

Singhal-led Bhushan Steel bought around 9 per cent stake from Unitech to take its total stake to 14.8 per cent. In addition, Bhushan Steel also acquired 3.5 million warrants. The last date of conversion is June 2009. Post-conversion, Bhushan Steel's stake will go above 21 per cent, thereby automatically triggering the takeover code. This will force the company to give an open offer for 20 per cent stake more.

However, after the open offer for 26 per cent given by Bhushan Power on February 9, Bhushan Steel is left with little option but to come out with a competitive bid by February 28, which is the last date of submitting the competitive bid. Currently, Bhushan Power does not have any equity stake in Orissa Sponge.

Sources said that Mohanty was asking a substantial premium to the underlying price and even higher than the price offered by Sanjay Singhal.

The company's share price is currently ruling at Rs 269 as against Rs 72 on January 15.

It was going to be a three-way contest, sources close to the development said. While the two Singhals were already in the race, Monnet's entry would turn the battle in favour of Mohanty, who wanted to maximise the exit price, sources said.

Bhushan Steel Managing Director Neeraj Singhal said, "This is now a corporate warfare. We will take a call on making an open offer," he said.

Sanjay Singhal, the promoter of Bhushan Power and Steel, who has already made an open offer for Orissa Sponge, was caught up in the race.

He said, "I spoke to the Orissa Sponge promoters 3-4 days back and they said that they had not finalised anything and would like to have a strategic partner. Our meeting was very positive."

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