# Companies selling non-core assets to reduce debt burden

With the GMR Group last week divesting its entire 40% stake in Istanbul's Sabiha Gokcen International Airport to Malaysia Airports Holdings for around Rs 1,900 crore, the focus has once again shifted to the efforts of debt-laden companies to sell their non-core assets to reduce their borrowing levels, reports fe Bureau in New Delhi.

This was the third sale during the calendar year by the group, which has a presence in energy, airports and highways, to lighten its debt burden, which stood at around Rs 36,000 crore at the end of the September quarter. The company has so far managed to raise around Rs 4,900 crore through its asset sales and needs to do more in coming days.

The same is the case with Delhi-based Jaiprakash Associates, which in September sold its cement business in Gujarat to Aditya Birla Group company UltraTech Cement for R3,800 crore. JP Associates too is trying to lessen its consolidated debt, which is around Rs 60,000 crore. The group has plans to sell stake in its hydro power projects for which it is talks with several players. Recent reports suggest that JP is close to selling two of its three operating hydro power projects to a consortium led by Abu Dhabi National Energy, known as TAQA, for around $1.5 billion.

The JP Group has said that it plans to reduce its debt by R15,000 crore by the end of the current fiscal. So far the company has been able to reduce it by only around R5,300 crore, which includes the sale of the Gujarat cement plant and some internal accruals.

The GMR Group had kick-started its asset sales strategy in February when group company GMR Highways divested 74% stake in GMR Jadcherla Expressways that operates the Farukh Nagar-Jadcherla highway in Andhra Pradesh for R206 crore.

Subsequently, in March, the group completed the sale of a 70% stake in GMR Energy (Singapore) for about Rs 2,605 crore. In September, GMR Highways sold its 74% stake in its Tamil Nadu toll road asset, GMR Ulundurpet Expressways, for Rs 222 crore.

In the real estate sector, the country's largest developer DLF, whose net debt stood at Rs 19,508 crore at the end of the September quarter, also continues to make efforts to sell non-core assets in its effort to reduce its burden. The company aims to reduce its debt to Rs 17,500 crore by the end of FY14. So far during the year, the company sold its wind turbine projects in Rajasthan, Gujarat, Tamil Nadu and Karnataka in separate transactions totalling Rs 610.66 crore. It will realise another Rs 250-300 crore through the sale of its 74% stake in its life insurance joint venture with Pramerica, which needs a regulatory nod.

However, the company's attempt to sell Aman Resorts is yet to yield results. In a recent interview with FE, executive director Rajeev Talwar said, "As far as Aman is concerned, we have been expanding the Aman portfolio and the business is doing well to garner good valuation for us. We are committed to $300 million as the sale price and are confident to achieve that figure, if not more. Talks are on with three-four international bidders, including a consortium led by Aman's founder Adrian Zecha. It is at an advanced stage, when will it happen is just a matter of time.”

According to a recent Credit Suisse report, the collective borrowings of some 10 large corporate houses rose 15% during 2012-13.

Apart from the companies mentioned above, groups like ADAG, Lanco and GVK are looking at reducing their debt by selling off assets. However, so far these have not been successful and continue to look for buyers.

*(Financial Express)*