

## Mindtree deal: Panel report on L&T's open offer likely to face delay

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Debasis Mohapatra | Bengaluru May 11, 2019 Last Updated at 01:26 IST



The panel  
of

independent directors set up by Mindtree is likely to delay in providing recommendations on L&T's open offer, given that the latter is yet to get approval from the Securities and Exchange Board of India (Sebi).

People in the know said that L&T had received some queries from Sebi in the last week of April, following which the company submitted its replies on Friday. Without an approval, the Committee of Independent Directors (IDC) is unlikely to release its report before making it familiar with the details, said people close to the development. The deadline for giving recommendations ended on May 10.

However, it was not immediately clear as to what the possible impact of this event would be, on the timeline of the open offer that was scheduled to open on May 14 and close on May 27.

In a reply to *Business Standard*, Apurva Purohit, chairperson of the IDC, said the recommendations are linked to the issuance of the letter of offer by the acquirer.

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“The recommendation date is linked to when the letter of offer is issued (and when the tendering process starts), and is not fixed,” Purohit said. “The IDC will be following the required process as per law, and recommendations will be given within the timelines prescribed under takeover regulations.”

Corporate governance officials said the IDC should wait for the approval from Sebi. “The IDC needs clarity on whether the offer is coming or not. But, there is no convention here to follow. The right thing is that the shareholders should have sufficient time to digest the recommendations given by the IDC. So, it’s better they wait, and release the report once they have clarity,” said Amit Tandon, founder and managing director of corporate governance and proxy advisory firm IiAS.

The board of the Bengaluru-headquartered IT services firm had, on March 26, formed the IDC as part of a regulatory requirement to provide its reasoned recommendation on the open offer. The committee is headed by Apurva Purohit with Milind Sarwate, Akshaya Bhargava and Bijou Kurien being the other three members of the panel.

L&T has already reached the open offer trigger point, after taking its total holding in Mindtree to 25.93 per cent on Thursday. It is on the verge of reaching the critical 26 per cent-level, which will ensure it a board seat in the firm. After concluding the purchase of 20 per cent stake from Coffee Day founder V G Siddhartha, L&T purchased an additional 5.94 per cent stake in Mindtree through open market transaction. It plans to acquire 15 per cent stake through this route.

L&T is pursuing a controlling stake of 66 per cent in the mid-tier IT firm for around Rs 10,700 crore. However, the unsolicited takeover attempt is being opposed by Mindtree’s founders, who seek more clarity on L&T's plan.