

GSK Pharma ₹6,400-cr open offer begins today

fe Bureau

Mumbai, Feb 17: The ₹6,400-crore voluntary open offer by GlaxoSmithKline Pharmaceuticals (GSK Pharma) begins on Tuesday, with parent company GSK Plc planning to raise stake in the Indian subsidiary to 75% in the 12-day buyback programme.

Domestic and foreign analysts believe the open offer at this level is attractive for shareholders, adding that the buyback programme is likely

to benefit even the company. Analysts estimate the acceptance ratio to be around 50-80% and say the number will depend on institutional participation. Some of the large insurance as well as asset management companies are facing redemption pressure and may tender shares in the offer either partly or completely, say analysts.

Alok Dalal, vice-president, healthcare, Motilal Oswal Financial Services, said India has always been impor-

tant for GSK and it seems to be focusing on long-term prospects. Overall, all foreign companies are looking at the emerging markets positively.

"If Aberdeen, the largest public shareholder in GSK Pharmaceuticals, does not participate in the buyback programme, the acceptance ratio could be as high as 70%.

If they do, number of shares available for buyback would rise, which would bring down the acceptance ratio to

50%," Dalal said.

Aberdeen is the largest minority shareholder in GSK Pharma, with a 14.27% stake as on December 31, 2013. Among other institutional shareholders, LIC holds 5.69% and GIC 1.18%.

GSK Pharma's decision to increase stake in the Indian subsidiary is highlighted in the company's 2012 annual report that suggest promoter holding in the populated countries like India and China is lowest compared with

GSK's holding in other subsidiaries around the world.

Citing India's long-term demand story and increasing exposure to a strategically important market, the UK-based company has offered to buy 2.06 crore shares (24.33%) at ₹3,100 apiece, a premium 2.74% from Monday's closing price of ₹3,015.50.

The premium was as high as 26% when the deal was first announced in the second week of December.

company