Vedanta to demerge realty biz, expects value creation of ₹30,000 cr

ARSHAD KHAN @ New Delhi

20 shares of Vedanta to get 1 share of VPPL

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BARELY two months after listing four demerged units, mining conglomerate Vedanta Limited is now demerging its real estate business as it seeks opportunities in a sector which has become a favourite of many business houses.

Vedanta sees potential value creation to the tune of over ₹30,000 crore in future as it looks to build industrial setup, commercial usage such as offices, REITs, hotels, and develop residential and corporate leasing.

Vedanta Ltd announced it would demerge its surplus real estate assets accumulated at prominent locations across India into Vedanta Property Platforms Limited (VPPL). The proposed demerger will unlock value out of these surplus assets, said the company.

The demerger is planned to be a vertical split, wherein for every 20 shares of Vedanta Limited, the shareholders of the company will get 1 share of VPPL. Vedanta has 22 assets across India, which together account for 2,264 acres of land (14 land parcels) and 53,185 sq. ft. of residential and office space (8 units). Vedanta, in its investor presentation stated it will open to joint development agreement and acquisitions and expects its future landholding to be 3,500 acres. "After the recent success of the five-way demerger creating "pure-play" entities across oil and gas, aluminium, power, and steel, we plan to demerge the surplus real estate assets into an independent "pure-play" company to unlock significant value for the stakeholders," said Anil Agarwal, Chairman of Vedanta Group.

As the real estate sector in India continues to become more organized with a sharp focus on premiumisation, a large number of business firms have entered this space.