

Indiabulls: Promoters carve out new paths in separation deal

The Indiabulls promoters are dividing the real estate-to-finance-to-power group among themselves to bring greater focus to the constituent parts of the diversified conglomerate and also because of differing perceptions about individual companies.

Sameer Gahlaut, chairman of the undivided group, will retain control of Indiabulls Housing Finance, Indiabulls Real Estate and Indiabulls Securities and will also get to keep the Indiabulls brand name.

Rajiv Rattan, who bought out co-promoter Saurabh Mittal's stake in Indiabulls Infrastructure and Power last week for Rs. 360 crore, is now the sole promoter of the company, which has two 2,700 MW thermal plants in Amravati and Nashik, both in Maharashtra, that are either already generating power or close to completion.

"The finance and real estate companies used to generate about 80% of the combined group's profits. The division would ring-fence these businesses from any possible contagion arising in the power business," said Gagan Banga, vice-chairman and CEO of the Indiabulls Group.

"I have been running the power business from the start. Today, most of the issues have been sorted out and I feel the years ahead will see exponential growth," Rattan told HT.

But why split the group if all businesses are doing well? "It will allow me to focus exclusively on the power business," he added.

Rattan and Mittal will retain their 18% stake in the finance and real estate companies (valued at Rs. 3,000 crore). However, Rattan will have to rename his company as the Indiabulls brand name will go to Gahlaut. "I haven't yet decided on a name. When I do, I will inform Sebi," he said.

The power business, Rattan said, is the only listed power company not to be affected by the recent Supreme Court order declaring the allocation of coal blocks illegal because it has dedicated coal linkages from Coal India. "If the government decides to auction the cancelled coal blocks, we will bid for them," he said.

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