

# Going for a bigger pie

## Puravankara gears up to take advantage of an evolving realty market

**B**engaluru-based Puravankara Ltd is betting big on the consolidating domestic realty market. The property developer, backed by its impeccable track record of execution capabilities and delivery schedules, has diversified its portfolio – both in terms of the properties it builds and the geography it is present in. The company has significantly ramped up its capabilities to explore opportunities in the fast-evolving marketplace.

Having grown at a CAGR of about 19 per cent in the last five years, even bucking market trends, the developer has re-entered the country's largest realty market – the Mumbai Metropolitan Region (MMR). As a part of its new strategy, it has also extended its presence in the southern markets in a big way. From being primarily confined to the Bengaluru market, the company has now expanded its footprint across 10 cities, including Chennai, Coimbatore, Hyderabad, Kochi, Pune and Mumbai. In fact, non-Bengaluru projects now account for over 45 per cent of the ongoing and about 80 per cent of the launch pipeline. Besides, the company, one of the first real estate ventures in India to receive ISO certification, has an overseas presence too – in GCC and Sri Lanka.

In its journey of 45 years, Puravankara has delivered about 43 million sq ft of properties – over 74 projects across residential (69), commercial & retail (5). It boasts of about 23 million sq ft of space under construction and over 65 million sq ft of land assets, to be developed over a period of five to six years.

The company has continued to maintain its momentum, not only during the recent slowdown in the residential market, but also in the Covid-afflicted period, when many of its peers were struggling to keep themselves steady. Bucking all the challenges which the industry has been facing in



*Ravi Puravankara  
driven by people,  
technology and  
sustainability*

launching new projects, Puravankara came up with six projects in 2020-21 and is looking to launch six more projects in the current year. Having clocked sales of ₹1,714 crore in 2019-20, it has registered sales of ₹1,449 crore during the nine-month period of 2020-21, of which Q3 2020-21 alone contributed ₹570 crore. Based on this, during 2020-21, the company is expecting to clock sales which would likely be higher than what was recorded in the last four to five-year period.

### Spanning all segments

“The domestic real estate market is under consolidation, with organised builders with proven track records expanding their share,” says Pranay Vakil, chairman, Praron Consultancy. “Buyers are consciously looking out for players who can deliver the homes on time, even if they have to pay a premium. The recent Covid-affected market has further accentuated the whole process, even as organised players are

gearing up to explore opportunities in a more effective manner.” He feels that, with the WfH concept getting established for an even longer term and residents preferring to buy their own homes of larger configurations, the demand for quality homes will get good traction, going ahead.

Puravankara's footprint spans almost all segments of the business – villas, high-end luxury properties and mid and affordable segments. The company has put in place two distinct brands: Puravankara for villas and luxury apartments and Provident for affordable and mid-income homes. While the majority of its portfolio comprises residential development, it has also created a judicious mix of commercial and retail components, which contributes 10 per cent to the overall business.

Puravankara plans to diversify further and explore the opportunities in the changing marketplace. Known for its quality and theme-based properties, the company has already forayed into

plotted development with one project in Bengaluru, while looking to launch about six more projects, spanning 5.5 million sq ft, in the current fiscal year. It has created a separate brand, Purva Land, under which it carries out plotted development in Bengaluru, Chennai and Coimbatore. Experts are of the opinion that, considering construction-related challenges, this move will also help generate faster cash flow.

Over the last few years, sensing the emerging opportunities and to tap them in a more focussed manner, the company has brought about structural changes within the organisation as well. Towards this end, it created a separate entity (a wholly-owned subsidiary), Provident Housing Ltd, which is into the rapidly-growing premium affordable housing segment and has already left its mark in the market, with over 21 million sq ft of projects under its belt.

The entity, launched in 2008, has delivered close to 12 million sq ft of space to about 30,000 home-owners. Additionally, a little over 7 million sq ft is marked for new launches in the near future. The launch pipeline under Provident accounts for more than 80 per cent of the company's total launch pipeline of 8.70 million sq ft.

"The real estate market is consolidating in a big way and we at Puravankara are of the firm belief that, being a responsible player, we can actively participate in the entire process," affirms Ashish Puravankara, 42, managing director, Puravankara Ltd. "The market is rapidly evolving and throwing up an array of opportunities and that is where we want to play a bigger role. We, as an organisation, have prepared ourselves to leverage this and enhance our pie in this new marketplace, which is now more organised in favour of large and reputed players." He is of the opinion that in this transforming marketplace, one has to be more focussed to meet the specific requirement of buyers, who have now become more discerning and informed.

"The market has undergone a transition and we are getting future-ready," says Ashish. "We have put in place different brands and verticals, which will help us deal with various segments in a structured manner. We have put in place our resources and capabilities in a manner that can help us expand our business significantly and efficiently."



Ashish: we want to play a bigger role

"As a company, we have designed a comprehensive structure that helps us steer clear of complacency and drives us towards long-term stability," says Ravi Puravankara, 68, founder & chairman, Puravankara Ltd. "Leveraging technology that complements human expertise, fostering a culture of collaboration and enduring values have enabled us to remain constantly ahead in the industry. This has transformed us from being a single-city entity to a flourishing multi-city enterprise. Another important milestone that has enabled us to revolutionise the housing sector is being the first player in the space to introduce PropTech within its operations."

#### Guiding force

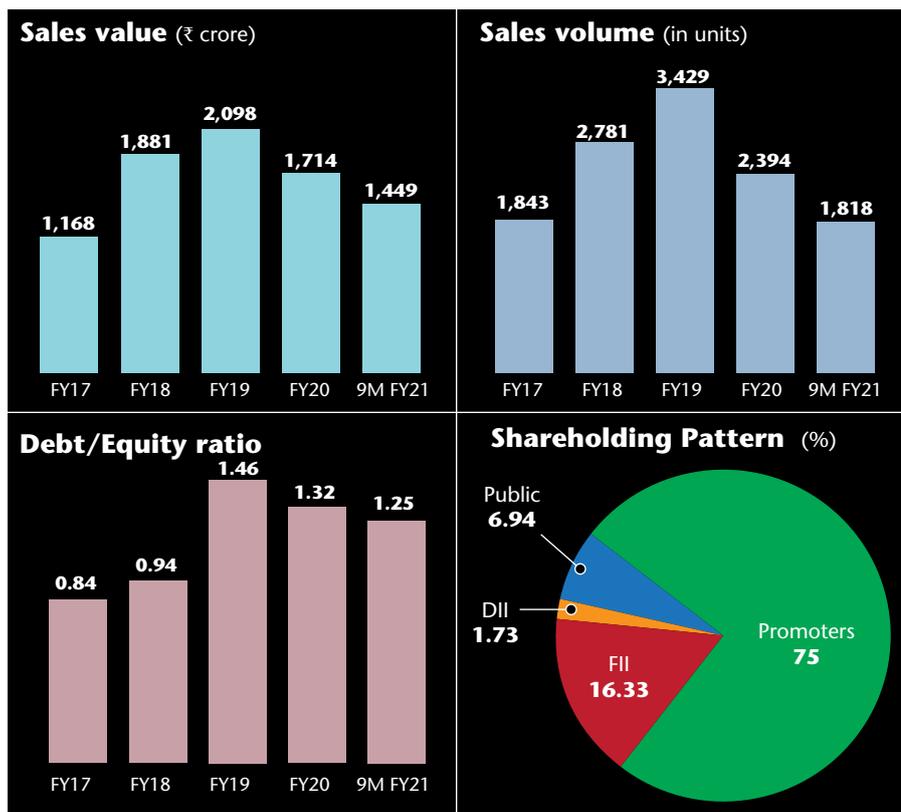
"I am privileged to lead a passionate group of individuals, who share my vision and constantly identify new ways to contribute to our vibrant communities," adds Puravankara. "We will continue to diversify our offerings, enhance our work culture and create an inclusive marketplace. Our businesses across the country will always be driven by people, technology and sustainability." He had set up the business in 1975 in Mumbai, but eventually shifted the base and operations to Bengaluru.

Puravankara has proactively visualised the trends emerging in the market and worked towards keeping the company ahead of the industry. Under his

vision and leadership, the company was one of the first real estate ventures to get FDI in 2005 from the Singapore-based Keppel Land Ltd (the partnership still continues), followed by a listing on the stock exchange in 2007 and then the setting up of a separate entity, Provident Housing Ltd, for affordable housing. In the last few years, he has seamlessly passed on the baton to his son Ashish, while continuing to be a guiding force for the entire group.

Ashish joined the company in 2003 and was elevated to the post of managing director in 2015. He has geared up the company to get into its next growth phase on the foundation built by his father. Leading from the front, in the last few years he has transformed the company into a new-age real estate business, which is ready to take advantage of the emerging market scenario. He holds a degree in business from Virginia Polytechnic Institute & State University and a master's in business administration from Willamette University, Salem, Oregon. He is passionate about travel, adventure and motor sports.

Endorsing the company's strategy and business model, International Finance Corporation (IFC), a member of the World Bank Group, and IFC Emerging Asia Fund (EAF) together have partnered Puravankara Ltd, to invest \$76 million in a SPV/development platform put up by the Indian developer, to build



up to four residential projects under its Provident brand that is focussed on affordable housing. Two of these four projects have been planned in Kochi and Bengaluru, with a saleable area of 4.5 million sq ft. About 4,000 housing units will be built in the next five to seven years, with other projects to be identified during the latter part of the current year.

“In a post Covid world, the housing sector can play a key role in India,” observes Jun Zhang, country head, India, IFC. “Financing affordable and green housing can protect jobs, preserve livelihoods and address climate change while restarting economies. We are happy to support a quality-driven company, and remain committed to helping build a more inclusive, sustainable and resilient future for the country.”

“We are excited to partner IFC and see a synergy in our values,” concurs Ashish. “More than anything, this partnership validates the strategy and business model that we are currently pursuing in order to tap emerging opportunities. The investment supplements our own investments in both existing and new developments. We

hope this is the beginning of a long-term relationship with IFC.”

**First to get FDI**

As noted, the company has the distinction of being the first developer to obtain foreign direct investment in the Indian real estate industry through a joint venture in 2005 with Singapore-based Keppel Land Ltd, the property arm of the 54-per cent government-owned conglomerate Keppel Corporation Ltd. The JV entity, Keppel Puravankara Development Pvt Ltd deals in residential and commercial projects. Under this platform three projects have been initiated – two residential and one commercial.

Under this JV platform, in 2005, the company had launched residential project, Elita Promenade, which is a landmark project in JP Nagar, Bengaluru. This was followed by the launch of a premium, affordable housing project, Provident Park Square, at Judicial Layout, Kanakapura Road, Bengaluru, in January 2018. With an investment of ₹600 crore and an estimated topline of ₹1,300 crore, the project is a one-of-its-kind mixed development project, which caters to the needs of a new age home buyer. Endowed with a micro mall, the

property also includes restaurants, retail stores and many more such lifestyle amenities. The property is developed using state-of-the-art precast technology. Provident Park Square, which is being implemented in a phased manner, is in line with Puravankara’s ambitious plan of creating a leadership position in the affordable housing segment.

This was followed by a JV platform in October 2018, which acquired 7.6 acres of land in Bengaluru for ₹405 crore, to construct a 160,000 sq ft retail-cum-office facility for Metro Cash & Carry. The project is under development at present. The JV has commenced construction at the site.

In the last few years, the real estate industry has witnessed significant changes, especially when it comes to incorporating technology in all spheres of the business. Despite Prop-Tech making inroads in many aspects of the sector, traditional methods still prevail when it comes to sales. However, Puravankara has proactively put in place e-marketing and online sales platforms and this has helped the company immensely during the recent Covid-afflicted lockdowns as well.

On the one hand, the company, backed by a strongly established brand image and successful track record, has gone ahead with e-launches during the recent challenging period while, on the other, it has carried out sales and marketing initiatives on its robust online platforms. The company has got some 15 digital platforms through which it targets audience interaction, ensuring visibility, availability and a pipeline for sales. There is predictive modelling for supporting sales and marketing teams. This apart, the company boasts of 2,000 channel partners across nine cities with dedicated support teams.

Provident Housing has revolutionised the home buying process. To make the entire sales process more dynamic and contemporary, the company has introduced its dedicated online booking engine ‘BookMyHome’, which enhances customer experience and accessibility.

‘BookMyHome’, a first of its kind online home booking engine in the industry, enables home-buyers to search, identify and book the apartment of their choice from the available inventories in real time. With just a click of a button, the platform specifies

every detail, including the direction of the apartment, type, block, availability, size, amenities, etc. It gives a seamless experience and utmost transparency to home buyers, without any human intervention. The process is almost similar to booking a movie ticket online, where you can see how many seats are available, row, prices and exact position. 'BookMyHome' replicates the same traits in terms of ease of selection, and buying at one's convenience and leisure.

"The way we create customer engagement and deliver customer experience through our digital platforms represents a sound competitive differentiator," says Abhishek Kapoor, COO, residential, Puravankara Ltd. "Besides, our virtual project visit platform is as good as an actual visit and this will drive repeatable sales. These initiatives have also helped us considerably during the recent lockdown."

The company, known for its execution capability and adopting new-age technologies, has backward-integrated and set up a modern pre-cast facility to accelerate construction activities. It forayed into pre-cast technology in 2008 and has already delivered over 3 million sq ft of residential development (3,000 homes). Provident Sunworth, Bengaluru, was the first to introduce pre-cast technology, representing one of India's largest standalone, premium, affordable home projects.

The precast facility located in Bengaluru is a part of another of the company's 100 per cent subsidiary, Starworth Infrastructure & Construction Ltd, which the company set up in 2009 to extend its business model through backward integration in construction. Starworth facilitates prop-tech and cleaner construction, including technology solutions for institutional customers like Taj Hotels, NBCC, BIAL and BMRC.

Starworth, a design & build EPC contractor, with end-to-end solutions, has been working towards addressing the demands in the industry, by embracing the latest world class technology, implementing systems and processes with quality manpower. The entity is built on the vision of delivering superior value to clients through end-to-end services and innovative use of technology.

Backed by over 900 employees and



*Purva Seasons in CV Raman Nagar, Bengaluru is an exclusively designed residential project*

over 400 engineers and architects, Puravankara has also been working with engineering and civil contracting partners like L&T, Tata Projects, Shapoorji Pallonji, Capacite and JMC Projects, as also renowned architects and service consultants like DSP, Hafeez Contractor, RSP, Gensler, BIAS and Morpho-genesis.

#### **Five-point action plan**

"All these efforts are aimed at creating a robust and efficient execution capability for meeting the expectations of the market and increasing our market share in the fast-changing marketplace," contends Ashish. "We are accelerating tech deployment to engage in better visualisation and space optimisation in project planning, improving our UI/UX in online sales to enrich the customer experience and are using cutting edge, pre-cast and formwork technology to achieve time and cost savings, while ensuring quality standardisation across our products." All this forms part of the company's five-point action plan, which not only offers the desired resilience to effectively face market vagaries but also prepares it for the next growth phase, where it is looking to expand its share in the consolidating marketplace.

Backed by technologies like precast and value engineering for better operations and faster deliveries, the company is aggressively launching new projects in a diversified marketplace where the focus will be on four major markets – Bengaluru, Mumbai, Hyderabad and Pune. Over the last few years,

the company has consciously diversified into other markets; so much so that currently, the non-Bengaluru market constitutes over 60 per cent of its total project development portfolio.

Moreover, it has also diversified its portfolio by getting into plotted development and is also closely looking at other asset classes like warehousing, logistics and industrial hubs. The company has a commercial pipeline of about 12 million sq ft, which will be executed in the next six to seven years.

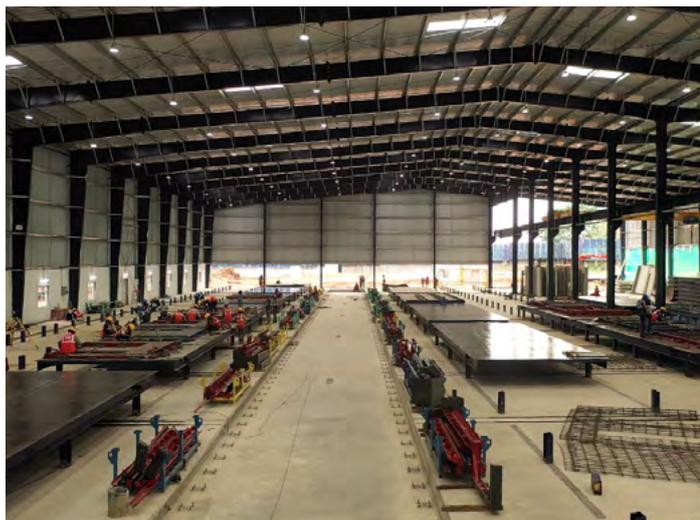
"We are also focussing on expanding our product offering in commercial/industrial asset classes to cater to increased long-term needs for quality office space, logistics hubs and other industrial facilities," says Ashish. "For realising our aspirations in this business, we are leveraging the expertise and network of international players via strategic partnerships – like our JV with Morgan Stanley, to develop warehouses in south India."

"Our operational competencies enable us to build better and faster, thus positioning our business well to achieve the desired scale," says Ashish. "Further, our robust design and innovation capabilities, our solid development pipeline of commercial space and our strategic land bank position us well for the future."

Experts believe that such diversification will be imperative not only to create a risk mechanism against the cyclical nature of the real estate business, but will help the company grab



*The Tree by Provident in Magadi Road, Bengaluru*



*Puravankara precast factory in Bengaluru*

a bigger portion of the opportunities emerging in a much-expanded marketplace. They are of the opinion that following RERA and other policy initiatives in the last few years, the domestic realty market is undergoing a major transition where large and reputed developers will rule the organised set-up. Already, the market is witnessing a scenario, where home buyers consciously prefer large and reputed builders, with proven track records. This is where a player like Puravankara will play its role to expand its share.

### Defying slowdown

Puravankara is also pursuing an asset-light model, where it is joining hands with other local developers (JVs) as also landlords (JDs). This approach is not only helping the company get into newer territories but is also aiding it to take advantage of new opportunities and expanding its market share in the market where both demand and supply sides are getting more organised.

These efforts, when put against the backdrop of a changing market scenario, have positively impacted Puravankara, which has consistently pulled off impressive performances in the last few years, despite the sluggishness in the market. Defying the market slow-down, the company has grown at a CAGR of 19 per cent in the last few years and is all set to maintain this momentum. During this Covid period also, the company has pulled off an impressive show.

“Puravankara is one of the preferred

developers the buyers are looking at today,” endorses Pawan Sharma, co-founder, Addressofchoice Realty, based in Noida. “Known for its execution capability and quality of delivery, the company has put up a diversified offering in terms of geography and properties and is looking to expand its share in the market. Its engagement with buyers is good and its digital initiatives have given it a distinct edge in the market.” Addressofchoice has been associated with Puravankara for over seven years, as one of its major channel partners. With its multi-city presence and also serving names like Sobha, Prestige, Brigade, L&T and Hiranandani, the property consultancy firm sold properties worth ₹36 crore in 2020-21 for Puravankara (out of its total sales portfolio of ₹800 crore).

“From being a regional player, Puravankara is gradually growing up to be a multi-city brand, with an impeccable track record,” assesses Sachin Kumar, founder, Propeve, Bengaluru. “Apart from its prompt delivery schedule, the company has also done well in terms of living up to customer expectations.” Propeve, as a channel, has been associated with the company for last three to four years. Last year, it sold properties worth ₹25 crore for the company, even as its total sales portfolio stood at about ₹175 crore.

With all these measures and initiatives in place, Puravankara is establishing itself quite strongly in the rapidly consolidating domestic real estate market. Having made a distinct mark

in Bengaluru and other southern markets, the company is now preparing itself to take advantage of other major markets, such as Mumbai and Pune. It has re-entered the MMR region and also made a foray into Pune. This geographical diversification, along with segment-related diversity, will certainly help it tap the emerging opportunities in a bigger marketplace.

In a strategic move, the company has put in place separate entities and verticals to efficiently and effectively deal with these segments and take advantage of changing market dynamics. The formation of Provident Housing as a separate subsidiary well before the market truly realised the potential of this segment, clearly shows that the company has been gauging the market quite well and proactively putting in place the requisite capabilities.

Puravankara has also carried out an array of other initiatives including the adoption of PropTech tools, pre-cast technologies for effective execution, as also online platforms for engaging with their buyers and other stakeholders. The company started its digital initiatives quite early, which move has helped it during the recent Covid lockdown. It appears to be all geared up to take advantage of the emerging opportunities and increase its share in this consolidating market. Still, it remains to be seen how best it positions itself and expands its share in the market.

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