

TAKEOVER PANORAMA





INSIGHT

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RECENT UPDATES

Informal Guidance in Akzo Nobel N.V

“Whether the shares acquired pursuant to a scheme of arrangement approved by High of a foreign country is exempt - Yes” - SEBI Informal Guidance in Akzo Nobel N.V

Facts

On August 13, 2007 Akzo Nobel N.V., a company incorporated under the law of Netherlands had entered into an arrangement with Imperial Chemical Industries PLC (ICI) a company incorporated under the laws of England and Wales to acquire entire equity share capital of ICI. As on that date, ICI was holding 52.96% share capital of its Indian subsidiary company, ICI India Ltd. The scheme of arrangement is effective subject to the order of High Court of England and Wales sanctioning the scheme and confirming the reduction of capital under the scheme. Upon the Scheme becoming effective, ICI will become a wholly-owned subsidiary of Akzo Nobel, which will then indirectly acquire control over 20,776,213 shares representing approximately 52.96% of the issued and paid up equity share capital of ICI India.

Issues

Whether the proposed acquisition of shares of a foreign company pursuant to a scheme of arrangement approved the High Court of that country will be exempt under regulation 3(1)(j)(ii) of SEBI Takeover Regulations, 1997?

Yes, because section 3(1) (j) (ii) of Takeover Regulations provides exemption from

Regulation 10, 11 & 12 in case of acquisition of shares pursuant to a scheme of arrangement or reconstruction including amalgamation or merger or demerger under any law or regulation, Indian or foreign.

Therefore, acquisition of shares pursuant to a scheme of arrangement approved by a foreign court will also be exempted.

CONSENT ORDER - MILLARS INDIA LIMITED

Consent order in case of violation of Regulation 6 & 8 by Millars India Limited

Millars India Limited was found guilty of failure to comply with regulation 6 & 8 of SEBI Takeover Regulations. For said failure, SEBI initiated adjudication proceedings against the Company. Pending adjudication proceedings, the Company filed an application for consent order proposing to pay a sum of Rs. 2, 75,000 towards consent terms in the matter, without admission or denial of guilt on the part of the noticee to the finding of fact or conclusion of law. Adjudication offer consented to the terms of the Company and ordered to dispose off the pending adjudication proceedings.

CONSENT ORDER - HINDUSTAN COMPOSITES LIMITED

Consent order in case of violation of Regulation 6, 7 & 8 by Hindustan Composites Limited

SEBI had initiated adjudication proceedings against Hindustan Composites Limited to inquire into alleged violation of provisions of Regulations 6(2), 6(4), 7(3) and 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in the matter of the delayed compliance/non-compliance in making the requisite disclosures to the stock exchanges Pending the adjudicating proceedings, the noticee made an

application proposing to pay a sum of Rs. 75000 and a small amount towards administration fees towards consent terms in the present matter without admission or denial of guilt on the part of the noticee to the finding of fact or conclusion of law. Having regard to the facts and circumstances of the case, Adjudication offer consented to the terms of the Company and ordered to dispose off the pending adjudication proceedings.

LATEST OPEN OFFERS

Name of Target Company	Name of Acquirer	Details of Offer	Reason of Offer	Concerned Parties
Bajaj Electricals Limited Regd. Office Mumbai Paid up capital Rs. 17,2857,600 Listed At BSE, DSE & NSE	Rahul Bajaj, Mr. Shekhar Bajaj, Mr. Madhur Bajaj & Mr. Niraj Bajaj	Offer to acquire upto 12,10,000 (7%) fully paid equity shares of Rs. 10 each at a price of Rs. 389 per Equity share.	Regulation 11(2A) Voluntary offer for consolidation of holdings by the promoters holding in aggregate 1,16,51,690 (67.41%) fully paid Equity Shares of Rs. 10 each	Merchant Banker Yes Bank Ltd. Registrar to the Issue Intime Spectrum Registry Ltd
Era Infra Engineering Limited Regd. Office New Delhi Paid up capital Rs. 231,035,520/- Listed At BSE and NSE	Era Housing & Developers (India) Limited and Hi-Point Investment & Finance Private Limited	Offer to acquire 46,20,711 (20%) fully paid up equity shares, at a price of Rs. 615 per fully paid up equity share payable in cash.	Regulation 11 (1) SPA to acquire certain shares of the target company increasing their shareholding from 24.23% to 39.45%.	Merchant Banker Motilal Oswal Investment Advisors Pvt.Ltd. Registrar to the Issue Beetal Financial & Computer Services Pvt

				Ltd.
<p>GG Automotive Gears Limited</p> <p>Regd. Office Maharashtra</p> <p>Paid up capital Rs. 791.62 Lacs</p> <p>Listed At ASE, BSE, DSE, MSE & MPSE</p>	<p>Hakeem Auto Limited</p>	<p>Offer to acquire upto 15,83,300 (20%) equity shares of Rs. 10 each at a price of Rs. 5.35 per share.</p>	<p>Regulation 11(1)</p> <p>Re-issue of forfeited shares to the extent of 9,00,000 shares (22.31%) on 25.08.2002 and 7,15,900 shares (11.71%) on 29.10.2002 to the acquirer by way of preferential allotment aggregating to 16,15,900 shares constituting 34.02% of the total paid up capital of the company.</p>	<p>Merchant Banker</p> <p>Ashika Capital Ltd</p> <p>Registrar to the Issue</p> <p>Purva Sharegistry Pvt. Ltd</p>
<p>Hatsun Agro Product Limited</p> <p>Regd. Office Chennai</p> <p>Paid up capital Rs. 6,78,88,180/-</p> <p>Listed At BSE</p>	<p>R. G. Chandramogan alongwith Mr. C. Sathyan, Ms. C. Lalitha, Ms. Dolly Parijatham, Ms. S. Kayalvizhi and Ms. Deviga Suresh</p>	<p>Offer to acquire upto 4,22,943 (6.23%) equity shares of Rs.10/- each of the Target Company at a price of Rs.309/- per fully paid-up share.</p>	<p>Regulation 11 (2 & 2A)</p> <p>Voluntary offer for consolidation of holdings by acquirer currently holding 46,68,626 (68.77%) Equity Shares of Rs.10/- of the Target Company.</p>	<p>Merchant Banker</p> <p>Karvy Investor Services Ltd</p> <p>Registrar to the Issue</p> <p>Karvy Computershare Private Limited</p>
<p>Infomedia India Limited</p> <p>Regd. Office Maharashtra</p> <p>Paid up capital Rs. 19,76,16,530/-</p>	<p>Television Eighteen India Limited and I-Ven Interactive Limited</p>	<p>Offer to acquire up to 51,87,621 (20%) equity shares of the Target Company.</p>	<p>Regulation 10 & 12</p> <p>Indirect acquisition of beneficial ownership of 40% of total capital & 19.41% warrants of Target Company through SPA & SSA to</p>	<p>Merchant Banker</p> <p>JM Financial Consultants Pvt Ltd</p> <p>Registrar to the Issue</p> <p>Intime Spectrum</p>

Listed At BSE & NSE			acquire 63.76% equity capital of I-Ven.	Registry Ltd
Jagson Airlines Limited Regd. Office Himachal Pradesh Paid up capital Rs. Himachal Pradesh Listed At BSE & DSE	Jagson International Limited along with Mr. J. P. Gupta, Mr. Pradeep Gupta, Ms. Ravinder Hora	Offer to acquire up to 40,33,796 (20% of Emerging Share Capital) equity shares of the Target Company at a price of Rs. 20.11 per equity share payable in cash.	Regulation 11(2) and 12 Conversion of warrants entitling the acquirer to 68.73% of the Emerging Share Capital of Target Company.	Merchant Banker Mefcom Capital Markets Limited Registrar to the Issue RCMC Share Registry Private Limited
Neha International Limited Regd. Office Hyderabad Paid up capital Rs. 624.036 Lakhs Listed At BSE, HSE, MSE, PSE	G. Vinod Reddy along with Dr. G. Deepthi Reddy	Offer to acquire upto 36,02,664 equity shares of Rs. 10/- each, representing 20% of the fully expanded voting capital of the Target Company at a price of Rs. 43.60/- per share payable in cash	Regulation 11(1) Preferential allotment of 75,22,958 (Rs. 10) fully paid up equity shares on share swap basis against the consideration for acquisition of 100% stake in Globeagro Holdings, & 23,00,000 fully paid up equity shares of Rs. 10/- each of the Target Company to Non-Promoter Group for cash, & 42,50,000 warrants of the Target Company at a price of Rs. 42 per equity share.	Merchant Banker Ashika Capital Ltd Registrar to the Issue XL Softech Systems Ltd.
Shree Pacetrnix	Dr. Mathew Samuel	Offer to acquire	Regulation 10 and 11 (1)	Merchant Banker

<p>Limited</p> <p>Regd. Office Madhya Pradesh</p> <p>Paid up capital Rs. 35,99,4000</p> <p>Listed At BSE</p>	<p>Kalarickal and Mr. Darshanjit Singh</p>	<p>7,19,880 (20%) fully paid-up equity shares of Rs. 10/- each at a price of Rs. 49/ per share payable in cash.</p>	<p>Voluntary offer by acquirer and PAC already holding 18.21% shares of he Target Company</p>	<p>Karvy Investor Services Ltd</p> <p>Registrar to the Issue</p> <p>Karvy Computershare Private Limited</p>
<p>Piramide Retail Limited</p> <p>Regd. Office Mumbai</p> <p>Paid up capital Rs. 20,00,00,000</p> <p>Listed At BSE & NSE</p>	<p>Indiabulls Wholesale Services Limited alongwith Indiabulls Real Estate Limited</p>	<p>Offer to acquire upto 40,32,750 Equity shares representing 20% of fully diluted voting capital for cash at a premium of Rs. 64.73% per share.</p>	<p>Regulation 10 & 12</p> <p>SPA to acquire 1,27,83,000 (63.92%) fully paid Equity Shares at a price of Rs. 31.29 per share.</p>	<p>Merchant Banker</p> <p>Edelweiss Capital Ltd</p> <p>Registrar to the Issue</p> <p>Karvy Computershare Private Limited</p>
<p>Shree Digvijay Cement Company Limited</p> <p>Regd. Office Gujarat</p> <p>Paid up capital Rs. 1,41,37,42,780</p> <p>Listed At BSE</p>	<p>Cimpor Inversiones, S.A.</p>	<p>Offer to acquire 28,274,856 (20%) Equity Shares of Rs. 10/- each of Target, , at a price of Rs. 42.50 /- per fully paid-up Equity Share payable in cash.</p>	<p>Regulation 10 & 12</p> <p>SPA for the acquisition of 75,816,681 fully paid up Equity Shares representing 53.63% of the issued Equity Shares of Target Company</p>	<p>Merchant Banker</p> <p>Enam Securities Private Limited</p> <p>Registrar to the Issue</p> <p>Intime Spectrum Registry Ltd</p>



REGULAR SECTION

AN INSIGHT INTO BAIL OUT TAKEOVERS

Bailout Takeovers are applicable to companies which are financially weak & not being a sick industrial company in pursuance of a scheme of rehabilitation approved by a public financial institution or scheduled bank.

A Company whose accumulated losses have been eroded by more than 50% but less than 100% of its net worth as at the beginning of the previous financial year, then the company becomes financially sick company

The bailout takeover applies to financially weak company, which can be rehabilitated without the intervention of the Board for Industrial & Financial Reconstruction. The regulations provide for simplified procedures for bailout takeover. The public offer for bail out takeovers differs from the public offer requirement as contained in Chapter III only in that there is no minimum offer price and minimum amount for public offer.

The lead institution, which could be any public financial institution or a scheduled bank, is responsible for the compliance of the SEBI regulations regarding takeover of financially weak companies. The lead institution shall prepare the rehabilitation package after appraising the company. Such a rehabilitation scheme may provide for change in management. While drawing up the rehabilitation scheme the financial institution shall keep in mind the interest of the minority shareholders, good management, effective revival and transparency.

The acquisition of shares can be either by purchase of shares, exchange of shares or combination of both. If the acquisition of shares is by new promoters have to give up their shareholding in the financially weak company in its entirety.



Procedure for Lead institutions

Regulation 31 deals with the procedure to be adopted by the lead institution and stipulates invitation of offers for acquisition of shares from minimum three parties. The lead institution, while selecting bidder, shall have regard to the managerial competence, adequacy of financial resources and technical capability of the persons acquiring the financially weak company. The lead institution shall furnish detailed information about the financially weak company to any person intending to make an offer to acquire shares along with minimum financial and other commitments expected from the person.

Evaluation of Bids


Regulation 32 lays down procedure for evaluation of bids by the lead institution for acquisition of shares of the financially weak company. The bids are to be listed in order of preference and the bid is to be accepted after consultation with the existing management. The lead institution is required ensure fairness and transparency in the process for evaluation and selection of bids.

Acquisition of shares

Regulation 33 stipulates that the person selected by the lead institution to acquire the shares of the financially weak shall make the formal request to acquire the shares from the existing promoters, financial institutions and other shareholders at a price agreed between the acquirer and the lead institution. The lead institution is permitted to offer the shares held by it to the financially weak company as part of the rehabilitation programme.

Public Announcement

Regulation 34(1) states that a person who is acquiring shares shall make a public announcement of his intention for acquisition of shares, containing relevant details about the offer including the information about the identity and the background of the person acquiring shares, number and percentage of shares proposed to be acquired, offer price, specified date, the date of opening of offer and the period and the period



for which the offer shall be kept open and such other particulars as may be required by the Board including the option available to acquire under sub-regulation (4).The offer shall have to be forwarded to all the shareholders other than promoters or persons in charge of management of financially weak company and financial institution.

Acquiring outstanding shares

Regulation 34(4) provides that if as a result of offer the public shareholding is reduced to 10% or less of the voting capital of the Company as at the expiry of thirty days of the closure of public offer the acquirer has to make an offer to buy out the outstanding shares at same price within 3 months from the date of closure of public offer, the acquirer has to make an offer to buy out the outstanding shares at same price within 3 months from the date of closure of public offer which may have the effect of delisting of target company or undertake to disinvest through offer for sale or fresh issue of capital to public. The entire lot of 100 shares of Rs 10.each or 10 shares of Rs 100 each will have to be acquired by the acquirer from the individual shareholder.

Regulation 35 prohibits any person from making a competitive bid for acquisition of shares of financially weak company once a bid of acquirer has been accepted by lead institution.

Regulation 36

The acquirer is required to seek exemption from the provisions of Chapter III of the Regulations by making an application to SEBI. While considering such request for exemption SEBI can ask for details regarding the appraisal, evaluation and acceptance of the offer by the lead institution. The lead institution or acquirer shall adhere to time limits as specified in chapter III for various activities for public offer.

Regulation 37

IDBI shall be the agency responsible ensuring compliance of this regulation if the proposal for acquisition of shares of a financially weak company has been made by any state level public financial institution

TOP FIVE M&A DEALS IN YR 2007



O₂ for Vodafone

Acquirer: Vodafone Acquiree: Hutch



Deal Value: \$ 12.59 billion

It was a 'Do or Die' deal for Vodafone. Arun Sarin, the CEO of world's largest mobile phone operator, was sandwiched between mounting losses and sluggish growth in developed markets. With the acquisition of Hutch's stake in Hutch-Essar, Vodafone got access to one of the fastest growing telecom market and Sarin got some time for himself! After selling its business in countries like Japan and Belgium, Sarin is now focusing on emerging markets. After setting its footprints in India, the Company is now actively considering expanding operations in South Africa.

Nerves of steel



Acquirer: Tata steel Acquiree: Corus

Deal value: \$13.5 billion

It was more than just a deal; it actually marked the arrival of India and India Inc. on the global platform. In a nerve-wrecking battle, to which the whole world stood witness, Tata Steel pipped Brazil's CSN to take control of Anglo-Dutch steel maker - Corus. The battle, which went through nine rounds made Tata Steel, the fifth largest steel Company in the world, in terms of output, and made it the largest takeover by any Indian Company, ever.

A Novel idea!



Acquirer: Hindalco

Acquiree: Novelis

Deal Value: \$ 6 billion

After Ratan Tata, it was the turn of Kumarmangalam Birla. Hindalco - the flagship Company of AV Birla Group made its presence felt in global metals market with the acquisition of Novelis, a Canada base firm. The acquisition was strategic in nature, as it will make Hindalco global leader in rolled aluminium products.

Winds of change!



Acquirer: Suzlon

Acquiree: RE-power

Deal value: \$1.6 billion

The winds of M&As swept across the energy sector as well. French nuclear major Areva found the swirl of India's Suzlon Energy tough to handle and threw in the towel clearing the way for German wind power firm - REpower's acquisition. The acquisition would give Suzlon access to Europe - the largest WTG market over the next five years. Besides, REpower's low margins (*as it's just an assembler*) and its product portfolio, which are complementary to that of Suzlon, are also an added advantage for this acquisition.

The beginning at ESSAR

Acquirer: Essar Steel Acquiree: Algoma Steel Deal value: \$ 1.58 billion

2007 was quite an eventful year for Essar! Essar Steel made it to the headlines, earlier this year in April, when it acquired Canada based Algoma Steel for \$ 1.58 billion. The Group, which is currently on a restructuring mode, has set ambitious plans for itself. The acquisition of Algoma Steel is in line with Essar Steel's global vision of having "world class low cost assets", said Shashi Ruia, Chariman, Essar Global Limited. The acquisition will give Essar access to North American markets.

HINT OF THE MONTH

Offer pursuant to Regulation	Offer Size
Regulation 10	Minimum 20% of the total voting capital of the Company.
Regulation 11(1)	Minimum 20% of the total voting capital of the Company.
Regulation 11(2) Consolidation of Holdings	Such other lesser percentage of the voting capital of the Company as would assuming full subscription to the offer, enable the acquirer, together with the PAC with him to increase his holdings to the maximum level possible, which is consistent with the Target Company meeting the requirements of minimum public shareholding laid down in the Listing Agreement .

INTERMEDIARY SEARCH

Name	Contact Details
Morgan Stanley India Company Private Limited	1501-1115, Hilton Towers Plot No 17 to 24, Vitthalrao Nagar, Nariman Point Hi-Tech City Road, Mumbai 400 021
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For any Clarification

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