DNA

Mumbai lingerie maker missing: Lenders now stuck with company shares

Harshad Thakkar Harshad Thakkar

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As the mystery over disappearance of the Mumbai-based lingerie manufacturer Harshad Thakkar deepens, the lenders who supported him during Ashapura Intimates Fashion Ltd (AIFL)'s heydays are now stuck with the company's shares.

On Friday, Ashapura's shares, which have been in a free fall over the last couple of weeks, closed at Rs 97.45, down from its 52-week high of Rs569 in November 2017. Since its peak, Ashapura's market capitalisation has shrunk nearly one-sixth to Rs 246 crore on Friday.

IIFL Securities, along with India Infoline Finance Ltd, now owns 32.93% shareholding in the company (as AIFL shares were pledged with it as against a loan), though IIFL has not of cially "invoked the pledge" to avoid a mandatory open offer as per the rule book.

Apart from IIFL, other shareholders such as Prabhudas Lilladher Financial Services have also seen a substantial loss in their holding.

Stock market sources said IIFL might offer support to other lenders and minority shareholders looking to approach the National Company Law Tribunal (NCLT) for appointing a new board and taking over the control. According to senior company of cials of IIFL, who do not wish to be named, minority shareholders, having at least 10% shareholding of Ashapura, may approach NCLT for a change of board and taking over the control. They may seek support of other shareholders, and IIFL may extend its support. However, a decision would be taken soon based on the audit reports of the banks.

Harshad Thakkar, who built a brand 'Valentine' catering to the fashion need of men, women and kids across various categories of nightwear, inner wear, lounge wear, bridal lingerie and sportswear, has been reported missing since October 2 when he was last seen in his of ce at Dadar. His family led a missing complaint on October 8 and during investigations, a hand-written note in Gujarati, allegedly by Thakkar, was found by the police where he has asked for forgiveness from investors for losses suffered by them. He also blamed his rivals in the same note for the losses incurred by him.

The of cials, quoted above, said many listed and unlisted entities with similar business interests have approached lenders including IIFL Group to sell their shares. “Nothing has culminated to a point where it can be said the deal is done,” an of cial added.

When contacted by DNA Money, IIFL spokesperson refused to comment on the matter. But the company con rmed that IIFL has marked “lien” on the shares and has not invoked any pledge yet.

As per the disclosures made on the stock exchange on October 10 and October 25, IIFL owns 83 lakh shares. According to the IIFL of cial, these are paid-up equity shares and have normal voting rights once the pledge is invoked.

In the past few days, Ashapura stocks have seen a free fall with the lenders losing out on their covers. From a level of Rs 431.7 on September 26, the shares were trading at Rs 97.45 on Friday on BSE, a fall of over 77%. In the past one month, Ashapura’s market capitalisation came down to Rs 245.69 crore from Rs 1088.37 crore.

According to another person aware of the development, Ashapura has an outstanding dues of around Rs 200 cror to various lenders including Rs 43 crore to IIFL Group.

Prabhudas Lilladher Financial Services in a disclosure on the stock exchange on October 22 said “it has acquired by way of invocation of shares pledged by the promoter on event of loan default”. Prabhudas owns 7.5 lakh shares or 2.97% in the company.

Another lender IFIN Securities Finance has also acquired 8.25 lakh of Ashapura shares by way of invocation of encumbered shares towards lien against an outstanding loan, IFIN said in a disclosure on October 12. IFIN owns 3.27% in the company.

Stock market analysts argue that IIFL will have to nd a buyer to sell shares or have to carry the new business and make an open offer as per the Sebi (Securities and Exchange Board of India) guidelines.

“IIFL has not transferred the ownership in its name, it is acting as a 'custodian' of those shares,” one of the of cials said.

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Simone Reis, leader of M&A and PE, and Amudavalli Kannan, member, Nishith Desai Associates, said, “A pledge is enforced by a pledgee typically when there is a default on the loan, and not due to an intent to acquire shares / voting rights / control over a company. In a listed company, this leads to a question of whether enforcement of a pledge would trigger an open offer.”

According to them, the Takeover Code explicitly grants exemptions to scheduled commercial banks and public nancial institutions, but remains silent on other categories of pledgees, implying that an open offer is triggered. “Creation of pledge in itself does not trigger an open offer; however, enforcement of the pledge does trigger open offer obligations,” they added.

Kannan also said that until the pledge is invoked and the securities are enforced, the pledgee has no securities in its name. “All they have is an encumbrance over the securities, so they should not be called a promoter."