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L&T open offer for Mindtree unlikely to open on May 14

Larsen & Toubro's open offer to buy more shares in mid-tier IT company Mindtree following a hostile takeover bid, is likely to be delayed

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Larsen & Toubro's open offer to buy more shares in mid-tier IT company [Mindtree](#) following a hostile takeover bid, is likely to be delayed. The engineering major has missed a deadline to issue its letter of offer to Mindtree shareholders, derailing the May 14 start for the open offer timeline.

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The delay comes as markets regulator, the Securities and Exchange Board of India, got a response only on Friday to some of the queries it raised to merchant bankers of the issue, ET has learnt from L&T sources.

This leaves Mindtree's independent directors with not enough time to make a recommendation to shareholders on the open offer, as Sebi may approve L&T's draft offer letter only by May 13. India's takeover code says a recommendation has to be published at least two working days before the start of the tendering period for the offer.

"It is very unlikely that the offer will open on May 14 because only when they have dispatched the offer letter to shareholders, and independent directors have been given time to make recommendations, can it go ahead," said JN Gupta, founder and managing director of Stakeholders Empowerment Services and former executive director of Sebi. "There is no time for that."

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Earlier, L&T said in a disclaimer to the offer letter that the "filing of the draft letter of offer with Sebi should not in any way be deemed or construed that the same has been cleared, vetted or approved by Sebi."

According to a detailed public statement by L&T on March 26, the last date for dispatch of the offer letter to Mindtree shareholders was May 7, and the committee of independent directors at the Bengaluru-based IT consulting firm had time till May 10 to recommend a course of action to its shareholders. Since L&T has been unable to issue the offer letter as of Friday, Mindtree said the May 10 deadline may not hold.

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“The recommendation date is linked to when the Letter of Offer is issued (and when tendering process starts) and is not a fixed date, and thus the recommendation will be given at that stage,” said Apurva Purohit, lead independent director for Mindtree, in an email to ET. The committee will follow the required process as per law and the recommendations will be given within the prescribed timeline under the takeover regulations, she said.

“This is one of the few instances of a ‘hostile’ bid in our market. Unlike the US, there are no set practices regarding the timeline for the board to make recommendations to its shareholders,” said Amit Tandon, founder and managing director of [corporate](#) governance firm Institutional Investor Advisory Services. “The practical way to look at it is that shareholders should not be shortchanged — they should be given advice with sufficient time to reflect and then act on it.”

L&T’s CEO SN Subrahmanyan declined to comment on the delay. “We are not commenting on anything related to Mindtree right now,” he told ET.

Larsen & Toubro has offered Rs 980 apiece to buy 31% additional shares in Mindtree in the open offer that was slated to end May 27. It has already completed buying 20.32% stake from early investor VG Siddhartha and related entities Coffee Day Trading and Coffee Day Enterprise. Mindtree then mopped up more shares from the stock market to take its overall holding to over 25%, the threshold at which the open offer is triggered.

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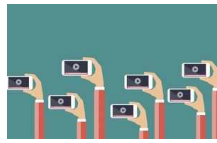
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