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All-out war for Fame looms as Sebi clears open offers

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The Securities and Exchange Board of India (Sebi) on Wednesday gave the final go-ahead to warring firms Reliance MediaWorks Ltd and Inox Leisure Ltd to launch their respective open offers for Fame India Ltd.

The regulator, however, did not set a timeframe for this.

“We have got Sebi clearance... but we are not talking about the timing and strategy for now,” an Inox spokesperson told NewsWire18.

Reliance MediaWorks Ltd, which was also eyeing Fame promoters' stake, and had launched a competing open offer to the minority shareholders, declined to comment on the development.

Fame India has 95 screens and a presence in 12 cities, and whichever film exhibitor acquires control over it will have an edge in “negotiating power, not only in the supply chain but rentals as well,” law firm Nishith Desai Associates said in a report prepared by its M&A team earlier.

“It will increase their pricing influence vis-a-vis the patrons. Further, such acquisitions can also help exhibition companies control distribution territories and cut costs by achieving scale,” said the report.

Fame India rose 0.8% to Rs81.45 on Wednesday, while Reliance MediaWorks shares ended down 2.9% at Rs216.25.

Inox shares closed at Rs65.95 on the National Stock Exchange, up 3.2% from Tuesday's close.

Meantime, in a curious development, Religare Securities, which acquired 5.76% stake or 20.13 lakh shares of Fame on December 3 for Rs74.85 a share, sold 17.81 lakh shares at Rs79.65 a share.

Religare did not disclose the buyer, though experts suggested the broking firm could have been warehousing the shares for one of the bidders.

Fame, with its presence in 12 cities, is “a star attraction” for any film exhibition business, Nishith Desai Associates said in its report.

For Inox, the deal is important, because the 95 screens that Fame owns will increase its total screen tally to 210, bringing it closer to the arch rival RML, which is currently at the top position with 242 screens.

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