

Punj Lloyd sells 11% stake

RAJESH ABRAHAM
Mumbai, 15 August

A clutch of private equity funds including Warburg Pincus, Blackstone, Avenue Capital and hedge funds DKR Oasis and Kingdom Capital have bought a total of 11 per cent stake in Punj Lloyd for Rs 814 crore.

Warburg Pincus has bought 5.5 per cent stake while, Avenue Capital has acquired 2.5-3 per cent in Punj Lloyd, which is an EPC contractor focused on the oil and gas sector with diversification to infrastructure.

Private equity major Blackstone bought somewhere between 0.5 per cent and 1 per cent in Punj Lloyd, which issued the shares to these global investors through a qualified institutional placement (QIP) issue priced at Rs 275 a share, almost on par with the current market price.

The deal propels the company's valuation to nearly Rs

PEs FOR PUNJ

Companies buying stake in Punj Lloyd in %

Warburg Pincus	5.5
Avenue Capital	2.5-3
Moore Capital	1-1.5
Blackstone	0.5-1
Kingdom Capital	< 1
DKR Oasis	< 1

8,000 crore. Moore Capital bought 1-1.5 per cent stake in the Delhi-headquartered construction major.

The company issued 29.6 million shares through the QIP issue, managed by Citigroup Global Markets India and Kotak Mahindra Capital Company.

Following the placement, the company's paid-up capital has gone up from Rs 29 crore. Ravi Keswani, director (finance) of Punj Lloyd said the company

would invest Rs 400 crore to buy a strategic 25.1 per cent stake in Pipavav Shipyard and it would spend another Rs 80 crore for its foray into real estate development.

The remaining amount would be spent on its capital expenditure plans, he told *Business Standard*.

The Pipavav shipyard complex, located on the west coast of India along the Dubai-Singapore sea route, will give the company access to fabrication facilities for off-shore platforms, single buoy moorings and rigs. The facility at Pipavav shipyard can also be used for fabrication of vessels for petrochemicals and refineries.

"Punj Lloyd is one of the leading Indian E&C companies that derive a significant portion of revenue from overseas (66% in FY07). Its operations are spread across the Middle East, Europe, Africa, South East Asia, and the Caspian region. It has region-

al headquarters in Kazakhstan, Indonesia, Middle East, and Africa. Its international offices are located in the UK, Russia, China, Singapore, and elsewhere. This diversification has helped the company to capitalise on capex in the O&G sector worldwide. Overseas exposure has also helped the company move up the learning curve and become competitive globally," said Sumeet Agrawal, analyst with HSBC. HSBC is overweight on the stock.

India's infrastructure requires about \$282-370 billion overhaul to maintain the GDP growth rate at 8.5 per cent, encouraging companies such as Punj Lloyd to raise funds to meet their expansion plans. Recently, IDFC mobilised Rs 2,000 crore through a QIP issue.

Punj Lloyd is also involved in the Changi Airport terminal expansion, the first industrial park in China and Singapore's LRT/MRT projects.