

## JDIL mulls \$700m JV with Sevan Marine

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JINDAL Drilling & Industries (JDIL), part of DP Jindal Group, is in discussions with Norwegian offshore services group Sevan Marine to form a \$700-million joint venture for constructing a deepwater rig capable of operating in water depths of 1,000 feet and drilling down to 50,000 feet. The JV would be funded through a mix of internal accruals, debt and private equity placement.

If the talk goes through, Sevan Marine would hold a 75% stake in the JV, while the remaining 25% stake would be held by the Indian firm, sources said. JDIL, which is an offshore drilling services provider, is also looking at overseas listing, either in Singapore or London, to raise funds for the project.

When contacted by ET, DP Jindal Group chief financial officer Anil Jain, declined to comment on the JV. He, however, said, "As part of our long-term plans, we are exploring a host of opportunities to enter into deepwater rig construction as several Indian oil and gas companies have announced oil exploration projects." Drilling rigs are primarily used to drill oil wells besides extraction of natural gas.

The deepwater rig, which is expected to become operational in the next three years, would be given to either Oil & Natural Gas Corporation of India (ONGC) or Reliance Industries as there's a huge shortage of rigs in India and worldwide. This rig would alone generate revenues worth Rs 1,000 crore for JDIL every year. Besides, JDIL is likely to start a new contract with ONGC in the Mumbai offshore area after taking delivery of a new jack-up drilling rig from Singaporean rig builder Keppel Fels. The rig was delivered 49 days ahead of schedule to Discovery Drilling, a JV led by the Indian firm. ONGC is likely to take possession of the rig by mid of next month.

Another jack-up rig is being built by Keppel Fels for Singapore-based Virtue Drilling, in which JDIL has a 49% stake. The rig would be delivered to ONGC by this year-end. The two rigs are expected to fetch JDIL an annual revenue of Rs 500 crore every year. The firm aims to clock a turnover of Rs 2,000 crore by 2010-end as against Rs 400 crore last fiscal by expanding its presence in deepwater, jack-up and directional drilling businesses.