



Welspun Corp Ltd to exit from JV with Leighton for \$99 mn

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Pipe maker Welspun Corp Ltd (WCL) has decided to exit from its joint venture with Leighton Group. Reuters

Summary Welspun Corp Ltd had in 2011 acquired 35 per cent stake in LWIN for cash consideration of Rs 470 cr.

Pipe maker Welspun Corp Ltd (WCL) has decided to exit from its joint venture with Leighton Group by selling its entire 39.88 per cent stake for a net cash consideration of USD 99 million (Rs 614 crore).

The company has entered into a pact with Leighton Group to sell the stake its subsidiary Welspun Infra Projects Pvt Ltd (WIPPL) had in Leighton Welspun Contractors India Pvt Ltd (LWIN), WCL said in a statement today.

"With this sale, LWIN will be renamed as Leighton India," it said adding the decision to exit LWIN was aimed at repositioning itself in the infrastructure space.

WCL had in 2011 acquired 35 per cent stake in LWIN for cash consideration of Rs 470 crore to cash in on opportunities in the Indian infrastructure sector especially Public-Private- Partnership projects. It bought additional stakes in the firm subsequently in a cash-less transaction worth Rs 115 crore.

LWIN was established in 2010.

"The net proceeds received by Welspun will primarily be utilised to deleverage its balance-sheet. Welspun Group intends to concentrate on businesses which have potential to give it scale consistent with its quest for being in leadership position," it said.

The transaction would be completed in the first quarter of 2014 once the procedural conditions are met.

WCL is currently in four businesses - line pipes, energy, infrastructure and steel. It has already started streamlining its existing business structure.