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ABG Shipyard acquires 15% in Great Offshore

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MUMBAI: ABG Shipyard has acquired a 15.20% stake in Great Offshore through its open offer after having pulled out of the race for the latter at a crucial juncture in the takeover battle with Bharati Shipyard.

Industry observers say that ABG Shipyard now has little interest in Great Offshore and it would sell its stake to Bharati or offload it in the open market at the right price. ABG Shipyard had made an open offer for 33% stake in Great Offshore at Rs 520 a share and has shelled out Rs 280 crore for the 15.20% stake.

When contacted by TOI, ABG Shipyard's CFO Dhananjay Datar declined to comment on company's future course of action. "We haven't taken a call on our investment in Great Offshore," he said. Some analysts said ABG Shipyard may ask for a seat on the board of Great Offshore by virtue of its holding. Datar refused to comment on this too. Mehul Savla of RippleWave Equity, an investment banking and advisory firm, said that any investor with a holding of over 10% can get a representation on the board of company.

ABG sold almost its entire stake of 8.27% in the market after rival Bharati Shipyard raised its open offer price for Great Offshore to Rs 590. Bharati holds about 43% stake in Great Offshore following the open offer. Though its open offer was for a 20% stake in Great Offshore, the company got 27%. However, according to the rules, Bharati cannot accept the entire 27% and the acceptance ratio will be calculated on a pro rata basis.

Market observers explained ABG cornering the 15.20% stake by saying that since Bharati's open offer had a 20% cap as against ABG's 33%, the chances of acceptance by the latter were higher. Also, investors took the benefit of arbitrage between Great Offshore's market price and ABG's offer price of Rs 520. On Wednesday, shares of Great Offshore closed at Rs 466 on NSE.

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