

DEALS INDIA

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INFRASTRUCTURE FUNDING

Ashok Pirmal enters into JV for highway projects

Other firms in the joint venture include IDFC Project Equity and Canada's engineering group SNC-Lavalin

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MUMBAI

The Ashok Pirmal Group, IDFC Project Equity Fund and Canada's engineering group SNC-Lavalin Group Inc. will set up a joint venture to develop public-private partnership highway projects.

Ashok Pirmal Group will hold a 51% stake, India Infrastructure Fund, an investment fund managed by IDFC

Project Equity, will have 39% and SNC-Lavalin the rest, the companies said in a joint statement.

The three will together commit \$250 million to \$300 million (₹1,560 crore) in equity to the joint venture company over the next three-five years, Rajeev Pirmal, the Ashok Pirmal Group's vice-chairman, said in Mumbai on Tuesday, adding that they will consider a listing later.

The Ashok Pirmal Group has been looking to diversify, he said. Its interests include textiles, real estate and auto components.

"The roads and highways sector particularly suits our capabilities and appetite well," he said. "The growth in this space is just beginning

and the regulations and processes are well set." With exclusive partners, it will now have the ability to bid for larger projects, Pirmal said. "The partnership brings stability at the company level," he said. "We do not want to scout for different partners for different projects."

M.K. Sinha, president and chief executive, IDFC Project Equity, said the initiative was in line with the strategy of having long-term partnerships to build a diversified portfolio of operating and under construction road assets. "It's easier to participate in the Indian road sector when you have designated partners," he said. "We will pursue road investments and bid

together."

Road projects continue to be attractive for private equity firms, said an analyst.

"Companies that have four to five different road portfolios—some of which are operating, others which are at different stages of development—are proving to be attractive for private equity firms because of assured returns," said Vikram Utamsingh, partner and head, private equity advisory and transactions and restructuring, KPMG India.

The National Highways Authority of India (NHAI) has said that \$12 billion will be invested in highway construction projects this fiscal year. NHAI aims to spend \$1 trillion in the five years to 2017 to improve road infrastructure.

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