

REPLICATING WORLDMARK'S SUCCESS

Having tasted success with Worldmark Aerocity — a flourishing business district in Delhi NCR — Bharti Realty is developing 8 million sq. ft of commercial and residential projects

By Ashish Sinha

REAL ESTATE BUSINESS SEEMS TO BE a natural progression for players in the telecom space nowadays. Hobbled by multiple headwinds including a debt of more than Rs 7.7 lakh crore as well as decapitating competition, this sector is seeing its players gravitating towards realty.

These players are either exiting the space altogether and turning to realty for growth — a la Reliance Communications — or nurturing their real estate business to health and prominence, like Bharti Enterprises, which has seen its telecom arm Airtel getting relegated to the third position behind Vodafone Idea and Jio after ruling at the top for nearly two decades.

Bharti Realty, the real estate arm of Bharti



Enterprises, is already making waves by demonstrating proficiency in the realty business with timely completion of commercial projects. The company is credited with developing and managing over 5 million sq ft of grade-A commercial space in the National Capital Region. It is developing another 8 million-plus sq ft of commercial real estate, for which it has pumped in more than Rs 3,000 crore and is inking deals with joint venture partners to execute some of the projects.

The company has built a solid reputation for itself by executing a string of award-winning projects. These include Bharti Crescent, New Delhi; Airtel Centre, Gurgaon and Worldmark Aerocity, a 1.5 million sq ft office space which is 100 per cent leased now. Worldmark Aerocity is today home to a number of marquee global and local companies like E&Y, Airbus, Sumitomo, Mitsubishi, Bank of Tokyo, IMF, IFC, Grant Thornton, among others.

Bharti Realty is now looking to replicate the success in the new Gurugram, particularly in Sector 65. Already, work to develop a new Worldmark is in full swing. "This new Worldmark is being developed to become the hub of business in the heart of Gurugram," says Sushil Kumar Sayal, CEO and MD of Bharti Realty.

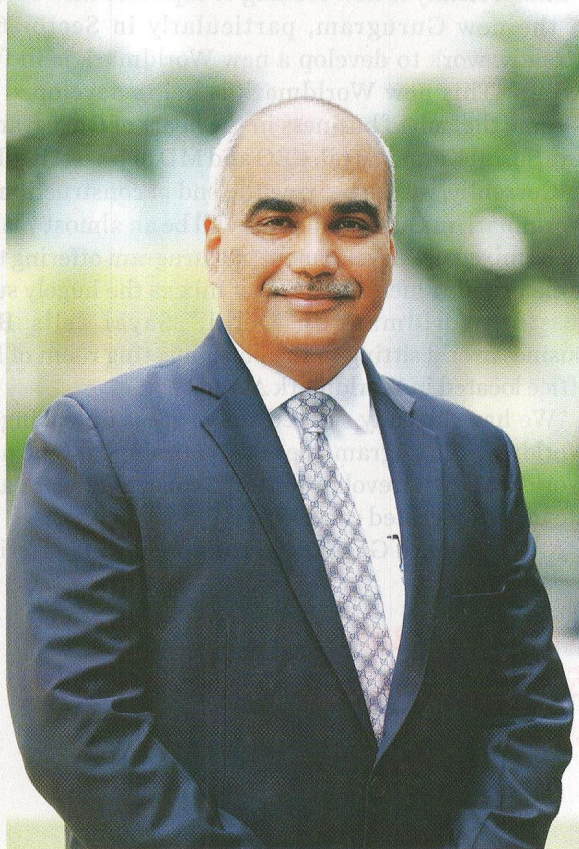
"Currently, we are nearing the end of construction of Worldmark in Gurugram. This will be an almost 7 lakh sq. ft. mixed use development in Gurugram offering the same brand values and product mix as the hugely successful Worldmark in Delhi," Sayal tells BW Businessworld sitting in the plush meeting room of his office located in Worldmark Aerocity.

"We have already started the process of leasing at Worldmark Gurugram," he adds, claiming that the new Worldmark will revolutionise the concept of work and life in an integrated complex.

At Worldmark Gurugram, the company is offering

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SUSHIL KUMAR SAYAL,
Managing Director & CEO, Bharti Realty

now has a total of 15 operational projects, says Sayal.

Other projects in the pipeline include the one recently awarded by Delhi International Airport (DIAL) to develop a commercial property offering 2.5 million sq.ft of leasable retail and office space and a large residential project in Surajkund, Haryana.

“We also have entered into a joint venture with Eros to develop a housing project in Haryana, which is pending Government approvals. Cumulatively, we are developing more than 8 million sq. ft of both commercial and residential projects,” says Sayal.

Elaborating further on the residential project, Sayal says: “The joint-venture project with Eros Group at Surajkund in Haryana is one of the finest with 5 million sq.ft under development and will be the first ‘vertical smart city’ in the country. The project is awaiting clearances from the authorities and we hope to receive the same soon.”

The Walk overlooking the meeting room window, Sayal informs, is the most premium retail and F&B destination in the whole of NCR.

“The Walk is the preferred destination of visitors, not only for the upcoming new and innovative dining formats but also for the perfect amalgamation of fine-dining and relaxed al-fresco experience one can get here,” he says.

The Walk is designed by reputed international designers and boasts of a stunning external presence with thoughtfully created interiors. These include pedestrian walkways, spacious elevators and great views across the floors. Formats like Plum by Bent Chair, Delhi-NCRs first retail restaurant; Monsoon by Café Lota; LIV Bar, a fine lounge that offers a ‘make your own drink’ concept; Reve, a French bistro; and Kampai are some of the new names in the Delhi NCR F&B landscape. Other soon-to-be-launched attractions include Priyank Sukhija’s Dragonfly, One8, La Roca, Daryagunj and La Mesa.

office space across 5 lakh sq.ft and retail space covering 2 lakh sq.ft. In all, the new Worldmark will consist of three office towers, retail space, food amenities and spectacular public plazas.

What is working for the project? Actually, a number of things. For example, it offer excellent connectivity and proximity to Golf Course Road as well as the Rapid metro. The area is already buzzing with ready and vibrant social infrastructure including schools and hospitals. There are a number of luxury residential development in close vicinity.

Besides being energy efficient, the project offers high-end amenities such as centralised chilled water HVAC system, separate drop-off points for each building, separate circulation routes for pedestrians, dedicated lobbies and high-speed elevators for offices, 950 parking slots, public lounge areas, central water body, among other things.

Projects and Plans

With the completion of Worldmark Aerocity, which is now a 100 per cent leased development, Bharti Realty



The area also has a range of all-time favourites such as Farzi Café, Dhaba, Kylin, Tappa, Beer Café, Underdogs, Café Delhi Heights, Fab Café, to name a few. The Food Capital (food court) offers 17-plus operational counters that include favourites like Khan

Chacha, Bikanerwala, Subway, Pizza Hut, Karims, Sagar Ratna, Street Foods by Punjab Grill and Asia 7, among others.

Coming back to the USP of Worldmark Aerocity, Sayal draws attention to the unique concept of plug-n-play office suites — Atelier, Airport Office Suites — created as a smart space with state-of-the-art amenities.

“Atelier has been designed to offer fully-fitted, exquisitely-crafted spaces that are painstakingly curated to

address professional needs of senior management executives. The location advantage makes Atelier the perfect address for businesses looking to have an office presence in Delhi NCR,” says Sayal.

The challenges

Generating operating cash flow is always a challenge before developers and it may not be any different for Bharti Realty. However, the company is amongst some of the well performing realtors thanks to a healthy lease rental income from Worldmark Aerocity.

As far as financial performance goes, for FY2018, Bharti Realty recorded an operating income of a little over Rs 400 crore thereby clocking a growth of nearly 16 per cent over the previous fiscal. It also managed to reduce its net loss to around Rs 20 crore compared to more than Rs 70 crore that it posted in FY2017, says a recent report from credit ratings agency ICRA.

Clearly, managing cash flows or income is not a challenge for this realtor. However, the debt situation may become a cause of worry later.

Insiders say the company has partially converted its short-term debt into long-term lease rental discounting (LRD) debt.

LRD is a tool to acquire loans from banks using rental receipts as collateral. The bank examines long-term cash flow and provides the loan based on the exact amount. This loan is then payable with the rents promised.

Credit rating agency ICRA expects that the entity will continue to raise long-term debt

over the next three-six months, and use the same to replace the remaining short-term loans as well. It expects cash flow to remain adequate so as to meet external debt obligations. And that indeed is good news. In a few months Worldmark Gurugram is expected to become operational thereby further boosting the income of the company. **BW**

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