



**KHAITAN
& CO** ADVOCATES
SINCE 1911



INDIA SNAPSHOT

PUBLIC M&A

H1 - 2023-24

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Introduction

01

Public M&A in India received significant media attention this year on account of certain high-profile deals like takeover of R Systems by Blackstone and Sanghi Industries by Adani Group.

02

The period between 1 April 2023 to 30 September 2023 (H1 2023-2024) was marked with 43 tender offers, holding an aggregate value of c. INR 4,651 Cr.

03

Participation by international and domestic investors (with larger participation by domestic houses).

04

The second half of FY2023-24 already looks promising with some big-ticket announcements.

05

In this snapshot, amongst other things, we have provided a broad overview of certain deal trends and our key learnings from recent listed deals.

** As per data available on www.sebi.gov.in*

Public M&A Trends*

Period	FY 2022		FY 2023		FY 2024	
	Offer (Nos)	Value (INR Cr.)	Offer (Nos)	Value (INR Cr.)	Offer (Nos)	Value (INR Cr.)
Q1	21	9,778	32	2,630	24	2,065
Q2	18	5,436	18	32,824	19	2,586
Total	39	15,214	50	35,454	43	4,651

** For previous 3 years*

Sector Analysis

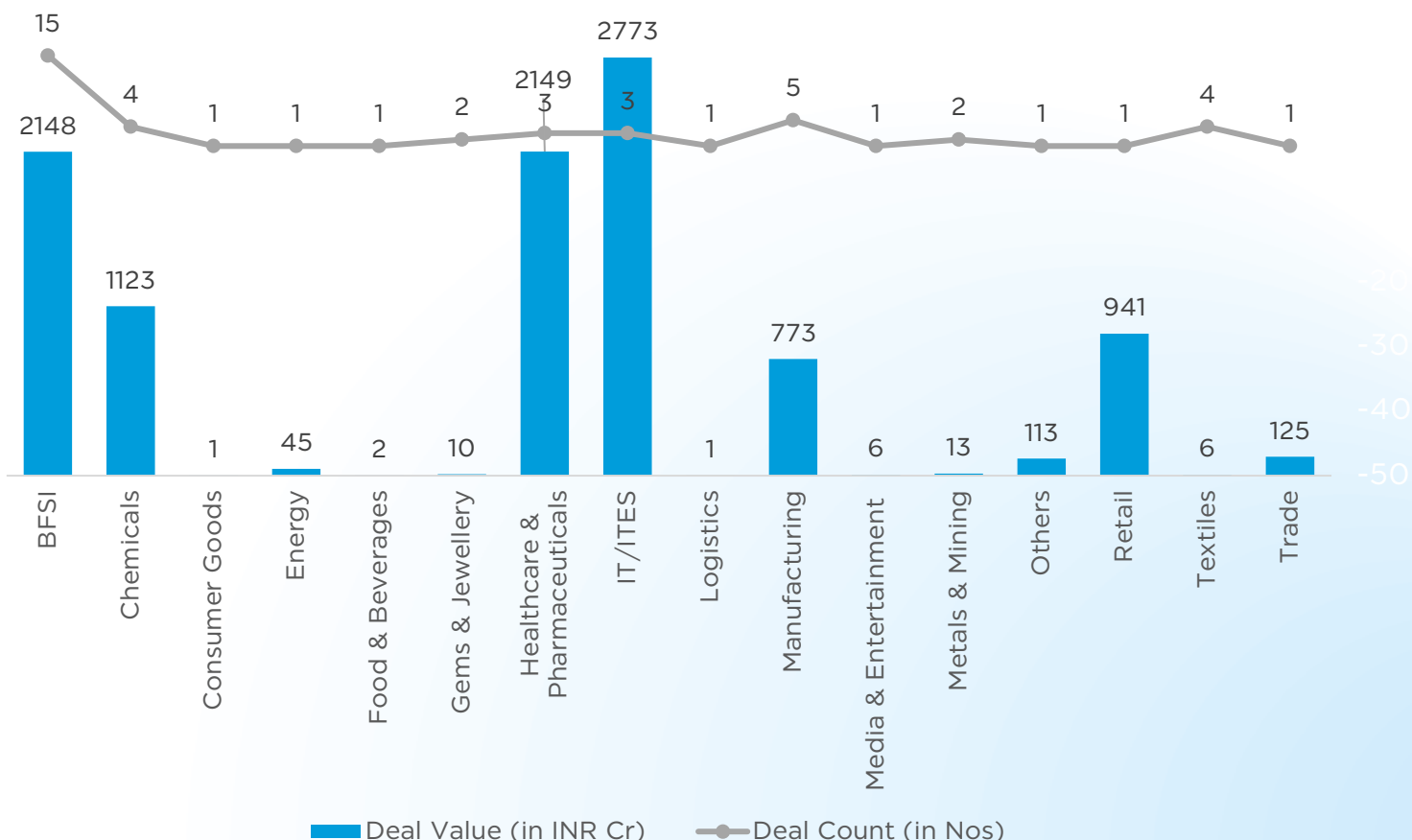
01

IT/ITES and Pharmaceuticals sectors ranked highest in deal value on account of majority acquisition of Route Mobile by Proximus group and Glenmark Life Sciences by Nirma Limited. Deal rally was also driven by acquisitions of TCNS Clothing and Camlin Fine Sciences in the Retail and Chemicals space, respectively.

02

Seven deals were valued at more than INR 500 Cr. during the period 1 April 2023 to 30 September 2023* out of which Khaitan & Co were involved in four - Glenmark Life Sciences (INR 1,343 Cr.), Unichem Labs (INR 805 Cr.), Sanghi Industries (INR 767 Cr.) and Camlin Fine Sciences (INR 713 Cr.).

Industry wise break down of tender offer deals (April to Sept 2023)*

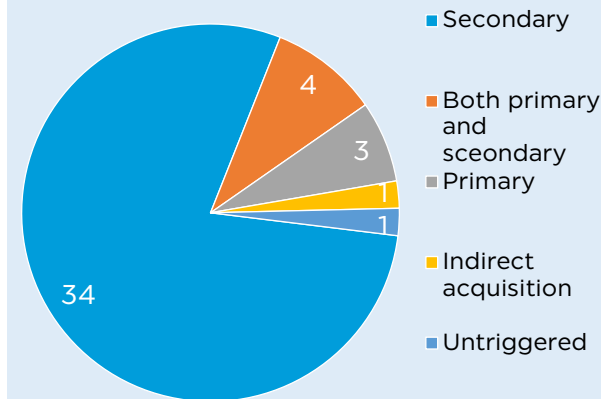


* As per public announcements available on www.sebi.gov.in

Trends | April 2023–September 2023

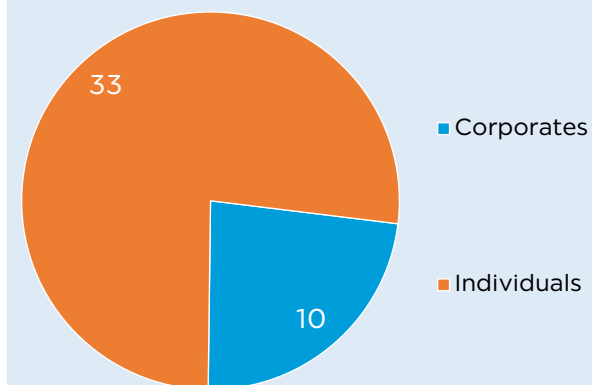
Out of the 43 tender offers:

- 34 were triggered by secondary acquisitions
- 4 by a combination of primary + secondary acquisitions
- 3 by primary acquisitions
- 1 by an indirect acquisition
- 1 was an untriggered offer

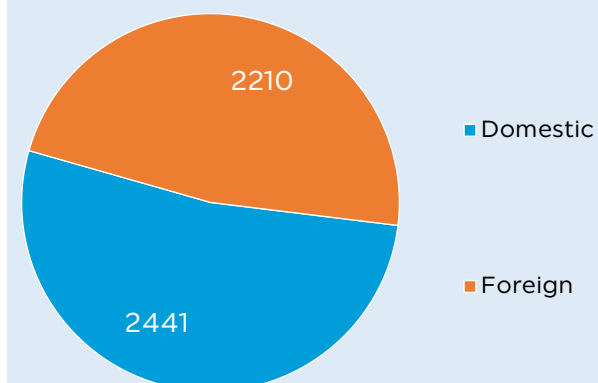


The tender offer for Camlin Fine Sciences was triggered on account of a pooling arrangement of the voting rights held by the acquirer and promoters of the company, resulting in joint control of the company.

Though non-corporate investors contributed to driving volumes, in value terms individual(s) led activity contributed to around 10% of the deal activity.



2 foreign investment deals aggregating to c. INR 2,210 Cr. contributed to c. 48% of the total deal value – R Systems and Camlin Fine Sciences.



41 out of the total 43 tenders offers were made by domestic investors aggregating to c. INR 2,441 Cr. in value.

Top deals by value

- During 1 April 2023 to 30 September 2023, the top ten tender offers by value were (in descending order of value):

No	Target Company	Acquirers	Value (in INR Cr.)
1	Route Mobile Limited	Proximus Opal and Proximus	2,675
2	Religare Enterprises Limited	Dabur Group	2,115
3	Glenmark Life Sciences Limited	Nirma Limited	1,343
4	TCNS Clothing Co. Limited	Aditya Birla Fashion and Retail Limited	941
5	Unichem Laboratories Limited	Ipca Laboratories Limited	805
6	Sanghi Industries Limited	Ambuja Cements Limited	767
7	Camlin Fine Sciences Limited	Infinity Direct Holdings, Ashish Dandekar and others	713
8	Shalimar Paints Limited	Hella Infra Market Private Limited	359
9	Khemani Distributors & Marketing Limited	Vijaykumar Khemani, BSAS Infotech Limited, and others	125
10	Cupid Limited	Columbia Petro Chem Private Limited and Aditya Halwasiya	112

**The above data is based on the public announcements made during the period 1 April 2023 to 30 September 2023.*

Khaitan & Co Participation

- Khaitan & Co was involved in 5 (of 10) deals above, i.e. 1. Glenmark Life Sciences Limited 2. Unichem Laboratories Limited 3. Sanghi Industries Limited 4. Camlin Fine Sciences Limited and 5. Shalimar Paints Limited.
- These deals comprised c. 40% of the aggregate deal value of all the public announcements during April 2023 to September 2023.

Recent Learnings

- [Promoter Reclassification](#): Re-classification of selling promoters (to public) has emerged as an important aspect in structuring control deals - this has been aided by certain developments: (a) reduction in the overall reclassification timeline (by almost 2 months); and (b) simplified re-classification (not requiring board and shareholder approvals) based on adequate disclosures in the tender offer documents.

In case of 6 of the top 10 largest transactions by deal size, an upfront disclosure in the offer documents regarding the reclassification of seller(s) as public shareholders was made.

- [100% funding of escrow through bank guarantee](#): For an early completion of a deal, the acquirer in a tender offer had to fully fund an escrow account within 21 days after making a detailed public statement. Before, this was only possible with a cash deposit. Now, SEBI has allowed acquirers to use a bank guarantee for full funding with an approval from RBI. This change is positive as it removes the need for an immediate cash deposit. However, uncertainties about the RBI approval process limits the practical benefits of this relaxation.

We observed a total of 10 tender offers where the escrow account was fully funded upfront but none of these escrow accounts were funded by way of a bank guarantee.

- [Payment of interest for delay](#): Interest for delay in the tender offer was paid in 7 instances (of which 4 instances were for delay in receipt of regulatory approval).
- [Hostile takeovers](#): Interest in hostile takeovers as a control acquisition tool is on the rise; early analysis of potential linked structures, safeguards and defenses are key to implement or prevent such takeovers.



Landmark Deals



Acquisition of a majority stake of 75% in Glenmark Life Sciences



Sale of controlling stake to Ambuja Cements



Open offer to acquire shares in Shalimar Paints



Restructuring by sale of shareholding INEOS Styrolution triggering a mandatory tender offer



Consolidation of holdings through the voluntary open offer route



Poonawalla Group's acquisition of controlling stake in Magma, through primary acquisition of shares and tender offer



Acquisition of controlling stake in Just Dial, via combination of primary/secondary acquisitions; along with the tender offer



Tata Group's acquisition of controlling stake in Tejas via acquisition of equity shares and warrants



IHH Healthcare Berhad

Acquisition of Fortis Healthcare



Merger of Birlasoft into KPIT and demerger of engineering business



Merger of INOX with PVR Limited



Acquisition of Patni Computers by Apax-backed iGATE Corp

Acquisition of stake in Cholamandalam



Shareholder Right to requisition EGM for removal and appointment of directors



Acquisition of retail & wholesale, logistics & warehousing business of the Future Group under a court approved scheme



Sale of its controlling stake (up to 51% stake) in Essel Propack Limited to Blackstone



Transfer of the business undertaking of the Home Textiles Business of GHCL Limited by way of slump sale

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