

---

## Aditya Birla Group may not buy L&T stake in UltraTech - ET

*Sunday, 31 May, 2009*

ET reported that Aditya Birla Group is unlikely to buy Larsen & Toubro's 11.5% stake in its subsidiary UltraTech Cement, as it does not want to launch the mandatory open offer, which, if successful, would scale up its equity in the cement company to 86%.

AS per report, AB Group does not wish to spend money for scaling up their stake in UltraTech in which they already hold a comfortable 55% stake.

If fully subscribed, the required open offer coupled with L&T's stake, would raise the Birla group's stake in UltraTech by 31.5%, an exercise which would cost around INR 2,700 crore at recent prices.

Under the SEBI takeover code, a mandatory 20% open offer is required, if an investor picks up a 15% stake in a company or if a promoter buys more than 5% in one year through creeping acquisition or if a promoter buys a single share beyond 55%.

AB Group enjoys the right of first refusal on L&T's holding under the terms of an agreement with L&T signed in 2003. The same agreement also made it clear that in case the Birlas do not exercise their rights, L&T has the liberty to sell its shares to financial investors through open market operations. L&T is, however, not allowed to sell the shares to strategic investors.

Mr AM Naik chairman of L&T said "The Birla group enjoys the right of first refusal on its stake in UltraTech. We can offer it to a third party, if they don't buy. Birlas and L&T had not spoken on this issue. It's not a complicated matter. We will sell the shares at the right price at the right time."

(Sourced from Economic Times)

For more news visit at [www.steelguru.com](http://www.steelguru.com)