

Punj Lloyd picking 25% stake in Pipavav Shipyard

To pay Rs 403 cr; move to boost offshore biz growth

Our Bureau

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In a strategic move to support its business in offshore sector, Punj Lloyd Ltd (PLL) has decided to acquire 25.1 per cent stake in Pipavav Shipyard Ltd (PSL) for Rs 403 crore.

Punj Lloyd aims to support the growth of its business in the offshore sector through this acquisition, said PLL in a statement.

The stake acquisition is proposed to be done through issuance of fresh equity so that the equity of Mr Nikhil Gandhi promoted-SKIL Infrastructure in PSL comes down from 31 per cent stake to 26 per cent, said sources in the know.

The acquisition by PLL is subject to corporate and statu-

tory approvals. According to industry sources, the current equity holdings of PSL include SKIL (31 per cent), IL&FS (15 per cent), AIG (11.3 per cent), Trikona Capital (10.81 per cent), Indus Capital (9.42 per cent), New York Life (6.27 per cent), Sneha Metals (6 per cent), IDBI (4 per cent), EXIM Bank (4 per cent) and UTI Mutual Funds (1 per cent).

PSL, a subsidiary of the Nikhil Gandhi owned-SKIL Infrastructure, has confirmed orders worth \$358 million (about Rs 1,432 crore), said the Punj Lloyd statement. PSL also has letters of intent for \$513 million (Rs 2,052 crore) of orders.

Industry analysts say that PSL could route Punj Lloyd in-

Strategic deal

Punj Lloyd will gain access to fabrication facilities for platforms, single buoy moorings, rigs and jackets.

Analysts say Pipavav may route Punj Lloyd investments towards creating ship building facilities.

vestments towards creating the ship-building facilities. When contacted for details on Pipavav Shipyard, SKIL declined to comment.

FABRICATION FACILITIES

Punj Lloyd, which works as an engineering procurement contractor in the exploration and production area, would gain access to fabrication facilities for platforms, single buoy moorings, rigs and jackets. The facility at Pipavav Shipyard can also be used for fabrication

of vessels for petrochemicals and refineries.

With robust oil prices and the substantial exploration and production activities in the country, the opportunity for revamping existing offshore platforms and deploying new platforms by upstream oil and gas companies is expected to be significant, it said. Punj Lloyd is currently executing the Heera field redevelopment project for ONGC.

PLL has signed a memorandum of understanding to in-

vest Rs 403 crore for acquiring 25.1 per cent stake in PSL. Growth in the shipyard industry is expected to be over 30 per cent per annum in the next few years.

Punj Lloyd provides integrated design, engineering, procurement, construction and project management services for energy and infrastructure sector projects with operations spread across West Asia, Caspian, Asia Pacific, Africa and South Asia.

For fiscal 2006-07, PLL has recorded consolidated income of Rs 5,206 crore and consolidated net profit of Rs 196.03 crore.

On Thursday, Punj Lloyd's shares ended 0.87 per cent higher at Rs 267.35 on the BSE.