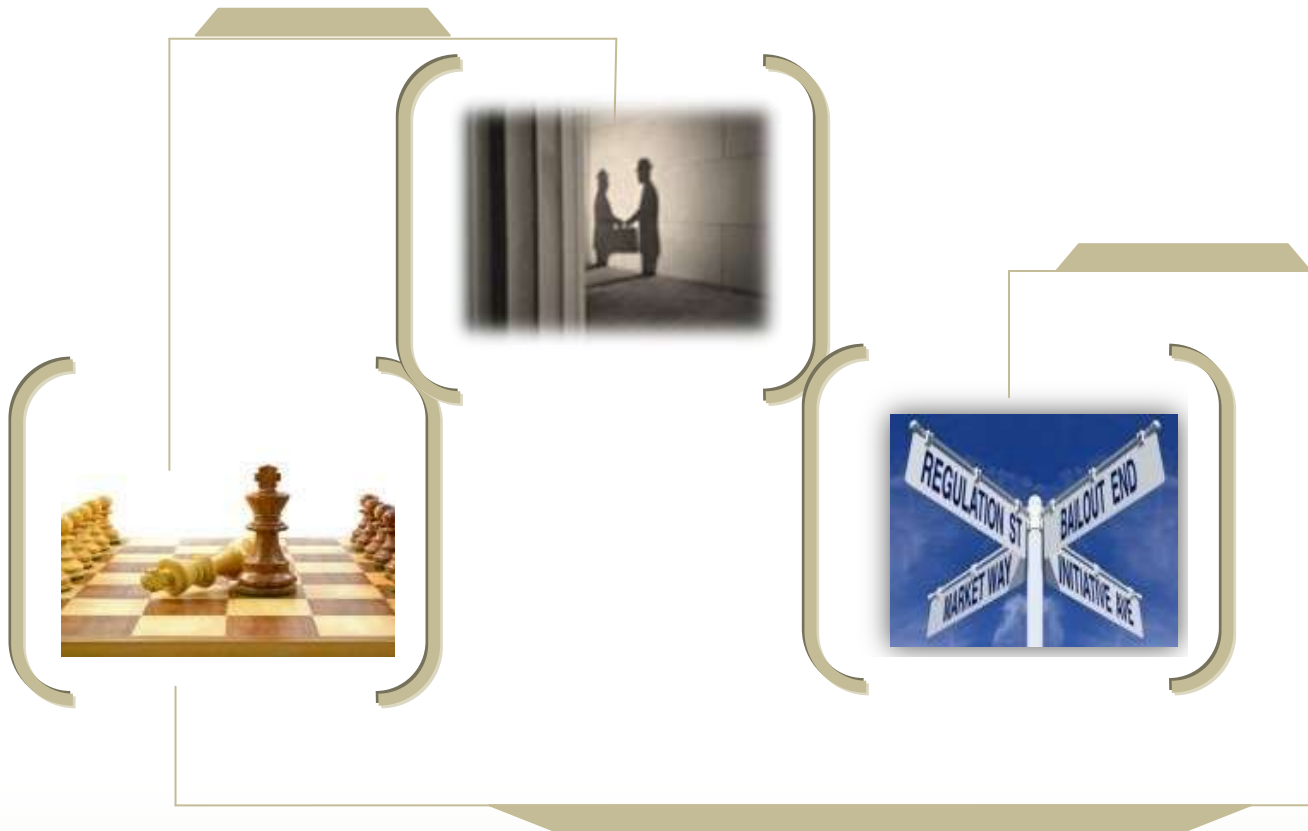


takeover panorama

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Insight

CONTENTS	PAGE NO.
Legal Updates	3
Hint of the Month	10
Latest Open offers	11
Regular Section	13
Case Study	17
Market Update	20
Highlight of the Month	21
Our Team	21

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Legal updates

SEBI order in the Matter of K Koteswara Rao

Facts:

K Koteswara Rao (Noticee) is the promoter cum chairman and Managing Director of the Target Company and holds 34,30,202 (22.84%) shares of the Target company. On investigation into the trading of shares of the Target Company, SEBI observed that the Noticee failed to make the disclosure under regulation 13(4) and 13(5) of the SEBI Insider Regulations with regard to the sale of 1,50,000 shares in September 1999.

Compliance of regulation 6, 7 and 8 of the SEBI Takeover Code is a precondition for availing the exemption under regulation 3(1) (e) of the SEBI Takeover Code, therefore, failure to make public announcement in such a case will be violation of regulation 10, 11 and 12.

Further, in June 2006, the Noticee acquired 11,12,000 (7.40%) shares from his son through off market transaction increasing his shareholding from 34,30,202 shares (22.84%) to 45,42,202 shares (30.24%) resulting into triggering the regulation 11(1) of the SEBI Takeover Code. However, it failed to make the open offer and further failed to make the disclosure in terms of regulations 7(1A) and 7(2) of the SEBI Takeover Code with considerable delay on July 5, 2006.

Contention:

1. With respect to the disclosure in terms of regulation 13(4) and 13(5) of the SEBI Insider Trading, the noticee contended as under:
 - 1.1. He was not aware of sale because in the year 1995, the promoters of the Target Company pledged 830000 shares which also include 150000 shares held by the Noticee and due to the

nonpayment, the pledge was invoked and it was the pledge, not the notice, that sold some of the shares including the said 150,000 shares of the Noticee.

- 1.2. He came to know about the sale only when the sold shares were lodged for transfer during June to September 2006.

2. With respect to the acquisition of 11,12,000 shares resulting in violation of regulation 7 (1A), 7(2) and 11 (1), the Noticee contended that:
 - 2.1. There is no change in the shareholding of the family pursuant to above transfer of shares and transfer was taken place to facilitate some family issues;
 - 2.2. Not even a single share has been sold till the date of transfer;
 - 2.3. The acquisition is covered under regulation 3 (1) (e) (ii) and as such is exempt from regulation 11(1) of the SEBI Takeover Code.

Issues:

Whether the Noticee had violated regulations 13(4) read with 13(5) of the SEBI Insider Regulations and 7(1A), 7(2) and 11(1) of SEBI Takeover Code and does the violation, if any, on the part of the Noticee attract the monetary Penalty.

Decision:

SEBI held that one of the pre condition for availing the exemption u/r 3 (1) (e) is compliance with regulation 6, 7 and 8 of the SEBI Takeover Code. However, the notice failed to comply with regulation 7 and 8 within time. Further, as regards the disclosure in terms of the Insider Trading regulations is concerned, the Noticee can comply with the same after becoming aware of the sale. However, he failed to do the same. In view of the above facts, SEBI imposed the penalty of Rs.125,000 (which includes Rs.25,000 for failure to make disclosures under Insider Trading Regulations) on the Noticee.

SEBI Order in the matter of Suresh Kumar Poddar and Mayur Leather Products Limited

Facts:

Suresh Kumar Poddar and Mayur Leather Products Limited acquired the shares of the Mayur Uniquoters Ltd. (Target Company) on October 23, 1997, September 03, 1998 and January 25, 2002 and made the common public announcement on January 24, 2006 with the delay of almost 8 years and has thus violated the regulation 14(1) of the SEBI Takeover Code requiring the acquirers to make the public announcement within 4 working days of acquisition of shares in excess of specified limits.

SEBI held that failure to make the public announcement also includes failure to make the public announcement within the prescribed time period in terms of Section 15H(ii) of the SEBI Act.

Contention:

1. The acquirers contended that section 15H(ii) of the SEBI Act is applicable only when there is failure in making the open offer and as such no penalty has been prescribed where there is delay in making the open offer.
2. The acquirers have voluntarily made the public announcement on become aware of the said acquisitions.
3. Further the acquirers have agreed to pay a price of Rs.41.88 per share which includes price of Rs.18.85 per share and interest of Rs.23.03 per share for delayed period.
4. No complaint has been received from the investors.
5. The response of the public announcement was only 4,13,579 shares where as the offer was made to acquire 10,00,000 shares.

Issues:

Whether the acquirers are liable to penalty in terms of section 15H(ii) of the SEBI Act.

Decision:

SEBI held that the contention of noticee regarding the applicability of the section 15H (ii) cannot be accepted as failure to make the public announcement includes the failure to make the public announcement within the prescribed time period. Further on account of not making the open offer on two occasions whereby the acquirers have avoided the expenditure which they would have incurred towards the cost of open offer and the repetitive nature of default, SEBI imposed a penalty of Rs.50000 on each of the acquirers.

SEBI order in the matter of Angel Broking Ltd.**Facts:**

On examination of the shareholding pattern of Channel Guide India Ltd.(CGIL) as available on the BSE website for the quarter ended December 2007 and March 2008, SEBI observed that M/s Angel Broking Limited(Noticee) was holding 2,91,282 (4.85%) and 3,05,546 (5.9%) shares for the quarter ended December 2007 and March 2008 respectively. However, it fails to make the disclosure in terms of regulation 7(1) and 7(2) of the SEBI Takeover Code and 13 (1) of the SEBI Insider Trading Regulations.

SEBI held that where the Broker has acquired the shares in the ordinary course of business on behalf of the client, then, no disclosure in terms of the SEBI Takeover Code and SEBI insider Trading Regulations is required. But, in such cases, the shares should be transferred in respective Beneficiary accounts without any delay so as to unhide the identity of actual acquirers.

Contention:

1. That the shares were acquired in the ordinary course of business on behalf of the client.
2. We maintain a separate account designated as Client Beneficiary Account and all the shares acquired on behalf of the client are retained in that account only on the express authorization of the client.
3. All corporate benefit arising out of the shares retained in the Client Beneficiary Account was passed on to the clients.
4. It had not indulged in any proprietary trading.

Issues:

Whether disclosures in terms of regulations 7(1) read with 7(2) of SEBI Takeover Code and 13(1) of the SEBI Insider Trading are required where the Noticee has acquired the shares as stock broker on behalf of the client?

Decision:

SEBI held that the Noticee does not fall within the ambit of the term 'acquirer' as defined in regulation 2(1) (b) of SEBI Takeover Code and therefore, no disclosure in terms of the regulations 7(1) read with 7(2) of SEBI Takeover Code are required. Further, as regards the disclosure in terms of 13(1) of the SEBI Insider Trading is concerned, the term acquirer has not been defined therein. However, taking into consideration the definition as given in the SEBI Takeover Code, there is no acquisition by the Noticee and therefore, no disclosure under Insider Trading Regulations is required. However, in such cases, the shares should be transferred in respective Beneficiary accounts without any delay so as to unhide the identity of actual acquirers.

SEBI Order in the matter of Canara Bank**Facts:**

On examination of offer document filed by Canara Bank (Acquirer) for the acquisition of shares of Canfin Homes Ltd (Target Company), SEBI observed that there was a delay of 6 days by acquirer in making the disclosures under Regulation 8 (2) of SEBI Takeover Code for the year 2000. Accordingly, a show cause notice was issued to the acquirer. The acquirers replied to the show cause notice and submitted that the delay caused was unintentional and had occurred inadvertently and has not caused any loss to the investor.

SEBI disposed of the proceedings where the date of compliance was erroneously entered whereas the disclosures u/r 8 (2) were actually made within the due time.

However, on the personal hearing, the acquirer submitted that there has been no delay in making the disclosure and in compliance status report, the date of compliance had been erroneously entered as august 30th, 2000 instead of august 20th, 2000. It also provided documentary evidence in form of the letter making disclosure issued by it and the courier dispatch book maintained by it.

Issues:

Whether, where the date of compliance has been erroneously mentioned and the disclosures have been actually made within the due time, the acquirer is liable to any penalty?

Decision:

On the basis of the above facts and circumstances of the case, SEBI disposes of the said adjudication proceedings against the noticee upholding the due compliance of regulation 8(2).

Consent Order in the matter of Natura Hue Chem Ltd.

SEBI initiated the adjudication proceedings against the Natura Hue Chem Ltd. (Noticee) for the alleged violation of regulation 7(3) of the SEBI (SAST) Regulations, 1997 on sale of 6,00,000 shares. Pending the adjudication proceedings, the noticee proposed to pay a sum of Rs.100000/- towards the consent terms. The terms as proposed by the noticee were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of HPAC, SEBI disposes off the said adjudication proceeding against the noticee.

Consent Order in the matter of The Rubber Products Limited

The applicant made disclosures Regulation 8(3) of SEBI Takeover Regulations for the year 1997 to 2008. However, while making the disclosure under regulation 8(3) of the SEBI Takeover Code, failed to include the shareholding of five body corporate although these entities are the part of Pomoter group. Therefore, having failed to comply with regulation 8 (3), the applicant filed this suo-moto application proposing to pay Rs.100000 towards the settlement of enforcement action that may be initiated by the SEBI for the aforesaid failure. The terms as proposed by the applicant were placed

before the High Powered Advisory Committee and on the recommendation of HPAC, it is hereby ordered that SEBI shall not take any action against the applicant.

Consent Order in the matter of SCIL Ventures Limited

SCIL Ventures Limited (applicant) made disclosures in terms Regulations 6(2) of the SEBI Takeover Code for the years 1997 and Regulation 8(3) of the Regulations for the years 1998- 2002 with Considerable delay on October 7, 2004 and therefore, has filed this suo-moto application seeking the settlement of enforcement action that may be initiated by the SEBI and proposed to pay Rs.175000 towards the consent terms. The terms as proposed by the applicant were placed before the High Powered Advisory Committee and on the recommendation of the HPAC, SEBI vide order dated 17.02.2009 held that SEBI shall not action against the applicant.

Consent Order in the matter of SCIL Ventures Limited (Acquirers - Securities Analysis (India) Pvt. Ltd. and Mr. Rajashekar Iyer)

Securities Analysis (India) Pvt. Ltd. and Mr. Rajashekar Iyer (applicants) made disclosures under Regulations 6(1),6(2), 8(1) and 8(2) of the SEBI Takeover Code for the years 1997- 2002 with considerable delay. Further, Mr. Rajashekar Iyer filed requisite disclosures under Regulation 3(3) of the Takeover Regulations for the years 1998 and 2005 and Regulation 3(4) of the Takeover Regulations for the years 1998, 1999, 2005 and 2007 with considerable delay. Therefore, the applicants has filed this present application seeking the settlement of enforcement action that may be initiated by the SEBI and proposed to pay Rs.4,00,000/- towards the consent terms. The terms as proposed by applicant were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of the HPAC. it is hereby ordered that SEBI shall not take any action against the applicant for the aforesaid failure.

Consent Order in the matter of California Software Company Limited

On examining the draft offer document filed by the Kemoil Limited (applicant) in respect of open offer made to the shareholders of the California Software Company Limited (Target Company) on 21.08.2007, SEBI observed that the applicant has acquired 2,92,000 shares of the Target Company on September 20, 1997, increasing the shareholding of the applicant from 24.01% to 32.98% which resulted into triggering regulation 11(1) of the SEBI Takeover Code requiring the applicant to make an

open offer to the shareholders of the target company. However, the applicant has failed to make the same at that time.

Therefore, the applicant has filed this application seeking the settlement of enforcement action that may be initiated by the SEBI and proposed to pay Rs.525000 towards the consent terms. The terms as proposed by the applicant were placed before the High Powered Advisory Committee (HPAC) and on the recommendation of the HPAC, it is hereby ordered, that SEBI shall not take any action against the applicant.

Consent Order in the matter of K G Denim Limited

SEBI initiated the adjudication proceedings against the Ganapathykumaran Investments Private Limited, Kumaranganapathy Investments Private Limited, Mrs. Deepika Karthikeyan, Mrs. B Sathyabama, Mr. G Bakthavathsalam and Ms. T Nikethana(Noticee) for the alleged violation of regulation 11(1) of the SEBI Takeover Code on acquisition of more than 2% shares on 08.07.1997. Pending the adjudication proceedings, the Noticee proposed to pay a sum of Rs.2,25,000/- towards settlement charges plus Rs.25,000/- towards administrative charges and also admitted the additional non compliance of Regulation 7(1A) during the years 2003-2004, 2004-2005 and 2005-2006 and failure to file report under Regulation 3(4) in 2004 triggering Regulation 11(1) for the same year. The terms as proposed by the Noticee were placed before the High Powered Advisory Committee and on the recommendation of the HPAC, it is decided that this consent order disposes of the said adjudication proceedings against the Noticee.

Hint of the Month

In case of withdrawal of offer, no public announcement for the acquisition of shares of the Target Company shall be made by the acquirer for a period of six months reckoning from the date of public announcement for the withdrawal of offer made by such acquirer in terms of the SEBI Takeover Code.

[Substantiated by Regulation 22(14)]

Latest Open Offers

Name of the Target Company	Name of the Acquirer and PAC	Details of the offer	Reason of the offer	Concerned parties
<p>Orissa Sponge Iron & Steel Limited</p> <p>Regd. Office Orissa</p> <p>Paid up capital Rs.2000 lacs</p> <p>Listed At BSE</p>	<p>Bhushan Power and Steel Limited and Titanic Steel Industries Limited and Olympian Steel Industries Limited</p>	<p>Voluntary open offer to acquire 5200000 (26%) equity shares at a price of Rs.300 each payable in cash.</p>	<p>Regulation 10 & 12</p> <p>Substantial Acquisition of Shares accompanied with change in control.</p>	<p>Merchant Banker Centrum Capital Limited</p> <p>Registrar to the Offer Link Intime India Pvt. Ltd</p>
<p>Joy Reality Limited</p> <p>Regd. Office Mumbai</p> <p>Paid up capital Rs. 600.82 lacs</p> <p>Listed At BSE</p>	<p>Bhavin Soni</p>	<p>Offer to acquire 12,01,640 (20%) equity shares of Rs. 10 each at a price of Rs. 5 per share plus interest of Re.1 per share payable in cash.</p>	<p>Regulation 10 & 12</p> <p>Off market purchase of 29,76,550 (49.54 %) equity shares of Rs. 10 each at a price of Re. 1 in cash.</p>	<p>Merchant Banker Saffron Capital Advisors Pvt Ltd.</p> <p>Registrar to the Offer Link Intime India Pvt. Ltd.</p>

<p>Bhagyashree Leasing and Finance Limited Regd. Office Thane Paid up capital Rs.350.01 Lacs. Listed At BSE and DSE</p>	<p>Vimalkumar K Jain, Kewalkumar K Jain, Ranjana I Jain, Manish V Jain and Rajas V Jain</p>	<p>Offer to acquire in aggregate 7,00,020 (20%) equity shares at a price of Rs.18/- per share payable in cash.</p>	<p>Regulation 11 (2) 3 SPA dated February 07,2009 to acquire in aggregate 5,19,300 (14.84%) equity shares at a price of Rs.18/- per share amounting to Rs.93,47,400/-. At present, the acquirer along with the other promoters holds 19,85,600 (56.73%) equity shares of the Target company.</p>	<p>Merchant Banker Collins Stewart Inga Pvt Ltd. Registrar to the Offer Mondkar Computers Pvt. Ltd.</p>
<p>Orissa Sponge Iron & Steel Limited (1st Competitive Bid) Regd. Office Orissa Paid up capital Rs.2000 lacs Listed At BSE</p>	<p>Mounteverest Trading & Investment Ltd., Torsteel Research Foundation in India(PAC 1), TRFI Investment Private Ltd.(PAC2), and Monnet Ispat & Energy Ltd.(PAC 3)</p>	<p>Competitive bid to acquire 6,100,000 (20%) equity shares of Rs. 10/- each at a price of Rs. 310/- per equity share payable in cash.</p>	<p>Regulation SPSA with promoters (PACs) to acquire 5,420,000 (27.10 %) equity shares of Rs.10/- each at a price of Rs. 283/- per share payable in cash. As on the date, the acquirer, PAC1 & PAC2 holds 2,990,000 (14.95%) equity shares, 3,237,505 (16.19%) equity shares and 1,502,190 (7.51%) equity shares respectively.</p>	<p>Merchant Banker ICICI Securities Ltd. Registrar to the Offer Karvy Computershare Private Limited</p>

Orissa Sponge Iron & Steel Limited (IInd competitive Bid) Regd. Office Orissa Paid up capital Rs.2000 lacs Listed At BSE	Bhushan Energy Ltd and along with Brij Bhushan Singal, Neeraj Singal, BNS Steel Trading Pvt Ltd, BBN Transportation Pvt. Ltd, BNR Infotech Pvt. Ltd, BNR Consultancy Services Pvt. Ltd and Bhushan Steel Ltd.	Voluntary offer to acquire up to 6,100,000 (20%) Equity Shares at a price of Rs 330 per Equity Share payable in cash.	Regulation As on the date of public announcement, the acquirer along with PACs holds 2968590 (14.84%) equity shares of the paid up capital of the Target Company. In addition to this, the acquirer has acquired 3500000 warrants of the Target Company.	Merchant Banker IDFC-SSKI Ltd. Registrar to the Offer RCMC Share Registry Private Limited
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Regular Section

Relaxation from the strict compliance of provisions of Chapter III in certain cases

[Regulation 29A]

Background:

In the background of recent fiddles discovered in the corporate sector, whereby the interest of investors has been bigoted to a great extent, Securities and Exchange Board of India has come out with regulatory changes to help the investors who are interested in reviving the victim companies so that any further prejudice to the interest of investors could be avoided. In order to encourage and enable the prospective investors in taking over the management of these companies, the Board has provided relaxation from the strict compliance of open offer procedure which may not be able to be complied with in the wake of extra-ordinary circumstances. The purpose and intent of regulations is

to safeguard the interest of investor and not to act as an impediment in the furtherance of their interest. Accordingly, in SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, a new provision has been inserted under regulation 29A which provides relaxation to the acquirers from following the strenuous process of open offer.

Analysis of Legal Provisions:

As per the newly inserted regulation 29A, the SEBI has been given the power to relax the conditions of Chapter III, which contains the provisions relating to open offer, in the following circumstances:

- I. Where pursuant to the powers conferred under the Companies Act or any other law, the Central Government or State Government or any other regulatory authority has removed the Board of Directors of the Target Company due to the serious mismanagement of operations by the management and has appointed other persons nominated by it, to hold office as directors for orderly conduct of the affairs of the target company;
- II. For the orderly conduct of the affairs of Target Company or to revive its operations, such new directors have devised a plan. Such plan requires bids from the prospective acquirers who are interested in taking over the management of the company to bring it on the right path through a competitive process. The plan devised by such directors is transparent, open, and competitive process for continued operation of the target company is in the interests of all stakeholders in the target company and such plan does not further the interests of any particular acquirer;
- III. The conditions and requirements of the competitive process are reasonable and fair;
- IV. The process provides for details including the time when the public offer would be made, completed and the manner in which the change in control would be effected;
- V. As per the said plan devised by the government appointed directors, the provisions of this Chapter relating to open offer cannot be complied with in the wake of extra-ordinary circumstances of the case and they are likely to act as impediment to implementation of the plan of the target company and relaxation from one or more of such provisions is in public interest, the interest of investors and the securities market.

Therefore, if a person acquires shares of such company beyond the thresholds specified in regulation 10, 11 and 12 in pursuant to the plan devised by the government appointed directors,

then such person is not required to comply with one or more provisions of Chapter III, as may be relaxed by the Board.

Q & A:

Whether in order to avail the exemption under regulation 29A, all the conditions should be satisfied?

Yes, in order to avail such exemption all the above conditions shall be satisfied.

Whether the exemption under regulation 29A is automatic, if all the conditions are satisfied?

It is important to note that the exemption provided in regulation 29A is not automatic. Even if all the circumstances mentioned above are satisfied, the exemption will be available only subject to the approval of the Board. Therefore, an application shall be made by the prospective acquirer to the Board for seeking exemption / relaxation from complying with the provisions of Chapter III.

Regulation 4 vs. Regulation 29A

It may be noted that regulation 4 of SEBI (SAST) Regulations also provides exemption from the compliance of certain provisions of Chapter III. As per this regulation, the provisions of regulation 10, 11 and 12 shall not be applicable to person who has been exempted by the Board under regulation 4. However, the purpose and application of regulation 4 and regulation 29A can be differentiated as under:

Criteria	Regulation 4	Regulation 29A
Purpose	The purpose of regulation 4 is to exempt an acquirer from making a public announcement of offer to the shareholders of Target Company in certain cases where it is not justified or feasible to give open offer. In other words, regulation 4 gives exemption from the entire open offer process,	Regulation 29 A does not intend to do away with the requirement of open offer, however it intends to give relaxation from certain steps / provisions of the whole procedure which may not be possible to comply with in the

	though subject to the approval of SEBI.	extra-ordinary circumstances. This is clear from the requirement mentioned in regulation 29A which states that the competitive process devised by the government appointed Board provides for details including the time when the public offer would be made, completed and the manner in which the change in control would be effected
Scope	The scope of regulation 4 is limited to the exemption from regulation 10, 11 and 12 of Chapter III only. However, an analysis of the exemption shows that regulation 4 intends to give exemption from the entire open offer process.	The scope of regulation 29A extends to all the provisions of Chapter III. However, an analysis of the provisions shows that regulation 29A intends to give relaxation from certain compliances of open offer process.
Pre-conditions	The exemption under regulation 4 is not subject to the compliance of any pre-condition apart from those which may be imposed by the Board while giving exemption. In other words, regulation 4 is available generally to all types of cases.	The exemption from regulation 29A is subject to the fulfillment of pre-conditions mentioned therein. In other words, regulation 29A is available only in some extra-ordinary circumstances.
Competitive Bid	There is no question of Competitive bid since the exemption is given from entire open offer process.	As per the newly inserted regulation 25 (2B), a competitive bid shall not be made after the

		<p>public announcement has been made pursuant to relaxation granted by the Board in terms of regulation 29A.</p> <p>The reason for such restriction is that such public announcement is made pursuant to the competitive process devised by the government appointed Board of the Target Company. Therefore, every prospective acquirer gets equal opportunity to participate in the competition at that time.</p>
Time Line	Regulation 4 prescribes timeline within which the order shall be passed.	There is no time line prescribed under regulation 29A for passing or order for relaxation of open offer process.

Case Study

The Battle for Orissa Sponge Iron and Steel Limited

The Company

Orissa Sponge Iron and Steel Limited was promoted in the joint sector by the Industrial Promotion and Investment Corporation of Orissa and Torsteel Research Foundation and its associates. The company manufactures sponge iron and has a project consultancy division which provides technical consultancy and project engineering services to sponge iron plants.

The Background:

The race to acquire OSISL has started a few months ago when Unitech, a major non-promoter of OSISL holding approx. 12% shares through its promoter company, had announced the selling of its stake in the Target Company to mobilize funds for the cash-strapped realty major Unitech. At this time, the elder Bhushan Brother named Neeraj Singhal stepped forward to increase his stake in the company. However, the Bhushan Brothers have not been in sync with each other's plans. To thwart out the attempt of elder brother, Neeraj Singhal gave a voluntary open offer to acquire 26% controlling stake in the Company.

The First Offer

On February 07, 2009, Sanjay Singhal gave a voluntary offer to acquire 52,00,000 (26%) Equity shares of OSISL at a price of Rs. 300 per share through its promoted company named Bhushan Power and Steel Limited. Presently, he does not hold any share in the company. The only motive to give the offer was to acquire control over OSISL in order to counter the attempt of Neeraj Singhal.

The Second Offer

While it was apprehended that the elder brother Neeraj Singhal will come out with a competitive bid, however as against everyone's apprehensions, Mount Everest Trading and Investment Ltd. belonging to the Monnet Group alongwith the promoters of OSISL emerged into the scene by giving a competitive bid just 3 days before the last date of giving a competitive bid as per SEBI (SAST) Regulations. This competitor seemed to be stronger than the Bhushan Brothers as it was holding 14.95% shares of OSISL. The Mount Everest joined hands with promoters and entered into a Share and warrant purchase agreement to acquire 27.10% Equity stake and warrants held by promoters. It then made an offer to acquire 6,10,000 Equity shares constituting 20% of the Emerging Voting Rights at a price of Rs. 310 per share. While there is no such difference in the offer price so as to magnetize the shareholders, however Mount Everest has already succeeded in acquiring more than 40% stake in the company.

The third Offer

The battle for this Orissa based sponge iron manufacturer was further aggravated when as per the anticipations; Neeraj Singhal gave the second competitive bid on 28.02.2009. Neeraj Singhal Group,

who already holds an approx. 15% share has made an offer to acquire 6,10,000 Equity shares constituting 20% of the Emerging Voting Rights at a price of Rs. 330 per share.

Analysis of All Open offers

Open offer	Name of Acquirer	Total Number of Shares which can be acquired under the Open Offer	Offer Price	Market price (as on 09.03.09)
Original Offer	Bhushan Power and Steel Limited	52,00,000	Rs. 300	Rs. 416.55
First Competitive Bid	Mounteverest Trading & Investment Ltd.	61,00,000	Rs. 310	Rs. 416.55
Second Competitive Bid	Bhushan Energy Limited	61,00,000	Rs. 330	Rs. 416.55

However, the acquirers have the option to revise the size and offer price though such revision can be made only upwards. Further, the date of closure of all the offers will extend to the date of closure under the last subsisting offer i.e. May 13, 2009.

Conclusion:

This is for the first time in the history of Indian Takeovers that the two competitive bids have been made in a case. Previous to this, a competitive bid was also made in the case of Herbertsons Limited but that competitive bid was made pursuant to the directions given by the Supreme Court. The acquisition of Orissa Sponge and Iron Steel Limited has become truly hostile and the takeover war has become hotter in the midst of two competitive bids.

Market Update

✚ SpiceJet interested in merger with or acquiring a stake in GoAir

SpiceJet, a low cost carrier has put forward a proposal to Wadia group for a possibility of either merger or buying out a substantial stake in Go Air. In an earlier instance of consolidation in airline business in India, the UB Group had bought Deccan Aviation which ran low cost carrier Air Deccan.

✚ Four Spirit Makers Interested in Buying Stake in USL

Four Global spirit maker has shown an curiosity in acquiring a stake in United Spirits Ltd (USL), a company promoted by Mr. Vijay Mallya. On the other hand, Mallya Group is also considering to sell out upto 14.9% of a total of 17% of treasury stocks in USL to strategic partners.

✚ Satyam Computer Services received approval from SEBI for selling a stake

SEBI has given an approval to Satyam computer Services for selling a 51% stake to the Chosen Investor i.e 31% through the preferential allotment of shares and remaining through the offer of 20% stake in terms of the SEBI Takeover Code. Following the order of SEBI, the company has initiated the process of Competitive Bidding.

✚ Temasek sold its stake in Gateway Distriparks

Temasek which holds 6.65% in Gateway Distriparks through its wholly owned subsidiary Aranda Investments Mauritius Pte. Ltd. has sold approx. 5.59% stake at a price of Rs.28 crore through open market.

✚ Carotino acquisition in Synergy Foods

Carotino SDN BHD, a Malaysian firm, which is a subsidiary of the J C Chang Group, has acquired a 50% stake in Synergy Foods from Bhave Family, the promoters of the company. After the acquisition, Synergy foods will be renamed as Carotino India.

Highlight of the Month



Takeovercode.com – Winner of TATA-NEN Hottest startup Award

We are pleased to inform you that with your Support and Valuable Vote to www.takeovercode.com, we have won the prestigious First India's Hottest Startups 2008 Award. We owe this success to you, as it is only with the support and best wishes of our subscribers that we have won this award which will give a new recognition to our innovative concept of takeovercode.com. Therefore, the entire team of takeovercode.com hereby expresses its humble gratitude to you for your appreciation and encouragement.

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