

JSW taps global PE firms for funding Akzo Nobel deal

MANY OPTIONS. Company considering internal accruals, promoter support and PE funding mix

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JSW is in discussions with four to five private equity firms, including Barclays, KKR, Temasek and Aries, to raise funds for its proposed acquisition of Akzo Nobel India, according to sources familiar with the matter.

In parallel, the company has prepared contingency plans, which include raising capital through promoter holdings if the private equity route does not materialise.

Parth Jindal, Managing Director of JSW Paints, confirmed to *businessline* that "a clutch of PE funds are being tapped," though he declined to disclose specific names.

PROMOTER FUNDING

Around ₹7,000 crore will be infused by promoters — Sajjan Jindal and family — and through internal accruals, Jindal said. There would be some debt, too.

Ideally, the company would prefer a 33 per cent contribution each from internal accruals, promoter stake infusion, and PE funds.



JSW Paints Managing Director Parth Jindal ANI

It has "several offers" and is in touch with the funds, said Jindal.

"There is [fund] infusion by the family for equity and there [are] private equities that are coming in. So, roughly ₹7,000 crore is being put in by the family between the debt at paints [company] level, as well as the promoter infusion. And the rest is going to come in from private equity. Otherwise, it will come as equity infusion by the family," Jindal said.

He, however, did not name the PE players they are in discussions with.

PE funds that JSW is in talks with could get an NCD (non-convertible debenture) option, sources said.

JSW Paints' ₹9,000 crore Akzo India buy will propel the Sajjan Jindal-led company to the number 4 slot in India's paints market.

JINDALS TO HOLD 75%

The Jindals will own up to 75 per cent of the equity in the Indian entity, post an open offer and other regulatory approvals. The deal is expected to be concluded by end of this calendar year.

JSW Paints, currently an unlisted entity, is 88-90 per cent held by the Jindal Family Trust, and the remaining, less than 10 per cent, is by the group flagship JSW Steel.

Asked if JSW Steel shares will be pledged or if the Family Trust will see some dilu-

tion, Jindal said: "No... I am assuming there will be a dilution of JSW Steel [shares] also in this transaction, in the holding of JSW Paints."

He clarified that other listed group entities will not be leveraged for raising funds. "No equity [will be raised] from the group, [only] from the family."

A month back, promoter entity JSW Family Trust off-loaded a 2 per cent stake in JSW Infra, raising nearly ₹1,230 crore. "Yes this [stake dilution] is part of the funding [Akzo buyout] plan," Jindal confirmed.

A reverse merger with Akzo Nobel India will see JSW Paints get listed on the bourses, those in the know said.

Jindal said the company has set a 3-year timeframe to be amongst the top three paint-makers in India.

While Dulux — the Akzo Nobel India brand that it acquired — will continue to play in the premium segment, the deal gives JSW a larger distribution network, a pan-India play, and access to higher capacities.