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PRESS RELEASE

BUOYANT MARKET LEADS TO SUBDUED ACTIVITY IN TAKEOVERS, BUYBACKS & DELISTINGS IN 2014: PRIME DATABASE

TAKEOVER OPEN OFFERS

61 companies made open offers worth Rs.23,106 crore in calendar year 2014 under the Takeover Regulations. According to Pranav Haldea, Managing Director of PRIME, the country's premier database on primary capital market, this represents a huge decrease of 51 per cent from the last year which had 81 open offers worth Rs. 47,474 crore.

According to Haldea, this decrease can be attributed to 2 factors: one, the base effect, as 2013 had seen the mega Rs. 29,220 crore offer of Unilever PLC for Hindustan Unilever Ltd. and two, because 2014 saw a strong, buoyant secondary market which led to an increase in stock prices which acted as a deterrent for open offers, buybacks etc.

On the acceptance side, however, shareholders tendered shares for Rs.18,912 crore or 82 per cent of the offer amount made (same period last year Rs. 27,527 crore, 58 per cent of the amount on offer).

Number of Offers, Offer amount and acquired amount for the last 5 years are given below:

YEAR	NO.OF OFFERS	OFFER AMOUNT (Rs.crore)	ACQUIRED AMOUNT (Rs.crore)	SUCCESS %
2009	72	6,744	3,482	52
2010	95	11,056	5,908	53
2011	93	27,116	16,933	62
2012	80	3,297	1,369	42
2013	81	47,474	27,527	58
2014	61	23,106	18,912	82

Open 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.

According to Haldea, in 2014, out of the 61 open offers, 55 offers worth Rs. 16,599 crore (acquired amount Rs. 12,408 crore) were made for substantial acquisition/change in control of management while 6 open offers valued at Rs. 6,506 crore (acquired amount Rs. 6,503 crore) were made by entities for consolidation of holdings.

In terms of acquirer type, 8 offers worth Rs.19,199 crore or 83 per cent of the offer amount (acquired amount Rs. 18,427 crore) were made by foreign entities while 53 offers worth only Rs. 3,907 crore (acquired amount Rs. 485 crore) were made by domestic entities. According to Haldea, this was due to parent arms of MNCs using the weak rupee to consolidate their holdings.

The largest offer was that by Relay for United Spirits for Rs. 11,449 crore (this also saw a 100 per cent acceptance) followed by Glaxosmithkline for Glaxosmithkline Pharmaceuticals for Rs.6,389 crore and Independent Media Trust for TV18 Broadcast for Rs.1,348 crore.

50 per cent of offer amount was in the Breweries & Distilleries sector followed by 28 per cent in the Pharmaceuticals & Drugs.

BUYBACK OFFERS

33 buyback offers were concluded in calendar year 2014 with a total acquired amount of Rs. 3,032 crore. The total amount on offer was Rs.8,939 crore. According to Haldea, while 28 of these were through the stock exchange route, the balance 5 were through the tender route. The largest buyback completed was by Cairn India for Rs.1,225 crore.

Offer amount and acquired amount for **buyback offers which closed in the last 5 years** are given below:

YEAR	NO.OF OFFERS	OFFER AMOUNT (Rs.crore)	ACQUIRED AMOUNT (Rs.crore)	%AGE
2009	41	4,882	2,146	44
2010	27	968	593	61
2011	18	4,254	4,085	96
2012	23	3,535	1,716	49
2013	27	14,415	6,892	48
2014	33	8,939	3,032	34

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. Shareholders can participate either through the tender offer route or by selling shares in the open market as may be decided by the company.

In terms of buyback offers **which opened in this period**, there were 16 such offers in 2014 offering to buy shares worth Rs. 6,891 crore. 15 of these offers have closed till now. The offer amount in these 15 offers was Rs. 6,841 crore and the acquired amount was Rs. 1,975 crore. 1 offer is still presently open.

Offer amount and acquired amount for **buyback offers which opened in the last 5 years** are given below:

YEAR	NO.OF OFFERS	OFFER AMOUNT (Rs.crore)	ACQUIRED AMOUNT (Rs.crore)	%AGE
2009	38	1994	686	34
2010	12	1229	1103	90
2011	29	5763	4259	74
2012	25	12624	4648	37
2013	29	5193	4144	80
2014*	16	6891	1975	29

*1 offer still open

DELISTING OFFERS

In addition, 22 delisting offers worth Rs. 1,338 crore were made in 2014, of which 13 offers worth Rs. 933 crore were successful, 4 offers were unsuccessful while for 5 the status is still unknown. Any offer in which acquirers holding after offer is completed is greater than 90 per cent is considered successful.