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Reliance Infra shareholders approve demerger scheme

fe Bureau
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Equity shareholders of Reliance Infrastructure Limited, at a meeting following the order of the Bombay High Court on Tuesday, have approved the scheme of arrangement for the demerger of six divisions of the company to wholly-owned companies.

The list of company divisions include Dahanu Thermal Power Station to Reliance Energy Generation Ltd, Goa and Samalkot Power Stations to Reliance Goa and Samalkot Power Ltd, Power Transmission Division to Reliance Power Transmission Ltd, Power Distribution Division to Reliance Energy Ltd, Toll Roads Division to Reliance InfraVentrues Ltd and Real Estate Division to Reliance Property Developers Ltd.

A company release said that all resulting companies are wholly-owned subsidiaries of Reliance Infra. The demerger of various divisions of the company will

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benefit the respective companies and the stakeholders of respective companies, on account of the simplified and transparent business structure and the alignment of interest of various stake holders; the attribution of appropriate risk and valuation to different businesses, based on their respective risk-return profile and cash flows, more focused management and the optimal financing structure for individual businesses.

Besides, these companies and the stakeholders will also benefit due to a greater visibility on the performance of individual businesses, the possibility

of investments by strategic players in different businesses and tax efficiency for individual businesses. The scheme is now subject to requisite approvals and sanctions, inter-alia of the High Court.

In the power sector, the company is involved in generation, transmission, distribution and trading of electricity and constructing power plants as an EPC contractor, having book position of Rs 21,510 crore.

The company is also developing roads, metro projects and pursuing other infrastructure verticals like ports, airports, SEZ and realty. Reliance Infra is also developing projects worth Rs 2,800 crore.