

Warburg Pincus to invest \$149 m in Moser Baer

Our Bureau
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WARBURG Pincus LLC, a private equity firm, is investing \$149 million (about Rs 675 crore) in Moser Baer India Ltd (MBIL), manufacturer of optical media like compact disks, to fund expansion plans of the company.

MBIL will issue global depository receipts (GDRs) equivalent to 14.7 million underlying shares, and warrants equivalent to 5.4 million shares to affiliates of Warburg Pincus. The Board of MBIL had cleared the issue at a meeting last week. The proposal is subject to shareholders and other approvals.

The allotment is expected to be done at a price of Rs 336 per share/warrant, which is at about one per cent premium to the closing price of MBIL shares on the National Stock Exchange, according to a company statement here.

Warburg Pincus currently holds about 23 per cent stake in MBIL and after this round of

investment, its stake will go up to 35 per cent. Some of the other major investors in the company are International Finance Corporation and Electra Partners Mauritius Ltd.

The funds thus raised will be used to finance the ongoing capacity expansion for optical media storage products, enabling MBIL to significantly improve its market share to 18-20 per cent in the global DVD-R market.

The GDRs will be fully paid-up on the date of allotment and each GDR represents 100 underlying equity shares of the company. Each warrant is convertible at the option of the investor into one equity share, at any time within 18 months from the date of allotment.

The warrant holders will need to pay 10 per cent of the total consideration of the warrants upfront, which would be forfeited in case the warrants are not exercised.

Citigroup is the sole financial advisor to MBIL on the transaction, the statement said.