

## Puravankara Projects to raise ₹450 cr through IPP

### JOINING THE BANDWAGON

- Puravankara will be the third big realty firm to raise money through IPP
- Shares are expected to be sold in a price range of ₹100-110
- Promoter in talks with Master Trust Bank of Japan, Motion Fund, Morgan Stanley, HSBC Global, GIC, SBI MF and Reliance MF
- Puravankara promoters hold 89.96 per cent stake in the company

#### BS REPORTER

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Promoters of realty firms in India seem to be wary of selling stake. They prefer the institutional placement programme (IPP) over share auction to bring down promoter holding to comply with the regulatory norms. The latest to follow this trend is Bangalore-based Puravankara Projects, which plans to raise around ₹450 crore through the IPP route.

According to a source involved with the deal, investment banker JP Morgan has the mandate and placement of shares will take place in a couple of weeks in the price range of ₹100-110. Puravankara will sell 45 million shares.

The management team comprising CMD Ravi Puravankara, joint MD Ashish Puravankara, Group CEO Jackbastian Kaitan Nazareth and CFO Anil Kumar have been conducting road shows since Monday. The team is now meeting mutual/insurance fund managers in Mumbai. Next week, they will meet global investors in the UK, US, Singapore and Hong Kong. Funds they are talking to include - The Master Trust Bank of Japan, Motion Fund, Morgan Stanley, HSBC Global, GIC, SBI MF and Reliance MF. The company has regulatory approval and the extraordinary general meeting is scheduled this Friday to seek shareholders' consent.

Turn to TSI, Page 3 ▶

FROM TSI, PAGE 1

**Puravankara Projects to raise ₹450 crore...**

When contacted, a Puravankara spokesperson said, "At this juncture, we are unable to comment. We are evaluating options. We will discuss our plans once they firm-up."

Under offer for sale (OFS), promoters auction existing shares to bring down holding in a company. The equity base of a firm widens if fresh equity is issued and promoter holding falls in percentage terms. This way, promoters do not have to sell their stake if they choose the IPP route. IPP and OFS are among the two instruments introduced by regulator to help corporates increase their public float. About 30 companies have already sold shares through OFS.

Among major real-estate companies, promoters of Godrej Properties choose

IPP route to bring their holding below 75 per cent. The company raised ₹500 crore by issuing 8.20 million fresh shares. DLF will sell about 81 million shares or 4.7 per cent stake worth about ₹2,000 crore through the IPP route. Next in line to take IPP route are promoters of Oberoi Realty, according to investment bankers. Last month, Prestige Estates, too, sold shares through IPP.

According to the latest shareholding pattern, Puravankara promoters hold 89.96 per cent stake in the company. The proceeds from the share sale would be used to reduce debt. Puravankara posted consolidated sales of ₹832 crore and consolidated Ebitda (earnings before interest, taxes, depreciation, and amortisation) of ₹401 crore for the nine months ending December 31, 2012.

Investors in realty firms may keenly watch the forthcoming RBI monetary policy on March 19. RBI had cut its short-term lending rate, or repo rate, by 0.25 per cent in January.