

Punj Lloyd chalking out drilling rigs biz foray

Our Bureau

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Punj Lloyd is looking to take on board consultants from the US for its foray into the drilling rigs business, for which it has set up a new subsidiary, Punj Lloyd Upstream Ltd.

It has earmarked an equity investment of Rs 40 crore, which could pan out to around Rs 100 crore, for the first phase of the project this fiscal. The amount would be used to buy four rigs initially to cater to oil and gas exploration companies in India and overseas.

"We saw an opportunity in the onshore drilling rigs business as there is a large gap

between demand and supply," said Mr Atul Punj, Chairman, Punj Lloyd Group, adding that for the project the company was in the process of hiring around 200 people.

He expected the business to be up and moving by the end of the year, as delivery of rigs would take around six months.

Apart from India, where the requirement for drilling rigs is acute, the company will also look at chartering its rigs to companies exploring in other oil-producing countries such as South East Asia, South Asia, Africa and West Asia. "As this is a capital intensive business, we saw the need to establish a

subsidiary dedicated to the business," said Mr Punj.

EXPLORATION BOOM

Indian companies are entering the rig business because of the growing demand for rigs worldwide, fuelled by a boom in exploration activity globally due to the trebling of crude oil prices.

In line with the global trend, a boom in exploration in India has tripled rig usage over the last five years, resulting in spiralling rental rates. Transocean, the world's largest offshore drilling company, has reported India among its fastest growing markets for rigs.