

# Shriram group to inject Rs 600 cr into Shriram EPC, subsidiaries

## Funds will help restructure companies

M. Ramesh

Chennai, Feb. 22

Chennai-based Shriram group will pump in around Rs 600 crore into Shriram EPC and its listed subsidiary, Orient Green Power Ltd.

This was decided at a board meeting today, with the aim of restructuring the two companies.

When this exercise is completed, Shriram EPC will get back the loans it gave OGPL and a clutch of other, smaller subsidiaries. It will also receive cash for the transfer of its stake in the subsidiaries to its (Shriram EPC's) parent company, Shriram Industrial Holdings Ltd.

Shriram Industrial Holdings will also invest Rs 150 crore in the preference capital of OGPL. This will enable OGPL, a leading renewable energy company that owns wind and biomass power plants, to complete its ongoing

### SHRIRAM INDUSTRIAL HOLDINGS WILL...

- Buy out Shriram EPC's stake in the latter's subsidiaries for about Rs 250 crore
- Will lend about Rs 200 crore to SEPC's subsidiaries so that they can repay their loans to SEPC
- Invest Rs 150 crore in SEPC subsidiary Orient Green by subscribing to preference shares
- Come out with a mandatory open offer for Orient Green for 16 per cent stake at Rs 15 a share

### RESTRUCTURE WILL RESULT IN

- SEPC getting about Rs 450 crore cash and becoming a pure-play EPC company
- Orient Green being able to complete its 300 MW wind farm by adding 156 MW to the existing capacity

300 MW wind farm project.

Shriram EPC has a bunch of subsidiaries that include OGPL, wind turbine manufacturer Leitner Shriram and Sree Jayajyoti Cements. The cement company is not a part of this deal. Shriram Industrial

Holdings will purchase Shriram EPC's stake in these subsidiaries "at a price not less than their fair value."

This will fetch Shriram EPC around Rs 250 crore, including capital gains of about Rs 50 crore, company officials told



T. Shivaraman

shares in OGPL, a quirk of the complex holding structure triggers an open offer. The holding company will make an open offer to buy 26 per cent stake in OGPL at Rs 15 a share. This could mean investment of a further Rs 225 crore.

At the end of this exercise, Shriram EPC will turn into a pure-play EPC company and OGPL will get funds to complete its wind farm project, the Managing Director and CEO of Shriram EPC, Thyagarajan Shivaraman, told *Business Line* today. Shriram EPC has orders on hand worth Rs 4,600 crore, he said.

Meanwhile, it is learnt the Shriram group is looking to raise private equity of about \$200 million.

For the financial year ended March 31, 2012, Shriram EPC achieved a turnover of Rs 1,382 crore and made a net profit of Rs 25 crore.

ramesh.m@thehindu.co.in

*Business Line* today. In addition, Shriram Industrial Holdings will lend to these subsidiaries which, in turn, will use the funds to repay Shriram EPC's loans to them. In this way, Shriram EPC will get about Rs 200 crore.

In the case of Shriram Industrial Holdings' purchase of