

Return to: [Previous Page](#)

Apollo Global To Invest Up To \$500.4 Million In Welspun Group

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MUMBAI -(Dow Jones)- India's diversified Welspun Group said Wednesday private- equity funds run by U.S.-based Apollo Global Management LLC (APO) has agreed to invest up to INR22.50 billion (about \$500.4 million) in three of its units.

Under the agreement, Apollo and its affiliated funds will invest in pipe- making company Welspun Corp. (532144.BY) and unlisted Welspun Maxsteel Ltd. and Welspun Infratech Ltd., Welspun Group said in a regulatory filing.

Apollo will invest INR13.05 billion in Welspun Corp., including about INR7.88 billion by subscribing to fully and compulsorily convertible debentures. The debentures, with a coupon of 5%, should be converted within 18 months into equity shares at INR225 a share.

Further, Apollo will subscribe to non-voting global depository receipts of INR5.17 billion at the same price.

The group said Welspun Corp. and Apollo also agreed to buy the entire stake of founders in Welspun Maxsteel.

Welspun Corp. will buy a 87.5% of Welspun Maxsteel for INR8.05 billion, while Apollo will acquire the remaining stake at INR1.40 billion.

Apart from these, Apollo will invest INR1.30 billion in Welspun Maxsteel, a producer of gas-based direct reduced iron, for capital expenditure.

It also said Apollo and affiliated funds are in talks to invest up to INR6.75 billion in Welspun Infratech in the form of debt and equity.

Welspun Infratech is a unit of Welspun Corp. and offers construction and infrastructure services in India.

Welspun group said it expects to close the deal by Aug. 12.

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Return to: [Previous Page](#)