

## **IVRCL to restructure business, focus less on realty segment**

Board approves move; consultants will be roped in soon

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Hyderabad, Oct. 31:

IVRCL Ltd, the Hyderabad-based infrastructure company has embarked on a major restructure of its business, which entails amalgamation of IVRCL Assets and Holdings Ltd, with the parent and demerger of the real estate business by setting up a new company.

Effectively, this will put the clock back and make it a single entity-IVRCL Ltd.

The Chief Financial Officer of IVRCL, Mr R. Balaram Reddy, told Business Line, "The board of directors of both the companies today approved this move and we now will engage consultants for follow up action. This could mean appointment of valuers, legal consultants, merchant bankers for deciding swap ratio and other aspects for the process."

"Then the matter would be taken up for regulatory clearances and shareholders nod. We will then have to convene an EGM after securing necessary nod from High Court of Andhra Pradesh. The entire process may take about five months, that is close before the fiscal end," he explained.

This would facilitate demerger of the real estate activity into a subsidiary company. "About two years ago, we decided to defocus on real estate business. Barring a major 700-acre golf course project in Chennai now underway, we are not taking up real estate projects. We have a land bank of 2000 acres, whose value could be unlocked," Mr Reddy said.

The CFO said, "Initially we had demerged IVRCL with IVRCL A&H to lay focus on BOT projects and to address finance issues. But the situation is different now. The funding is being handled through special purpose vehicles. Therefore, we believe there is no need for separate entity. Further, the company had decided to stay away from real estate and had since defocused on it."

"We plan to hive off all land assets to an unlisted company. Once we unlock its value, the benefits would be brought back to the parent, he said.

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