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TAKEOVER *panorama*

Corporate Professionals
WHERE EXCELLENCE IS LAW

Insight

Disclaimer:

Latest open offers

Name of the Target Company	Name of the Acquirer	Details of Offer	Reason of Offer	Concerned Parties
Interlink Petroleum Limited **Regd.Office** Gujarat **Paid up Capital** Rs. 809.56 Lakhs **Listed At** BSE	Jit Sun Investments Pte Ltd. and Mr. Vijay Misra along with Ms. Haripriya Misra and Vijay Misra & Sons HUF	Offer to acquire 36,82,000 equity shares of Rs.10/- each representing 20% of the fully expanded equity share capital at a price of Rs. 17.72 per fully paid up equity share.	***Regulation 10 &12*** Preferential allotment of 1,03,10,000 () fully paid-up equity shares of Rs. 10/- each representing 56% of post preferential equity share capital for cash at a price of Rs. 16.72 per share.	**Merchant Banker** Collins Stewart Inga Pvt Ltd. **Registrar to the Offer** Intime Spectrum Registry Ltd
Genesys International Corporation Limited **Regd. Office** Maharashtra **Paid up Capital** Rs.11,56,87,560 **Listed At** BSE & NSE	Sohel Malik	Offer to acquire 29,04,752 equity shares of Rs.10/-each, at a price of Rs.19/- representing 20% of expanded voting share capital of the Target Company after the exercise of warrants.	***Regulation 11(1)*** Acquisition of 29,55,000 equity shares at a price of Rs. 19 per share pursuant to the conversion of warrants by the acquirer belonging to promoter group.	**Merchant Banker** Fedex Securities Ltd. **Registrar to the Offer** Bigshare Services Pvt. Ltd.

Ranbaxy Laboratories Limited **Regd.Office** Punjab **Paid Up Capital** Rs. 188.62 Crores **Listed At** BSE & NSE	Daiichi Sankyo Company Limited	Offer to acquire 92,519,126 fully paid up equity shares representing 20% of the voting capital of the target company at a price of Rs.737/- each.	***Regulation*** 10 and 12 Share Purchase and share subscription agreement (SPSSA) to acquire 129,934,134 (34.81%) fully paid up equity shares from the promoters of Target Company. The SPSSA also provides for the issue of 11.03 %of equity shares and the issuance of 23,834,333 warrants.	**Merchant Banker** ICICI Securities Ltd. **Registrar to the Offer** Karvy Computershare Private Limited
Blue Green Constructions & Investments Limited **Regd .Office** Chennai **Paid up Capital** Rs. 5,05,00,000 **Listed At** MSE	Cash & Carry Wholesale Traders Private Limited	Offer to acquire 10,10,000 (20%) fully paid up equity shares of Rs.10/- each at a price of Rs. 10/-	***Regulation*** ***10 & 12*** Off-market Acquisition of 14.97% shares and Share Purchase Agreement with the promoters of BGL to acquire 50,500 (1%) equity shares representing at a price of Rs. 10/- per equity share.	**Merchant Banker** Collins Stewart Inga Pvt Ltd. **Registrar to the Offer** Mondkar Computers Pvt. Ltd.
The Zandu Pharmaceutical Works Limited **Regd.Office** Mumbai	Emami Limited Bhanu Vyapaar Private Limited , Suraj Viniyog Private Ltd, Diwakar Viniyog Private	Offer to acquire 1,61,280 (20%) fully paid-up equity shares of Rs. 100 each at a price of Rs. 7,315 per Share.	***Regulation*** ***10 and 12*** Share Purchase Agreement to acquire 102409 (12.70%) equity shares	**Merchant Banker** Anand Rathi Securities Ltd **Registrar to the Offer**

Paid up Capital Rs. 806.40 lacs **Listed At** BSE and NSE	Limited and Suntrack Commerce Private Limited		aggregating the shareholding of acquirer to 27.51% of the total capital of the Target Company at a price of Rs.6900/-per share.	Intime Spectrum Registry Ltd
Premier Energy and Infrastructure Limited **Regd.Office** Chennai **Paid up Capital** Rs. 9,99,48,000 **Listed At** MSE, ASE, Bngl Stock Exchange	Shri Housing Private Limited	Offer to acquier 20,00,000 equity shares of Rs.10 each,representing 20% of the equity share capital of the company at a price of Rs.10 each after deducting the amount due in respect of calls in arrears.	***Regulation 10 and 12*** Share purchase agreement to acquire 40,47,538 equity shares of Rs.10 each representing 40.47% of the paid up equity and voting share capital of the target company at a price of Rs.10 each	**Merchant Banker** Vivro Financial Services Pvt Ltd **Registrar to the Offer** Cameo Corporate Services Limited
Spice Communications Limited **Regd.Office** New Delhi **Paid up Capital** Rs. 6,899,250,000 **Listed At** BSE and NSE	Idea Cellular Limited	Offer to acquire up to 137,985,050 (20%) equity shares of the face value of Rs. 10 each, at a price of Rs. 77.30 per share payable in cash	***Regulation 10,11 & 12*** Share Purchase Agreement to acquire 281,489,350 (40.8%) shares for a consideration of Rs. 77.30 per share.	**Merchant Banker** Lazard India Private Ltd **Registrar to the Offer** Karvy Computershare Private Limited

Latest update

SEBI GRANTED EXEMPTION IN THE MATTER OF ABBOTT INDIA LTD.

"SEBI granted the exemption where the increase in shareholding is pursuant to the buy –back of shares by the Company"

Facts:

The Acquirer is the promoter of the Abbott India Ltd. and holds 65.14% shares of the Company. The Company has announced its plan to buy-back its shares from its shareholders. As the acquirer shall not tender any share held by it in the Company in the proposed buy-back, in case of 100% response to the buy-back offer from other shareholders of the Company, the voting rights of the acquirer in the Company would increase from 65.14% to 68.94% resulted into trigerring the Regulation 11 of SEBI (SAST)Regulation,1997. Therefore, the acquirer has filed the application seeking exemption from making public announcement on increase in shareholding beyond 5% on the basis of following submissions:

Submission:

1. The acquirer does not intend to tender its shares in the buy-back and has undertaken not to transact in the shares of the target company till the closure of the buy-back.
2. No change in number of shares held by acquirer.
3. No change in control.
4. Minimum Public shareholding will be maintained.

Decision:

In view of the above facts, SEBI granted the exemption to the acquirer from complying with regulation11 accepting the recommendation of the panel.

SEBI GRANTED EXEMPTION IN THE MATTER OF ATLANTA LIMITED

"SEBI granted the exemption where the increase in shareholding is pursuant to the conversion of Warrants"

Facts:

The Acquirers belong to the promoter group of the Atlanta Limited and are holding 70.55% shareholding along with the person acting in concert. Pursuant to the conversion of 18 lakh warrants held by them, the shareholding of the acquirer would increase from 70.55% to 73.48% resulting into trigerring the regulation11 of SEBI (SAST)Regulation,1997. Therefore ,the acquirer has filed the application seeking the exemption on the following submission:

Submission:

1. No change in control.
2. The warrants were subscribed with the objective of infusing funds to be used for the expansion activities.
3. The intention was never to acquire substantial shares or control over the target company.

Decision:

In view of the above facts, SEBI granted the exemption to the acquirer from complying with regulation11 accepting the recommendation of the panel.

SEBI REJECTED THE EXEMPTION IN THE MATTER OF AKSHARCHEM (INDIA) LTD.

"Where the price of buy-back is unreasonably high, the exemption is not available on increase in shareholding as it may result in artificial price and indirectly appreciating the value of promoters shareholding"

Facts:

The acquirers belong to the promoter group of the Akshar Chem (India) Ltd. and are holding 54.99 % of the equity shares of the Company. The Company announced its plan to buy-back its equity shares. Due to the said buy-back offer, the voting rights of the acquirers in the Company would increase from

54.99% to 63.47% resulting into triggering the regulation 11 of SEBI (SAST) Regulation, 1997.Therefore, the acquirer has filed the application seeking the exemption on the following submissions:

Submission:

1. Increase in voting rights is incidental to the buy-back proposal.
2. No change in number of shares held by the acquirer.
3. No change in control.
4. The acquirers do not propose to acquire a single share of the target company
5. The buy-back price is Rs. 40/- per share.

Decision:

In view of the above facts, SEBI rejected the application of the acquirer accepting the recommendation of the acquirer. The Takeover Panel observed that the maximum buy back price of Rs.40/- per share is high compared to the market price of Rs.16/- per share of the Target Company. The same might result in the artificial price rise in the shares of the target company and, in turn, it would indirectly help in appreciating the value of the promoters' (acquirers) shareholding in the target company.

SEBI GRANTED EXEMPTION IN THE MATTER OF SAMTEL COLOR LIMITED

"SEBI granted the exemption where the increase in shareholding is pursuant to the CDR Scheme"

Facts:

Teletube Electronics Ltd. and CEA Consultants Pvt. Ltd (acquirers) are part of the promoter group of the Samtel Color Limited and currently hold 52,10,922 shares constituting 11.18% of the paid up capital of the Company. The Target Company is facing financial crisis. Due to which promoter have applied for corporate debt restructuring (CDR) scheme to RBI. Pursuant to the CDR scheme sanctioned by RBI, promoters are required to infuse funds of Rs. 15 Crores by way of acquisition of shares. Pursuant to the proposed acquisition of 46,51,163 equity shares of Rs. 10 each at a premium of Rs. 11.50 per share and 23,25,581 equity shares (considering conversion of warrants) of Rs. 10 each at a premium of Rs. 11.50 per share of the company by way of preferential allotment, the shareholding of the acquirer would increase from 11.18% to 22.75% of fully diluted voting capital. The holding of the total promoter group would increase from 41.06% to 48.74% resulting into triggering the Takeover code regulation.

Therefore, the acquirer has filed an application seeking the exemption on the following submissions:

Submission:

1. No change in control
2. The proposed acquisition is in terms of CDR Scheme.

Decision:

In view of the above facts, since the share are being acquire to revive and rehabilitate the financial position of the Company, therefore, SEBI granted the exemption to the acquirer from complying with regulation 11 accepting the recommendation of the panel.

SEBI CONSENT ORDER IN THE MATTER OF KAUSUR INDIA LIMITED

SEBI had initiated adjudication proceedings against Ms. Kashni Sandhu, Mr. Sadeev Sandhu and Ms. Siphti Sandhu for violation of regulation 7(1A). Pending the adjudication proceedings, the noticee proposed to offer Rs. 50,000/- towards consent terms in the matter. The noticees have also remitted a sum of Rs. 50,000. On the basis of recommendation of High Powered Advisory Committee, SEBI disposed off the said adjudication proceedings on consent terms.

Hint of the month

RESTRICTION ON ACQUISITION PRICE AFTER PUBLIC OFFER

"Where an acquirer has acquired shares by way of public offer in terms of SEBI Takeover Regulations, he cannot acquire further shares u/r 11 (1) at a price exceeding the price paid in the offer, for a period of six months from the date of closure of public offer. However, this restriction is not applicable if the shares are being acquired through stock exchange."

Competitive Bid

Concept:

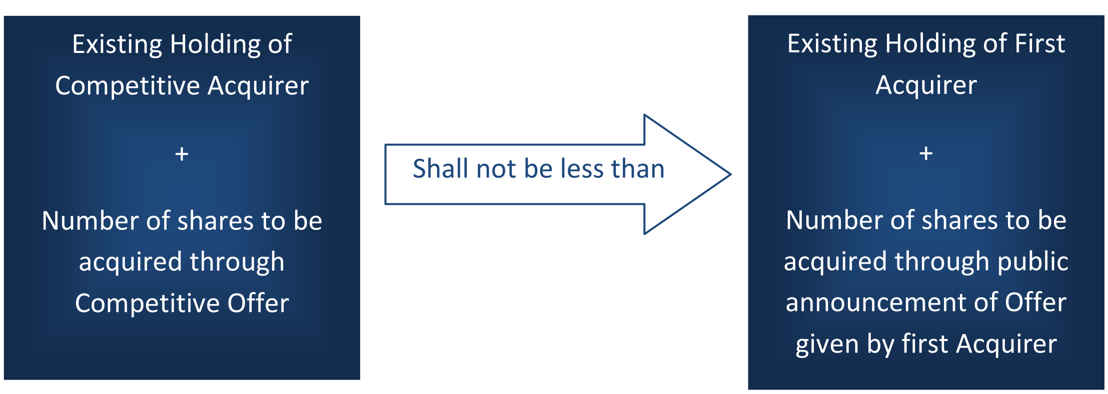
When an acquirer has made an offer to acquire a Company, and subsequently, some other acquirer also makes an offer to acquire the same Company, that subsequent offer by other person is called Competitive Bid. Thus, the term Competitive Bid refers to an offer (Bid) given by 'Competitor Acquirer' after an offer has already been given by an acquirer to the shareholders of a Company to acquire from them the shares they hold. E.g. If 'A' has already given an open offer in terms of SEBI Takeover Regulations to the shareholders of X Ltd. and subsequently during the relevant period, B also gives the similar offer to the shareholders of X Ltd., then offer given by B shall be termed as 'Competitive Bid' in terms of these regulations.

Legal Provision:

Regulation 25 of the SEBI Takeover Regulations deals with the concept of Competitive Bid. As per regulation 25 (1), where an open offer has been given by an acquirer in terms of these regulations, any other person may make a public announcement of his offer for acquisition of the shares of the same target company, within a period of 21 days of the first public announcement of offer.

Timing and Size of Competitive Bid:

The competitive bid shall be placed within 21 days form the date of public announcement of offer.
The competitive bid shall not be less than the minimum number of shares specified under these regulations. As per regulation 25 (3), the minimum number of shares for competitive offer shall be determined as under:



Revision of offer:

In case of a competitive bid, the first acquirer may revise his offer within 14 days of announcement of competitive offer in terms of price or size of offer. However, if he fails to revise the offer within 14 days of announcement of competitive offer, in such a case the offer on original terms shall subsist and be binding on the acquirer. The Competing bidders also have the freedom to revise their offers upward anytime upto seven working day prior to closure of offer. The upward revision can only be terms of number of shares & the offer price and no other terms.

The upward revision can be made only through public announcement in all newspaper wherein the original offer was made and with due intimation to SEBI, stock exchange and target company and also correspondingly increasing the value of escrow account.

Shareholders choice

In case of more than one bid, shareholders have the prerogative to choose from the subsisting bids. Therefore, so as to facilitate shareholders exercise of option in such an event, the competing offers shall close on the same date. In other words all competitive bids shall close on the date of closure of public offer under the last subsisting bid.

Case study

IDEA CELLULAR'S ACQUISITION OF SPICE COMMUNICATION

Takeover Factsheet:

Idea Cellular has acquired 40.8 % stake in spice communication from BK Modi for Rs.2,176 crore requiring it to give an mandatory open offer to the minority public shareholders of Spice Communications. Such shareholders would be given an option either to tender shares in Idea's open offer for Spice or swap their shares for Idea at a ratio based on the price of Rs 158 for Idea and Rs 77 for Spice. The deal is at a price of Rs 77.3 a share. Besides this, Idea cellular will also give Rs.544 crore as non-compete fee to Modi's.

Post acquisition state of Affairs:

As part of the deal, Telekom Malaysia, which owned 39.2 per cent in Spice, will be getting about 20 per cent stake in Idea Cellular including a 14.99 per cent stake that will be given on a preferential allotment at Rs 156.96 a share. The AV Birla Group which currently holds 57 per cent in Idea would lose majority control once the preferential issue to TMI is completed. TMI will invest Rs 7,500 crore for buying this stake in Idea Cellular and a part of these funds will be used to buy Modi's stake. The balance Rs 4,500 crore will be used to retire the debts in Idea's books. TMI will remain a minority partner but Idea Cellular will get access to TMI's third-generation technology for offering international roaming to its customers.

Future outlook of deal

The takeover of Spice Telecom by Idea Cellular is the fourth largest merger and acquisition deal involving an Indian entity and may be an originator to more such transactions in the telecom industry. After the acquisition, Idea Cellular will merge Spice with itself. The merger appears to be a sound business value proposition for Idea, although expensive from a commercial standpoint. Through the deal, Idea Cellular will get hold of crucial spectrum because Spice Communications has recently been awarded licences for operations in four more circles including Delhi, Tamil Nadu and Andhra Pradesh. The entire process of the merger between both the companies is expected to take another six to eight months.

Market update

Goldman - Roshini Biotech Deal

The US based investment banking and securities firm Goldman Sachs is picking up a 25% stake in Roshini Biotech, a bio-diesel plantation company based in hyderabad, for around Rs.170crore. Roshini Biotech is a Hyderabad-based bio-fuel company engaged in the bioenergy value chain.

Lehman, Sachs, ICICI acquired stake in Serve & Volley

Outdoor media firms have recently been on the radar of PEs and VC funds. Emergence of new airports, roads, highways, malls and organised retail have created the need for outdoor advertising. This has made outdoor media companies attractive for foreign and Indian funds.

ICICI Ventures, Lehman and Goldman Sachs have lined up to pick up around 15-20% stake in Bangalore-based outdoor advertising firm Serve & Volley (S&V) for Rs 250 crore.

AT&T - Maxis Deal

US telecom giant AT&T is inching closer to buying Malaysian operator Maxis Communications 74% stake in Aircel. AT&T has valued Aircel at $5-6 billion. At the upper end, the ticket price includes a control premium of around 30%, which AT&T is expected to pay to Maxis for taking management control in the company.

Sun Pharmaceuticals offer for Taro shares

Sun Pharmaceuticals has given a cash offer for all outstanding ordinary shares of Taro Pharmaceuticals Industries for $7.75 per share. It already holds 36% stake in Taro. The tender offer follows Taro rejecting a merger agreement with Sun terming the offer 'inadequate'.

Sterlite Industries is stepping to acquire remaining 49% stake in Balco

The Government is taking a final decision on the call option notice given by sterlite Industries to acquire the remaining 49% government equity in Balco. The Company was privateised when the govt. sold its 51% stake in Balco to Sterlite in 2001 for Rs.551.50 crore at a price of Rs.49.01 a share.

Launch of takeovercode.com

www.takeovercode.com, a web portal exclusively on takeovers and acquisitions, has been successfully launched by Honourable Sh. C B Bhave, Chairman, SEBI on July 1st, 2008 at Grand Hyatt Mumbai. The innovative portal, through its research led content, aims to inform investors & stakeholders about the intricacies of takeover laws in India and make the process of acquisition compliances efficient and transparent.

Commenting on the launch, CB Bhave, Chairman, SEBI said, "All through my career in Public Service, I have been enriched by many innovative ideas by upcoming entrepreneurs. Takeovercode.com is one of such innovations and is a result of four years of research and analysis. I am very confident of the commendable values addition which will be made to this website in the times to come by the team of Corporate Professionals."

Reflecting on this initiative, Pavan Kumar Vijay, Managing Director, Corporate Professionals said, "Takeovercode.com is the result of years of painstaking research and exposure to complicated takeover & acquisition issues cases. With the development of securities market and heightened M&A activity in the country, faster and transparent processes are required. This initiative is an innovative venture which addresses these deficiencies and will bring considerable changes to the M&A services in India."

Our team

Preeti V Arora
(Manager – Investment Banking)

Neha Pruthi
(Associate)

Ruchi Hans
(Analyst)

Visit us at

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An innovation beyond imagination

A venture of Corporate Professionals
D- 28, South Extn Part I New Delhi – 110049
T: 40622200 F: 91.40622201
E: info@takeovercode.com