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Vijay Khetan Group to raise Rs1,500 crore to buy distressed firms

The group plans to buy at least 20 financially distressed companies in Mumbai, Bengaluru and Hyderabad, MD Vijay Khetan says

P.R. Sanjai

Vijay Khetan Group intends to form separate companies to raise the money with the funder becoming an equity partner in these. Photo: Bloomberg

Mumbai: The Vijay Khetan Group has plans to raise at least `1,500 crore from sovereign funds and international financial institutions to buy financially troubled companies, managing director **Vijay Khetan** said in an interview.

The group intends to form separate companies to raise the money with the funder becoming an equity partner in these. The group plans to buy at least 20 financially distressed companies in Mumbai, Bengaluru and Hyderabad, Khetan said.

The group wants to resolve any issues these companies have with lenders, tap their real estate, and maybe sell the firms.

This isn't new territory for Khetan and his group. Operating through his flagship company Krishna Developers, Khetan has, in the past, bought Borosil Co. (2001), Scientific Instruments Pvt. Ltd (2004), Bharat Coal-tar Pvt. Ltd (2006), The Pure Drinks Group (2007), Shakti Mills Ltd (2007) and Calico Mills (2008). This time around, the opportunity may be bigger.

On 25 March, rating agency India Ratings and Research Pvt. Ltd said that 59 of India's 500 largest corporate borrowers are working with lenders to restructure their debts and that another 120 companies accounting for `3.65 trillion of debt have weak credit metrics. It added that some of the 120 would end up defaulting on loans or try to restructure their debt.

"This is the right time to buy these stressed entities," said Khetan, 53. He added that his family-run group is debt-free. Nishith Desai Associates is advising him on the deals.

Rahul Agarwal, chief executive officer at corporate advisory firm AltFort Capital Advisors Pvt. Ltd, agrees that there are several arbitrage opportunities available in the market and companies with access to ready capital are well poised to take advantage of them. "Buying from court receivers, arbitrators or bank auctions provide for arbitrage opportunities. Lack of liquidity in the real estate market, as the sector is still recovering, also provides such opportunities," Agarwal added.

It isn't that some of the firms in distress don't know the value of the real estate they own. "But they may not have the bandwidth of management to deal with legal, family and lenders issues," said Anuj Khetan, director of the Vijay Khetan group.