Vodafone Airtouch's Bid For Mannesmann

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HOSTILE TAKEOVERS (FAMOUS CASES: A GLIMPSE)

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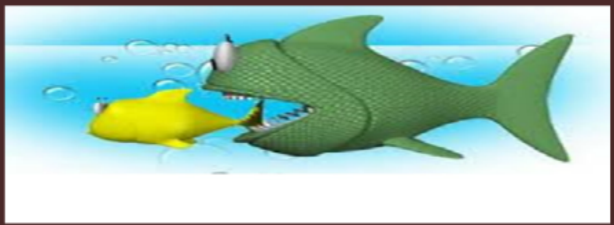
What is a Hostile Takeover ?

A takeover would be considered "hostile" if :
The board rejects the offer, but the bidder continues to pursue it, or
If the bidder makes the offer without informing the board beforehand.



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Types of Hostile Takeover

Tender offer: The acquirer makes a public offer at a fixed price above the current market price.
Creeping Tender offer: Slowly buying enough shares from the open market to effect a change in management.
Proxy Fight: The Acquirer tries to persuade enough shareholders, usually a simple majority, to replace the management with a new one which will approve the takeover.

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Players in the Game

Bidder: Entrepreneurs who discover profitable opportunities.
Target: The profitable opportunity
Free riders: Other shareholders who profit by the actions of the bidder.
Groups within the target i.e. Directors, Majority & Minority Shareholders.
Other potential buyers: white knights and white squires
Arbitrageurs
Group of Investors

Strategies of Hostile Takeover

Market Accumulation followed by an Open Offer;
Negotiated Deal with Financial Institutions followed by an Open Offer;
Negotiated Deal with a breakaway Promoter Fraction followed by an Open Offer;
Direct offer to Shareholders.

Hostile Takeover in India & US

Hostile takeovers by foreign enterprises in india will not occur, because of :
The prevalence of founding families ("promoters") with dominant shareholding positions in most Indian corporations and the substantial shareholding of Indian financial institutions that generally side with promoters.
The necessity of obtaining onerous government approvals for foreign acquisitions that would make hostile takeovers impossible.

In the U.S, most corporate takeovers are friendly in nature, meaning that the majority of key stakeholders support the acquisition. However, for many reasons, potential corporate takeovers can become hostile. With this in mind, some basic defence strategies can be used by the management of potential target companies to deter unwanted acquisition advances.

Briefs About the Companies

Raasi Cement | Indian Cement

Raasi cement promoted by B.V.Raju and N P K Raju in 1978.
Main Industry is located in Hyderabad.
Raasi owned 39.5% stake on sri Vishnu cement Ltd. (SVCL)
Raasi had a Bailout Takeover on SVCL and Raasi isnurturing SVCL.
Raasi's cement division had a capacity of 1.60 mtpaand, it is a low cost cement producer.
Other than cement, the group also had interests inceramics and paper. B.V.Raju:vice chairman of Raasi cement.