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Bharati Shipyard wins race for Great Offshore

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MUMBAI: Curtains have finally fallen on the six-month takeover battle for Great Offshore with ABG Shipyard pulling out of the race, making Bharati Shipyard the clear winner. This is the first time in the history of Indian takeover when a bidder, after making an open offer for management control, has backed out of the race at a crucial juncture.

A day after Bharati Shipyard revised its open offer price to Rs 590 for Great Offshore, rival ABG Shipyard sold almost the entire stake of 8.3% in the market. ABG Shipyard, controlled by 40-year-old Rishi Agarwal, said that though the company, along with its subsidiary Eleventh Land Developers, has sold 30.78 lakh shares — which is around 8.27% of the current shareholding of Great Offshore — it holds 571 shares.

Analysts said that ABG has made handsome gains from the sale. The company sold the shares at an average of Rs 570, which it bought at Rs 405, making a profit of over Rs 50 crore. Though ABG Shipyard has backed out of the race, its open offer for a 32.12% stake of Great Offshore at Rs 520 would continue according to schedule. The open offer starts on December 3 and closes on December 22.

The company can't withdraw the offer, as Sebi rules don't permit it to do so. "The moment an acquirer makes an open offer, it has cast upon itself an obligation to fulfill it," said G S Ganesh of Collins Stewart Inga, a merchant-banking outfit. "This is a rare case, where Sebi hasn't envisaged such a situation."

Mehul Savla of Ripple Wave Equity said there are three situations where an acquirer after making a public announcement can withdraw open offer. One, when the acquirer doesn't get statutory approvals. Second, when the acquirer is a natural person and he dies and third any special cases, which Sebi may "deem fit". And the ABG case, doesn't come under these criteria and so it will have to honour its obligation. If ABG manages to garner shares through the open offer and if it strikes a separate deal with Bharati, the deal would trigger a fresh open offer.

ABG Shipyard made open offer under section 10 and 12 of the Sebi Takeover Code, while Bharati's open offer is under section 10. Section 10 requires an acquirer to make offer for an additional 20% stake if its stake crosses 15% in target company.

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