Piramal Realty Aims to Double its Portfolio

Real estate subsidiary of Piramal Group is also open to roping in more foreign investors to support its growth, going forward

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Mumbai: Piramal Realty, the real estate development arm of Piramal Group, is looking to double its portfolio of under-construction projects to nearly 30 million sq ft over the next two years through a combination of outright land buys and alliances, said a top executive of the company.

"The real estate sector is going through a rough patch but this is also a good time for those who can attract capital as we can see good opportunities around. Developers with expertise, credibility, financial muscle have done well and will continue to do so," Anand Piramal, executive director of the group, told ET.

More than land owners, realty developers are looking to monetise their projects and these are with approvals, he said while highlighting the opportunities.

Piramal Realty, which counts Goldman Sachs and Warburg Pincus as its investors, is open to roping in more foreign investors to support its growth, going forward. Currently, the company has projects with total 15 million sq ft space under construction in Mumbai. Of this 20% is commercial, while the rest is residential development.

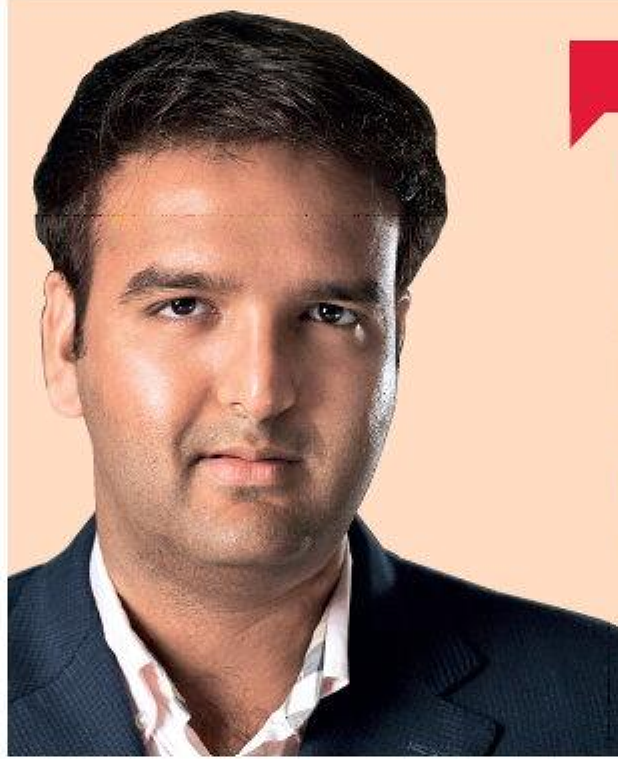
According to Piramal, the company has clocked sales of over ₹3,400 crore in FY19 (April-March) and has emerged as the second and fifth-largest realty developer in Mumbai and India, respectively.

"We have aggressive growth plans for both residential and commercial segments. We would look at a growth rate of around 20% CAGR (compounded annual growth rate) for the next decade," he said while highlighting the company's growth plan.

The disruption caused by policy and regulatory changes — the Real Estate (Regulation & Development) Act, 2016, demonetisation, the Goods & Services Tax and Insolvency & Bankruptcy Code — over the past couple of years has created a new business environment.

"The inability of smaller players to adhere to new rules and regulations could prompt them to either merge with or be acquired by bigger companies. An entry barrier has been created for non-serious players because of RERA, leading to an opportunity for the established players to fill in the vacuum," he said.

According to Piramal, several small developers will opt for an alliance with large and corporate developers that will be complimentary integration for both parties in terms of the expertise of the local by-laws and land readiness brought to the table by the local smaller player, while sales and operational know-how brought in by the bigger developer.



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Executive Director, Piramal Group