

Volume XV - December Issue

# TAKEOVER PANORAMA



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## INSIGHT

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## RECENT OPEN OFFERS

Name of Target Company	Name of Acquirer	Details of Offer	Reason of Offer	Concerned Parties
<p><b>Tonira Pharma Limited</b></p> <p>Regd. Office Gujarat</p> <p>Paid up capital Rs. 7,94,42,000</p> <p>Listed At BSE</p>	<p>IPCA Laboratories Limited</p>	<p>offer to acquire 23,83,260 fully paid equity shares representing 30% of the aid equity share capital of TPL at a price of Rs. 29/- per share payable in cash.</p>	<p><i>Regulation 10 &amp; 12</i></p> <p>SPA with promoters of the Company to acquire 7,24,223 (9.12%) fully paid equity shares having a face value of Rs.10/- per equity shares at a price of Rs.28/- per equity share.</p>	<p><b>Merchant Banker</b></p> <p>Imperial Corporate Finance &amp; Services Pvt Ltd</p> <p><b>Registrar to the Issue</b></p> <p>Sharex Dynamic (india) Pvt. Ltd</p>
<p><b>Jatia Finance Limited</b></p> <p>Regd. Office Mumbai</p> <p>Paid up capital Rs. 500.06 Lacs</p> <p>Listed At ASE &amp; BSE</p>	<p>Anil Raika, Smt. Ambika Raika, Shri Mahesh Saraf, and Smt. Sarita Saraf</p>	<p>SPA with the promoter group of Target company to acquire 34,99,980 Equity shares representing 69.99% of the total paid up share capital of the Target company at a price of Rs. 2 per share payable in cash.</p>	<p><i>Regulation 10 &amp; 12</i></p> <p>offer to acquire 10,00,120 Equity shares of Rs. 10 each representing 20% of the total capital of JFL at an offer price of Rs. 5 per share.</p>	<p><b>Merchant Banker</b></p> <p>Fedex Securities Ltd</p> <p><b>Registrar to the Issue</b></p> <p>Purva Shareregistry P Ltd</p>
<p><b>Vertex Securities Limited</b></p> <p>Regd. Office Kerala</p> <p>Paid up capital</p>	<p>Transwarranty Finance Limited and Shri Kumar Nair</p>	<p>Offer to acquire 10,35,601 Equity shares of Rs.10 each representing 20% of the total issued capital of the Target Company at an offer of Rs. 31 per</p>	<p><i>Regulation 10 &amp; 12</i></p> <p>SPA with the promoter group of target company to acquire</p>	<p><b>Merchant Banker</b></p> <p>Fedex Securities Ltd</p> <p><b>Registrar to the Issue</b></p>



Rs. 517.80 Lacs  Listed At Cochin, Coimbatore, Madras & Mumbai		Equity Share payable in cash.	28,50,343 Equity shares representing 55.05% of the total Equity share capital and voting rights of the Target Company at a price of Rs. 25 per Equity share alongwith an interest @ 6% p.a.	Intime Spectrum Registry Ltd
<b>WPIL Limited</b>  Regd. Office Kolkata  Paid up capital Rs.7,96,70,800  Listed At BSE & CSE	M/s Asutosh Enterprises Limited, M/s.Hindusthan Udyog Limited and Mr.Prakash Agarwal	Offer to acquire 13.30% of the voting equity capital constituting 10,59,616 Equity Shares of Rs.10/- each of WPIL Limited by making an Open Offer in terms of the Regulations at a price of Rs.60/- per share for each fully paid-up equity share	<i>Regulation 11(2A)</i>  Voluntary offer for consolidation of holdings	<b>Merchant Banker</b>  Karvy Investor Services Ltd  <b>Registrar to the Issue</b>  Karvy Computershare Private Limited
<b>SoftPro Systems Limited</b>  Regd. Office Hyderabad  Paid up capital Rs.599.95 Lakhs  Listed At BSE, NSE & HSE	Sahasra Investments Private Limited along with Mr.G. Bala Reddy and Mrs. G. Velangini Mary	Offer to acquire 12,00,000 equity shares of Rs.10/- each representing 20% of equity share capital of the Target Company at a price of Rs.150/- per share.	<i>Regulation 10 &amp; 12</i>  SPA with Mr. Krishna Chand Akkineni, one of the Promoters of the Target Company on November 1, 2007 to acquire 24,97,870 fully paid up equity shares of Rs.10 each constituting	<b>Merchant Banker</b>  Ind Global Corporate Finance Pvt Ltd  <b>Registrar to the Issue</b>  Karvy Computershare Private Limited



			41.64% of the paid up equity capital of the Target Company from the Seller at a price of Rs.150/-per share thereby increasing his shareholding from 4.83% to 46.47%.	
<p><b>Garware Offshore Services Ltd.</b></p> <p>Regd. Office Mumbai</p> <p>Paid up capital Rs. 21,26,62,660</p> <p>Listed At BSE and NSE</p>	<p>Indiastar (Mauritius) Ltd.</p>	<p>Offer to acquire upto 4,707,799 fully paid up equity shares of Rs.10/- each of the Target, representing 20% of the expanded paid-up voting equity share capital of the Target Company.</p>	<p><i>Regulation 10</i></p> <p>Conversion of 25,00,000 debentures into 2,272,727 equity shares of the Target Company representing 9.66% of the fully paid up equity share capital by the acquirer already holding 12.18% equity shares.</p>	<p><b>Merchant Banker</b></p> <p>HSBC Securities and Capital Markets (India) Pvt. Ltd</p> <p><b>Registrar to the Issue</b></p> <p>Bigshare Services Pvt. Ltd.</p>
<p><b>Avon Organics Limited</b></p> <p>Regd. Office Andhra Pradesh</p> <p>Paid up capital Rs. 1269.09 Lakhs</p> <p>Listed At BSE, CSE &amp; HSE</p>	<p>Arch Pharmalabs Limited</p>	<p>Offer to acquire upto 45, 00,000 equity shares of Rs. 10/- each, representing 20% of the fully expanded voting capital of the Target Company, at a price of Rs. 20/- per share.</p>	<p><i>Regulation 10 &amp; 12</i></p> <p>Board resolution to approve preferential allotment of 98, 09,100 (43.60%) fully paid up equity shares of Rs. 10/- each of the Target</p>	<p><b>Merchant Banker</b></p> <p>Ashika Capital Ltd</p> <p><b>Registrar to the Issue</b></p> <p>XI Softech Systems Ltd</p>



			Company for cash at a price of Rs. 20/- per share, subject to the approval of shareholders in General Meeting.	
<b>HB Stockholdings Limited</b>  Regd. Office  Paid up capital  Listed At	DCM Shriram Industries Limited	Offer to acquire 35,00,000 Equity shares of Rs. 10 each constituting 22.88% of the total capital aggregating his shareholding to 35.75%.	<i>Regulation 10</i>  <i>Consolidation of holdings by acquirer</i> presently holding 19,54,348 shares constituting 12.77% of Target company	Merchant Banker  Mafcom Capital Services Limited  Registrar to the Issue
<b>SRF Polymers Limited</b>  Regd. Office New Delhi  Paid up capital Rs. 6,45,26,150  Listed At BSE	Bhairav Farms Private Limited and Narmada Farms Private Limited	Offer to acquire up to 531,597 fully paid up equity shares of Rs. 10/- each of the Target Company representing 8.24% of the outstanding voting paid up equity share capital of the Target Company at a price of Rs. 180.00 per fully paid up equity share payable in cash.	<i>Regulation 11(2A)</i>  Voluntary offer for consolidation of holdings by acquirers already holding 4,307,864 equity shares (66.76%).	Merchant Banker  Enam Financial Consultants Pvt Ltd  Registrar to the Issue  Mas Services Private Limited



<p><b>Paraan Limited</b></p> <p>Regd. Office Vadodara</p> <p>Paid up capital Rs. 25, 00,000</p> <p>Listed At BSE</p>	<p>Kailash Hardattraai Biyani and Kishore Mohatta</p>	<p>Offer to acquire 5,000 Equity shares of Rs. 100 each representing 20% of the total paid up capital and voting rights of Target company at a price of Rs. 180 each.</p>	<p><i>Regulation 10 &amp; 12</i></p> <p>SPA with the promoters of Target company to acquire 9,365 equity shares of Rs 100 each constituting 37.46% of total paid up capital of Target Company at a price of Rs. 180 per share.</p>	<p>Merchant Banker</p> <p>Vivro Financial Services Pvt Ltd</p> <p>Registrar to the Issue</p> <p>Intime Spectrum Registry Ltd</p>
<p><b>G P Electronics Limited</b></p> <p>Regd. Office Mumbai</p> <p>Paid up capital Rs. 4,86,08,630</p> <p>Listed At BSE and NSE</p>	<p>Aarti Management Consultancy Private Limited, Aditi Management Consultancy Private Limited and Anjoss Trading Company Private Limited</p>	<p>Offer to acquire upto 9, 72,173 equity shares of Rs. 10/- each, representing 20.00% of the issued, subscribed and paid-up equity share capital of GPEL, from the public shareholders of GPEL, at a price of Rs. 20.00 per share payable in cash.</p>	<p><i>Regulation 10 &amp; 12</i></p> <p>SPA to acquire 31, 10,807 fully paid up equity shares representing 61.95% of the current paid- up equity share capital of GPEL at a price of Rs. 11.63 per share.</p>	<p>Merchant Banker</p> <p>Yes Bank Ltd.</p> <p>Registrar to the Issue</p> <p>Mondkar Computers Pvt. Ltd.</p>



# REGULAR SECTION

## *Do's & Don'ts of Target Company & Merchant Banker*

TARGET COMPANY	
Do's	Don'ts
<p>✓ The prima-facie obligation of Target Company is to co-operate with the acquirer in discharging the obligations under these regulations.</p>	<p>✗ The Target Company shall not transfer the assets of the Company or its subsidiary without the approval of shareholders in General Meeting.</p>
<p>✓ The Target Company shall furnish a list of shareholders, debenture holders etc. who are eligible to participate in the offer, within 7 days of the request of acquirer however in any case not later than 7 days from the specified date.</p>	<p>✗ The Target Company shall not issue the shares carrying voting rights without the approval of shareholders in General Meeting during the offer period.</p>
<p>✓ Facilitate the acquirer in verification of securities tendered for acceptances.</p>	<p>✗ The Target Company shall not enter into any material contract.</p>
<p>✓ Transfer the securities in the name of acquirer after the fulfillment of all obligations by the acquirer i.e. after receiving a copy of certificate from the Merchant Banker that all the formalities relating to the open offer have been fully complied with.</p>	<p>✗ The Target Company shall not appoint on the Board of Target Company any person as director who represents or has interest in the acquirer however subject to certain exceptions.</p>



<b>MERCHANT BANKER</b>	
<b>Do's</b>	<b>Don'ts</b>
<p>✓ Ensure that the acquirer has made the public announcement within 4 working days of entering into an agreement or acquisition of shares, as the case may be and letter of offer is submitted to the Board within 14 days of making the public announcement.</p>	<p>✗ The merchant banker shall not deal in the shares of the target company during the period commencing from the date of his appointment in terms of regulation 13 till the expiry of the fifteen days from the date of closure of the offer.</p>
<p>✓ Ensure that the acquirer has sufficient funds to discharge his obligations under the offer.</p>	<p>✗ A Merchant Banker shall not handle a open offer, if it is associated or related with the acquirer or the Target Company in any manner.</p>
<p>✓ Ensure that the acquirer has complied with all the formalities of the open offer.</p>	<p>✗ The Merchant Banker shall not issue the certificate unless it is fully satisfied that all the requirements of these regulations have been fully complied with by the acquirer.</p>
<p>✓ Ensure that the statements made in the public announcement and other documents are true and adequate.</p>	✗
<p>✓ Furnish a due diligence certificate to the Board (SEBI) along with the draft letter of offer.</p>	✗
<p>✓ After payment for all the shares acquired under the offer, the merchant banker shall release the balance amount lying in the Escrow account to the acquirers.</p>	✗



✓ Send a final report to the Board within 45 days from the date of closure of offer.	✘
✓ In case of infrequently traded shares, it is the responsibility of Merchant Banker to ensure that the price has been calculated after taking into consideration the parameters defined under regulation 20(4).	✘

## CASE STUDY

### *Battle over DCM Shriram Industries Limited*

#### Background of DCM Shriram

DCM Shriram Industries Ltd. (DSIL) is the flagship company of the DCM Shriram Industrial Group based predominantly in Northern India with a portfolio of products comprising of sugar, alcohol, fine chemicals, rayon tyre cord & textiles.

#### HB Stockholding

HB Stockholdings, a Delhi-based investment firm has been promoted by Harish C Bhasin. It is a prominent brokerage firm and a major shareholder of DCM Shriram Industries Limited.

#### Battle over DCM Shriram

On 19<sup>th</sup> November 2007, HB Stockholdings “the Acquirer”, a non-banking financial company dealing in securities made an open offer to the shareholders of DCM Shriram Industries for acquiring 22.88% of fully paid-up equity share capital at a price of Rs 70



per share in cash after it had acquired shares of DCM from the market at a price of Rs 92 per share increasing its shareholding from 1.4% to 14.1%. This open offer will increase the acquirer's shareholding to 36.98% in case of full acquisition of shares.

Earlier in October 2007, the Company had proposed to make a preferential allotment of 7,00,000 warrants to the promoters at a price of Rs. 52 per share which would entitle the promoters to subscribe to three equity shares, eventually fortifying their position in the company against acquirer by increasing the promoters' shareholding to 42.54 per cent. These warrants have been proposed to be converted into equity shares in three tranches over a period of next 18 months.

After the HB's hostile takeover attempt of DSIL the latter's stock prices were seen touching new highs with an increase by 15.65 per cent in the past week, with both the acquirer and the DSIL promoters mopping up shares from the open market, impacting the open offer price.

### **Twist to the Battle**

In a new twist to the battle over DCM Shriram, on Nov. 20, the acquirer moved to the CLB to seek stay on the said preferential allotment alleging that the promoters' move to allot the warrants could impact the interest of the smaller stakeholders.

DCM Shriram claimed that the sole purpose for the warrants is to raise working capital. Further, the move was to protect minority shareholders by avoiding acquisition by HB Stockholding.

On the other hand, HB Stockholdings contended that the company had already arranged a capital requirement of Rs 38 crore following an annual general meeting in September. If there is a working capital requirement, it can be arranged by means other than the issue of warrants.

### **Long-back history of Battle over DCM**

Bhasin and the DCM family had first clashed over shareholding in 1983 also. Bhasin fought a losing battle to acquire a controlling stake in DCM Ltd. DCM Shriram was one of the companies formed after DCM Ltd was restructured in 1990.



## Finally CLB favored DCM

However, on Nov. 27, 2007 DCM Shriram Industries Ltd has been allowed by the Company Law Board (CLB) to go ahead and complete the process of postal ballot for issuance and allotment of seven lakh warrants to the promoters/promoters group, with the right to apply for three equity shares per warrant.

With the announcement of CLB order allowing the Target Company to move with the preferential allotment, it became clear that even after the successful acquisition of 22.88% shares pursuant to the offer, the acquirer's holding will not be more than promoter's shareholding in the Company.

Therefore, HB once again seems to have defeated in the battle to gain control over DCM Shriram.

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## MARKET UPDATE

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### India Glycols acquired Shakumbari Sugar

India Glycols Ltd (IGL), a petrochemicals and specialty chemical player, has acquired a controlling stake of 96.56% in Shakumbari Sugar & Allied Industries Ltd, located in Uttar Pradesh. The company acquired the majority stake at a consolidated price of Rs470mn.

Shakumbari Sugar & Allied Industries has a crushing capacity of 3,200 tons per day (TCD) along with a modern distillery of 40 kilo litres per day (KLPD).

India Glycols is the largest producer of ethanol in the country. With this acquisition, the company would be vertically integrated to captively produce additional ethanol requirements. India Glycols would further enhance the capacity of this unit from 3,200 TCD to 7,000 TCD whereas the distillery's capacity would be expanded to 250 KLPD from the present 40 KLPD.



### ICICI, IL&FS, Kotak acquire stake in MCX



ICICI, IL&FS, Kotak groups have acquired 3.55%, 5%, 1% equity stake, respectively in Multi Commodity Exchange of India Ltd. (MCX), the country's biggest commodity exchange, at an enterprise valuation of US\$1bn to US\$1.1bn.

Jignesh Shah, Managing Director and CEO, MCX, said, "This milestone is a testimony of the quality of the institute we have built, in and from India where the global and domestic best have converged."

Some of the other shareholders in MCX include Merrill Lynch, Citigroup, Fidelity, State Bank of India (SBI), State Bank of Hyderabad, State Bank of Indore, State Bank of Saurashtra, State Bank of Patiala, State Bank of Travancore, State Bank of Mysore, State Bank of Bikaner & Jaipur, SBI Life Insurance, HDFC Bank, National Stock Exchange (NSE), NABARD, Canara Bank, Bank of India, Union Bank, Bank of Baroda and Corporation Bank.



#### **Tata Tele plans to sell 49% in its tower biz**

Tata Teleservices plans to divest up to 49 per cent stake in its tower arm and had already got 30-40 bids from investors for this, reports Newswire 18 (via Business Standard). The company has appointed Lehman Brothers and Citibank as investment bankers for the deal.

The Tatas are estimated to have around 7,000 towers, which industry sources say is valued at about \$1.5 billion. The company is also investing close to a billion dollars this fiscal to enhance its towers and other related infrastructure. Recent reports suggest that Bharti, Vodafone Essar and Idea Cellular would be merging their passive tower assets TP for, Indus Towers. Reliance Communications had recently sold 5 per cent stake to a group of seven investors for \$337.5 million.



#### **France's Ipsos Acquires 75% in Indian Market Research Firm Indica Research**

France's Ipsos has acquired a 75 per cent stake in Indian market research firm Indica Research with an option to acquire the remaining shares in the future. The financial terms of the deal are not disclosed.



#### **Xilinx's Corporate Venture Arm Looking For Investments in India**

Xilinx, the \$2-billion California-based programmable logic chips and Services Company, is looking at investing in India from its \$75-million Asia Pacific Technology Venture Capital Fund. The corporate venture arm of Xilinx plans to invest up to \$10 million in Indian companies from the fund, the company's senior director, vertical markets and partnerships, Krishna Rangasayee. Xilinx has already identified Noida-based CG CoreELas the first recipient of the fund. Xilinx is also betting big on the Indian aviation, space, defence, Wimax, IPTV and mobile markets.



# HINT OF THE MONTH

## Timing of Public Announcement in case of convertible securities

In case of ADR/ GDR or any other convertible securities, the public announcement shall be made not later than 4 working days before the acquirer acquires voting rights on such securities upon conversion, or exercise of option, as the case may be.

The noticeable point here is that the public announcement is precedent to conversion of securities.

# INTERMEDIARY SEARCH

S.no	Particulars	Contact Details
1.	Citigroup Global Markets India Pvt. Ltd.	4 <sup>th</sup> Floor, Bakhtawar, Nariman Point, Mumbai.
2.	SBI CAPITAL MARKETS LTD	202, Maker Tower E, Cuffe Parade Mumbai

*For any Clarification*

Preeti Arora  
Manager- Investment Banking  
[preeti.arora@takeovercode.com](mailto:preeti.arora@takeovercode.com)

Neha Pruthi  
Analyst  
[neha.pruthi@takeovercode.com](mailto:neha.pruthi@takeovercode.com)

Visit us at

[www.takeovercode.com](http://www.takeovercode.com)

