

SoftBank, India Capital buy 2% in Den Networks

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JAPAN'S financial behemoth SoftBank and India Capital of Hong Kong have picked up nearly 2% stake in Den Networks, a cable distribution company with pan-India footprint. These two anchor investors have picked up the shares at Rs 205 per share aggregating to around Rs 50 crore, an official close to the development said.

SoftBank is a venture capital firm focused on early stage high growth technology companies that have benefitted from the rapid deployment and adoption of broadband and mobile technologies. India Capital is a Hong Kong-based private equity fund.

Den Networks is entering the capital market with an initial public offering (IPO) of up to 20 million equity shares of Rs 10 each at a price to be decided through a 100% book-building process. The company has fixed the price band between Rs 195-205 per share. At this price, the company will mop up between Rs 390 crore to Rs 410 crore.

The issue would constitute 15.16% of the post-issue paid-up equity share capital of the company. Since the allotment to the anchor investors is being made at the upper end of the price band, the issue price is expected to be Rs 205 per share.

Besides the cable distribution business, the company has also obtained an all-India ISP licence and has recently commenced a limited roll out of broadband in-



ternet services in select areas, which it intends to expand in all the other cities where it operates. The company has reported a net loss of Rs 13.8 crore on an income of Rs 271.11 crore in the last financial year ending March 31, 2009.

After the issue, promoter stake in the company will come down to 53%. Standard Chartered IL&FS Asia Infrastructure Growth Fund and EMSAF Mauritius are the other institutional investors, which will have 10.13% and 2.99% respectively in the company after the public issue.

The proceeds will be used to fund the company's proposed investment plan in the development of cable television infrastructure and services, the development of cable broadband infrastructure and services, and acquisition of content and broadcasting rights amongst others.