

# 61 firms made open offers worth ₹23,000 crore in '14

## The Buoyant secondary market leads to increase in stock prices

PRESS TRUST OF INDIA

New Delhi

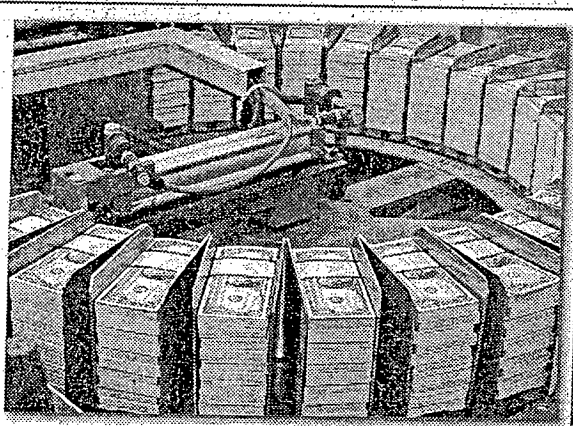
AS many as 61 listed companies made open offers worth over Rs 23,000 crore in 2014 against 81 firms in previous year as buoyant equity market led to subdued activity in such offers.

According to a report by a Prime Database, 61 companies made open offers to the tune of Rs 23,106 crore last year under Takeover Regulations. In comparison, 81 offers amounting to Rs 47,474 crore were made in 2013.

"2014 saw a strong, buoyant secondary market which led to an increase in stock prices which acted as a deterrent for open offers, buybacks among others," Prime Database managing director Pranav Haldea said.

Also, he attributed the fall to base effect, as 2013 had seen the mega Rs 29,220-crore offer of Unilever for Hindustan Unilever.

The largest offer was that of Relay for United Spirits for Rs 11,449 crore in 2014.



### Strong market

■ The Sebi rules require mandatory open offer for minority shareholders in the event of any major change in promoter holding of a listed company

■ In case of any direct or indirect acquisition of 25 per cent stake, open offer is required for further acquisition of 26 per cent stake from public shareholders.

Glaxosmithkline's Rs 6,389 crore offer for Glaxosmithkline Pharmaceuticals and Independent Media Trust's Rs 1,348-crore deal for TV18 Broadcast were also among major open offers last year. "On the acceptance side, however, share-

holders tendered shares for Rs 18,912 crore or 82 per cent of the offer amount made," the report noted.

The Securities and Exchange Board of India (Sebi) rules require mandatory open offer for minority shareholders in the event of

any major change in promoter holding of a listed company. In case of any direct or indirect acquisition of 25 per cent stake, open offer is required for further acquisition of 26 per cent stake from public shareholders.

These offers are made by company promoters and other entities for either consolidation of their holdings or as part of substantial acquisition/change in control of management in publicly listed companies. In addition to open offers, 33 buyback offers were concluded in 2014 with an acquired amount of Rs 3,032 crore against an offered amount of Rs 8,939 crore.

The largest buyback completed was by Cairn India for Rs 1,225 crore. Buyback of shares means repurchase of outstanding shares using surplus cash in the balance sheet of a company. It results into a reduction in share capital to the extent shares bought back. The move also leads to an increase in promoter holding and improvement in earnings per share for the future period.