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SENSEX	NIFTY	GOLD/10g	SILVER/K	RUPEE/\$
78.82	18.20	Rs 75	Rs 35	0.14
14,577.87	4,395.35	Rs 12,470	Rs 24,875	42.49

MARKET WRAP: The Sensex closed with a 79-point loss in a volatile trading session marked by alternate bouts of buying and selling by institutional investors.

Realty-hit PE funds eye ancillary businesses

As transaction volumes fall, manufacturing firms seen as safer investments

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Mumbai, August 4

ATTRACTIVE SIDELINES

- Six private equity investors in talks with Universal Construction Machinery and Equipment
- Three private equity investors interested in investing in four subsidiaries of Sankalpan Group

WITH THE real estate market in a state of flux, private equity investors are increasingly moving their investments to companies engaged in real estate ancillary businesses, where returns are perceived as fairly safe.

According to a report by international realty firm Jones Lang LaSalle, global commercial property transaction volumes in the first six months of 2008 have fallen 41 per cent to \$236 billion, from the record levels seen in first half of 2007.

"Real estate ancillary businesses are attractive," said Sourav Goswami, the managing director of a leading private

real estate investment company, Walton Street Capital. "We continue to look at opportunities in this space, but the main challenge is the capability of the managements to carry out expansions. Such companies face shortage of talent and the stretch level is very thin."

At least six private equity investors are learnt to be in talks with Pune-based Universal Construction Machinery and Equipment. This closely-held company, established in 1976, manufactures and sells construction equipment, and had a net profit of Rs 7 crore on sales of Rs 130 crore in 2007-08.

"We are open to dilute 20 per cent stake to private equity funds at this stage as we are planning to go public. The proceeds

will be deployed in capacity expansion at manufacturing and assembling plants in western and northern India," said the firm's Ranjit Moray, managing director.

Mumbai-based Sankalpan Group revealed that three private equity investors are interested in investing in its four subsidiaries. Founded by two architects, Nidad Randive and Atin Kulkarni, in 1996, Sankalpan is now a Rs 200-crore enterprise conceiving and executing projects from drawing board to construction.

"We are exploring options for private equity funding and looking for potential long term partners who could bring in significant financial strength," said group chairman Randive. "We are in need of funds for internal growth, setting new



offices and infrastructure. Part of it would be utilised for acquisitions."

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