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MARKET STATS		38,569 -15.93	11,582 -1.60	32,067.00 -214.00	68.93 -0.19			ENG	

Nitesh Estates plans to sell 3 plots to raise Rs 440 crore

Nitesh Estates had Rs 1,400 crore of debt at the end of March, which it is seeking to reduce by half.

By Sobia Khan, ET Bureau | Apr 03, 2019, 01:52 PM IST

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Several builders have realigned their business strategies to stay afloat in a tough residential market.

Nitesh Estates NSE 0.00 % plans to sell three plots in southern India to raise Rs 440 crore over the next three-four months and use the proceeds to reduce debt, the real estate developer's managing director said.

Nitesh Estates had Rs 1,400 crore of debt at the end of March, which it is seeking to reduce by half. It sold a mall project in Pune and land for a residential project in Bengaluru for Rs 440 crore. The 1 million sq ft mall was jointly held with Goldman Sachs.

"The company has decided not to do any more retail projects," Nitesh Shetty said. It has also decided to exit the residential real estate business.

Earlier this week, the company sold the residential land in Bengaluru for Rs 55 crore. "We had utilised Rs 40 crore to repay HDFC Ltd," said Shetty.

The firm has identified plots totalling 35 acres in Bengaluru and Kochi that it will divest to pay investors. "Around Rs 250 crore will be utilised to pay existing lenders," he said.

The company said its focus, going forward, would only be on commercial offices, warehousing, data centres, hotels and other rent-yielding assets.



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"We will complete our existing commitment in residential, but will not take up new residential developments," said Shetty.

Nitesh Estates is also looking to hive off its hotels business into a separate entity and raise funds.

"We are in talks with international institutional investors to float a \$200-million commercial platform. The company will bring in four land parcels and contribute 20% equity," he added.

As part of this strategy, it will continue to hold the Ritz Carlton hotel apart from developing hotels in Goa, Puducherry and Bengaluru.


Several builders have realigned their business strategies to stay afloat in a tough residential market. Implementation of the Real Estate Regulatory Act has led many builders to either exit the residential business or enter into joint agreements with larger players.



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