Rs. 10 each at a price of Rs. 6.45 per fully paid up equity share</p>	<p><b>Regulation 10 &amp; 12</b></p> <p>SPA to acquire 15,52,570 (51.75%) fully paid up equity shares of Rs. 10/- each for cash at a price of Rs. 6.45 per share.</p>	<p><b>Manager to the offer</b></p> <p>Aryaman Financial Services Ltd</p> <p><b>Registrar to the offer</b></p> <p>Sharex Dynamic (I) Pvt. Ltd.</p>
7.	<p><b>NEEMTEK ORGANIC PRODUCTS LIMITED</b></p> <p>Regd. Office Mumbai</p> <p>Paid up Capital Rs. 1,83,10,000</p>	<p>Smt. Sarayu Somaiya</p>	<p>To acquire 3,66,200 (20%) fully paid up equity shares of Rs.10/- each at a price of Rs. 10/- per fully paid-up equity share payable in cash.</p>	<p><b>Regulation 10 &amp; 12</b></p> <p>SPA to acquire 12,78,530 (69.83%) fully paid up equity shares of Rs.10/- each, at a price of Rs. 10/- per equity share, payable in cash.</p>	<p><b>Manager to the offer</b></p> <p>Ashika Capital Limited</p> <p><b>Registrar to the offer</b></p> <p>Mondkar Computers Pvt. Ltd.</p>
8.	<p><b>TV TODAY NETWORK LIMITED</b></p> <p>Regd. Office New Delhi</p> <p>Paid up Capital Rs. 2,900 lakhs</p>	<p>Reliance Capital Limited</p>	<p>To acquire up to 1, 16, 00,000 (20%) fully paid-up equity shares of Rs. 5/- each at a price of Rs. 130. per fully paid-up equity share payable in cash.</p>	<p><b>Regulation 10</b></p> <p>Voluntary offer for consolidation of holdings.</p>	<p><b>Manager to the offer</b></p> <p>JM Morgan Stanley Private Limited</p> <p><b>Registrar to the offer</b></p> <p>Karvy Computershare Private Limited</p>





## Regular Section

### FAQs ON REGULATION 7

What is the maximum time limit for disclosure of shareholding under regulation 7(1) and 7(1A)?

The acquirer has to give intimation to the stock exchange on which the shares of the target company are listed & the target company within 2 days of: -

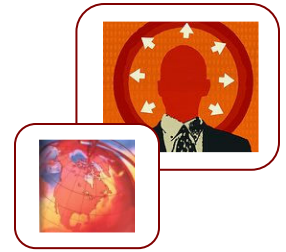
- 1.1. The receipt of intimation of allotment of shares; or
- 1.2. The acquisition of shares or voting rights, as the case may be.

The appreciable point here is that the date of allotment will be the date of receipt of intimation of allotment in an issue. The date of receipt of intimation of allotment in an issue will be the date of broker's contract note which should be considered for reckoning the period of two days. In the depository mode of purchase in the secondary market segment, the transfer to the purchaser's account takes place immediately, therefore that date will be considered.

Whether for the purpose of regulation 7, acquirer includes Person acting in concert though the regulation only mentions the term 'acquirer'?

Though the regulation here omits the word 'person acting in concert' but since the term acquirer includes Person acting in concert, therefore omission cannot be taken as the relieving factor here.





## Regular Section

### FAQs ON REGULATION 7

#### Whether the compliance under regulation 7 is a one-time compliance?

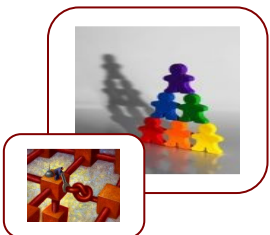
The answer is 'NO' as it was decided in recently held case 'Reliance Industries Limited Vs Securities & Exchange Board of India', that compliance under Regulation 7(1) is not a one-time compliance. The disclosure is required to be given even when the acquirer went below 5% and again go above the threshold limit.

#### Whether presence of details of shareholding at the depository of company is a sufficient compliance under Regulation 7?

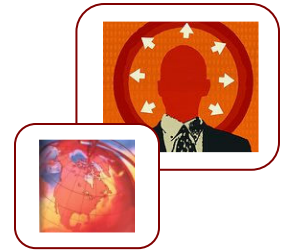
Also, it was held in Mega Resources Ltd Vs Securities & Exchange Board of India, that information available to company from depository is a substitute for disclosure under regulation 7(1) by 'acquirer' is not tenable as the regulation also imposes obligation both on acquirer & company. The acquirer cannot absolve himself from the obligation merely saying that company possesses the information about his shareholding.

#### At what point of time pledges mentioned in explanation to Regulation 7 are required to make the disclosures?

As per the regulation, the situation is not clear as to when the pledges are required to make the disclosure. Practically, they have to make disclosures within 2 days of creation of pledge. But rationally, the pledgees are required to make the disclosure as & when they are entitled to exercise the voting rights on the security being pledged. The pledgee only holds the shares as a security only. There is no point of making disclosure when the pledgee is not entitled to exercise the voting rights. Therefore, logically it should be that the pledgee is required to make the disclosure only when they are entitled to exercise the voting rights i.e. when the pledge operates.



## Regular Section



### FAQs ON REGULATION 7

#### Whether the limit of 2% is calculated on gross basis or on net basis?

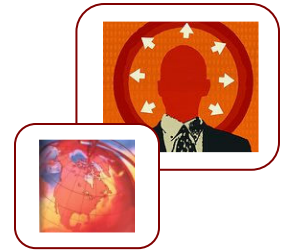
In 'Kosha Investments Ltd Vs SEBI' the SEBI's position before the SAT was that the thresholds of Regulation 7 had to be determined on a gross basis and not on a net basis. The argument was based on recommendation of the second Report of the Bhagwati Committee. This interpretation of Regulation 7 appears arbitrary because it bears no rational nexus with the objective of that provision. The objective of Regulation 7 is to prevent an acquirer from consolidating his/her holding behind the back of the incumbent management and the shareholders to a point where he can comfortably mount a bid for control over the company.

The person, in the above example, is no closer to being in such a position after the fifth sale than he was when he first set out to acquire shares in the company. Therefore, it would be justified that the limit of 2% shall be computed on net basis & not on gross basis.

#### Whether persons who are holding more than 55% i.e. outside the scope of regulation 11(1) have to make disclosure on sale of more than 2%?

As per the provisions of law, Regulation 7(1A) covers only those who have acquired shares in accordance with the provisions of Regulation 11(1). It does not take into account the persons who are holding more than 55% because a person holding more than 55% shares is required to give open offer on acquisition of even a single share which is a better requirement. However, if he is exempted under regulation 3, then he should at least disclose his shareholding under regulation 7.





## Regular Section

### FAQs ON REGULATION 7

**Whether it is compulsory on the company to provide disclosure under regulation 7(3) even when the acquirer fails to file the mentioned disclosure?**

The answer to the above question is affirmative, as the company itself possesses all the details of the shareholding of all the shareholders. The Company cannot absolve its obligation by shifting the onus on the acquirer.

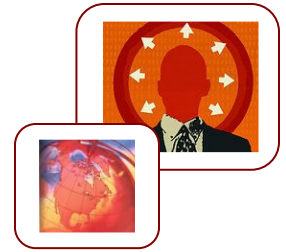
**Whether acquisition held for less than 2 days is also to be disclosed under Regulation 7?**

It was decided in Kensington Investment Ltd. v. Securities and Exchange Board of India, it was decided that if the excess holding was just for a short duration, such an acquisition should not be a concern of company or investor, for whose benefit reporting under regulation 7 is to be provided, the compliance is excused in such cases.

## Thought of the Month

The new source of power is not money in the hands of a few, but information in the hands of many.





## M & A News

### ♥ Jet Airways has acquired Air Sahara at an enterprise

Jet Airways has acquired Air Sahara at an enterprise value of Rs 1,950 crore. The Arbitration Panel - comprising of British Judge Lord Stein and Supreme Court Justices S P Bharucha and Jeevan Reddy - has approved the deal. Jet had already paid a bank guarantee of Rs 500 crore. It will pay another Rs 400 crore by April 20.

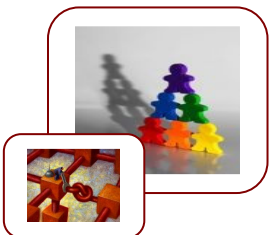
Assets worth Rs 120 crore will be culled out of Air Sahara. Jet had invested Rs 180 crore in Air Sahara during Jan-June '06. Furthermore, Jet has agreed to takeover Rs 200 crore of bad debt or liability on its books. That's a total of Rs 500 crore. The remaining Rs 550 crore will be paid in four installments before March 30, 2008.

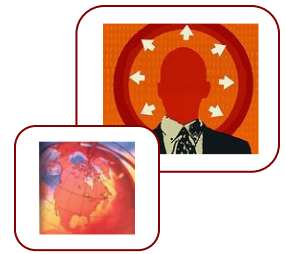
Reports suggest that that Jet Airways will retain Air Sahara employees like all pilots and engineers, while the marketing staff will stay with Sahara.

### ♥ Vodafone's Acquisition Of Hutchison Essar Finally Cleared

Finally the last hurdle in the Vodafone-Hutch deal has been cleared. The Foreign Investment Promotion Board (FIPB), which approves the foreign direct investment proposals, has given its go-ahead to Vodafone to acquire 52 per cent equity stake in Hutchison Essar.

The deal was held up since the government asked for clarifications on the 15 per cent held by Hutcison-Essar CEO Asim Ghosh and Max India's Anajit Singh. The latter two are holding the stake for Vodafone, and the government was of the view the total stake owned by foreign entities in Hutchison Essar were more than 74 per cent, which is the maximum FDI limit in telecom. Essar Group owns 33 per cent, but 22 per cent of it is held as foreign equity.





## Intermediary Search

<i>Name</i>	<i>Contact details</i>
<i>ABN AMRO SECURITIES (INDIA) PRIVATE LTD</i>	81, Sakhar Bhavan Nariman Point Mumbai
<i>ENAM FINANCIAL CONSULTANTS PVT LTD</i>	113 Stock Exchange Towers, Dalal Street, B.S. Marg, Fort Mumbai

## Hint of the Month

Creeping Acquisition limit provided in Regulation 11(1) in a financial year is in addition to the exempted acquisition under Regulation 3 during the year & in addition to the acquisition made through Open Offer.

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