

QVC Realty looking for construction firm

SUBIR ROY
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QVC Realty, which after a year's existence still remains the only private equity-funded real estate company in the country, is planning to buy a construction company to become an integrated player and realise the maximum value from the projects it handles.

This move has been prompted by the progress it has made in its first year by building a land bank of 500 acres, with its share in it exceeding half that, and proposes to launch three projects during the present year.

These consist of two 150-acre projects in Gurgaon and a "second home golf community" in Chikmagalur, Karnataka. A fourth project, in the Nandi Hills area near Bangalore, known for its vineyards, is also on the way. These should together yield around 12 million sq ft of built-up space.

The two projects in Gurgaon will be easily accessible via the new 150-metre road that is to come up between Dwarka next to the Delhi airport and Hero Honda Chowk on the present NH 8 and will serve the Reliance SEZ.

The firm has decided to steer clear of apartments, in which there can be oversupply, and will focus on single family homes, town houses and retail space.

QVC Realty began with a \$100 million investment by IL&FS and is presently capitalised at that level. As it identifies new projects it will look at the SPV model to bring in external investors.

"In five years, we propose to reach an annual run rate of Rs 1,000 crore and achieve a net margin of 15-20 per cent," says Prakash Gurbaxani, founder and CEO.

Gurbaxani feels the real estate business is changing fast in India and sees himself as an example of that change. He

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spent 10 years in the US in the construction industry, returned to India and joined a Pradeep Kar outfit during the dotcom era, shifted to BPO via 24/7 Customer and TransWorks, and then came to real estate by launching global real estate major Tishman Speyer's fund in India.

"Today's realty companies are not very different from what IT companies were 10 years ago. They are now attracting B school graduates. The industry, from being supply constrained is now in a new competitive environment in which under-capitalised developers will suffer," Gurbaxani explained.

And capital there is aplenty, with a lot coming in from overseas via real estate invest trusts, real estate funds and private equity sources.