

Keen to avoid the 'oversupply mistake'

"We'll stay focussed on single-family homes and town houses," says Mr Prakash Gurbaxani, CEO, QVC Realty.

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Land, capital and execution skills — most players in the real-estate business come armed with the first of the three considered mandatory to break through in the business.

But Mr Prakash Gurbaxani, CEO, QVC Realty, the country's first private equity-backed real-estate start-up firm, unlike most of his competitors, dived into the brick and mortar world with the second — capital — and built a team that could execute its plans.

Mr Gurbaxani, a new-age entrepreneur and founder of 24x7, explaining his shift from IT-enabled services (ITES) to realty, says in 2005 he realised that the real-estate sector would see a sea change in the way it operates: from a fragmented, traditionally owned business, to a more professional and competitive operation. "With deregulation, the supply-demand constraints will go away and customers will have more choice than ever before."

More importantly, he's betting that buying homes will never go out of fashion. Mr Gurbaxani is also determined to be different from his competitors on another score, he will not get into the numbers game. "We'll stay focussed on single-family homes and town houses — on asset classes that are inherently undersupplied in the market," he says.

Projects

QVC Realty (QVC stands for quality, value and customer experience) launched last year is working on four major projects across the country. Two 300-acre integrated townships at Gurgaon, with 4.2 million sq.ft of built-up space and over 1,000 homes priced at Rs 1.5-5 crore each.

Another township in Nandi Hills, Bangalore, where the homes are tentatively priced between Rs 90 lakh and Rs 2.5 crore, and a second home, golf community coming up at Chikmagalur, offering homes priced from Rs 60 lakh to Rs 1.2 crore. The company has tied up with Delhi-based Uppal Group and Sobha Developers of Bangalore for these projects.

With a land bank of around 500 acres, QVC expects to receive a second round of funding of \$200 million from IL&FS in the next few months. Last year, the company raised \$100 million from IL&FS.

In the next three-four years, it expects to have a billing portfolio of Rs 3,000 crore. An IPO is still a couple years away though the company may look at a third round of funding through a special purpose vehicle (SPV), says Mr Gurbaxani.

Commercial space

QVC, like most other developers, is also considering a foray into the retail or mall space. In Gurgaon, it is working on 8-9 lakh sq.ft of retail space and "may announce similar plans in Bangalore soon," he says. Other commercial projects include IT Parks and special economic zones (SEZs), office space and hospitality.

The company will stay away from apartments that boast of high floor space index (FSI) because "we would not like to get into the oversupply mistake," he says. Future projects include apartments for the mass market, but with a difference.

"These would be smaller (1,000 sq.ft) homes priced between Rs 20 lakh and Rs 40 lakh with customers paying more for quality rather than large spaces and no compromise on the location."

The company is also considering studio apartments for those who want to acquire real-estate early, and perhaps upgrade to larger apartments later.