

UPDATE 1-Welspun Gujarat unit to acquire MSK Projects

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- * Welspun Infratech to make open offer for MSK Projects
- * Total acquisition cost at 4 bln rupees
- * Expects to complete the transaction in 90 days

MUMBAI, March 18 (Reuters) - Steel pipemaker Welspun Gujarat Stahl Rohren (WGSR.BO: [Quote](#), [Profile](#), [Research](#)) said on Friday its unit will make an open offer to acquire a 75 percent stake in construction firm MSK Projects (MSKP.BO: [Quote](#), [Profile](#), [Research](#)), marking its foray into infrastructure.

Welspun Infratech will acquire the stake through a combination of share purchases from founders, associates, investors, preferential allotment and open offer, it said in a press release.

"The acquisition will enable Welspun to move a step forward towards complete integration by being a one-stop-solution in the line pipe segment," the pipemaker said.

The total acquisition cost will be 4 billion rupees, of which 2 billion will be infused directly into the company for business growth, it added.

The entire investment will be funded by Welspun Gujarat's existing cash flows, the company said, adding it expects to complete the transaction in 90 days.

The due diligence of MSK was conducted by Ernst & Young while M&A advisory firm Brescon was the sole advisor.

Ahead of the announcement, shares in MSK Projects ended down 0.23 percent at 128.05 rupees while Welspun Gujarat finished up 4.14 percent at 279.15 rupees in a firm Mumbai market. (Reporting by Swati Pandey; Editing by Ramya Venugopal)