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Coal Miner Asked to Buy Back 129% of Shares

By The Moscow Times

February 07, 2012

Coal producer Raspadskaya risks "potential cancellation or freezing" of its share buyback after investors offered more shares than are outstanding, according to UralSib Capital.

Investors applied to sell back 1 billion shares in accordance with the buyback rules, Raspadskaya said in a statement late Monday. That amounts to 129 percent of the stock outstanding as some minority shareholders tendered shares "more than twice," UralSib analyst Dmitry Smolin said.

"There are clear risks that the buy back could be contested by minorities," Smolin said in a note Tuesday. "We expect the Federal Service for Financial Markets could start to investigate the excessive number of shares tendered."

The buyback will proceed as planned, Alexander Andreyev, a Raspadskaya spokesman, said by telephone Tuesday. Russian laws are to blame for discrepancies during the buyback, he

said.

The coal producer, which is trying to resume operations at its flagship mine after deadly blasts in May 2010, set a ratio of 7.74 percent for the buyback and will pay for the stock by the end of March, according to its statement. It had planned to repurchase about 10 percent of its stock at 150 rubles each.

The buyback results are negative on corporate governance issues, Barry Ehrlich, an analyst at Alfa Bank, said in a note.

Evraz and Raspadskaya's management joint venture, which controls 80 percent of Raspadskaya, offered its entire stake under Raspadskaya's buyback program, Evraz chief financial officer Giacomo Baizini said Friday.

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