

Quipo to raise \$100m from PE funds

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NEW DELHI: Infrastructure services company Quipo, part of the Srei Group, is out to raise around \$100 million from private equity funds by early next year. A bulk of this would be used for financing telecom tower business, even as the company plans foray into the development of airport infrastructure.

IDFC PE and GIC Singapore had picked up around 30% stake in the company early this year for around Rs 150 crore. Srei Infrastructure Finance has 15% stake in the company. Quipo Infrastructure Equipment is in the business of leasing and renting out infrastructure equipment to construction, oil and gas and telecom industries.

When contacted, Quipo Infrastructure Equipment vice-chairman Sunil Kanoria said the fund would part-finance the company's planned capital expenditure of Rs 4,000 crore over the next two years. Around two-third of the expenditure would be for expanding the telecom tower business. Plans also include tapping the capital market by 2010.

To tap the growing airport development sector, the Quipo-Srei combine plans to partner with airport operators and developers and participate in the upgradation of metro and non-metro airports, Mr Kanoria said. Quipo already has a relationship with the GMR Group and supplies construction equipment for the ongoing modernisation of the Delhi Airport.

Currently, around 75% of Quipo's revenue comes from the construction business. However, over the next couple of years, the bulk of the company's revenues—around 60%—would come from the telecom tower business and the contribution of the construction business would come down to around 30%. Plans also include venturing into the construction market in the Middle East through a subsidiary company. Quipo already has exposure in oil and energy markets in Russia where it supplies oil rigs and other equipment.

As per industry estimates, the construction equipment market in India is currently pegged at around Rs 13,000 crore annually. According to Mr Kanoria, the estimated demand for telecom towers in the next two years is around 2,00,000. The company plans to ramp up its tower inventory from around 1,200 to over 10,000 over the next two years, he added.

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