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### 17 stocks likely to delist: Unicon Investment

Unicon Investment has come out with its report on delisting candidates. As per the research firm the market has been anticipating a delisting offer in companies like [BOC India](#), [Timken India](#), [Fairfield Atlas](#), Astra Zeneca, [Blue Dart Express](#), [Oracle Financials](#) (OFFS).

Delisting of share is a unique phenomenon and is impossible to predict whether any company can get delisted or not. The decision purely depends on the promoter's willingness. As per the guideline pertaining to the minimum public shareholding for all listed companies, all private listed corporate must have public holding of more than or equal to 25% and listed PSU's should maintain a minimum holding of 10% by June 2013. While some companies are likely to take the delisting route, others will look to dilute their holding to adhere to the new guidelines.

The most prominent candidates for the delisting will be MNC companies where promoter holding is more than 80%, have good fundamentals and have no further capital raising plan. In the current market scenario where companies are trading at lower valuation compared to their peers, this could be a good opportunity to delist with less cash outflow. Interestingly though, MNCs which are seen as delisting candidates, valuations are significantly high and there has hardly been any correction despite the weak market conditions.

Alfa Laval, a global provider of specialized products and engineering solutions is one of the companies which have already indicated its intention to delist from the stock exchanges. With promoter shareholding at 88.77 percent, the probability of this going through appears to be quite high. Also, at the indicative price of INR 2850, the stock trades at nearly 40 times its trailing earnings and thus the offer is a quite attractive one for retail investors. Investors would be well advised to offer their shares in the delisting offer given the attractive pricing being offered by the parent. While a slight premium to the indicative price cannot be ruled out in the bidding process, it makes immense sense to participate in the offer.

Alfa Laval has announced its delisting offer dates. The bidding process is expected to commence on February 15, 2012 and is expected to close on Wednesday Feb 22, 2012. Only 11.23 percent shares are outstanding with the public. UTV is another candidate in the delisting process where there is scope for more upsides. The indicative price here has been around INR 1000 but there is a probability of upward revision here. The floor price set here was INR 835 but the largest quantity bids are at INR 1100 and thus delisting is unlikely unless the price is INR 1100 or more. We do think from a long term perspective, there is significant potential in the media business and clearly UTV has a prominent place in the media space and thus even at current levels it may be worthwhile for investors with long term perspective to hold on to their investments.

Further, we have identified some companies, which can be a probable delisting candidate. We have filtered companies based on criteria of minimum foreign promoter holding more than 75% as we believe most of the MNC's were listed in India not due to a need to raise capital, but more to meet the then prevailing FDI norms. Moreover, by delisting the company can have better flexibility in taking business decision.

Companies which have high probability and where the market has been anticipating a delisting offer are in companies like BOC India, Timken India, Fairfield Atlas, Astra Zeneca, Blue Dart Express, Oracle Financials (OFFS).

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