

Runwal Buys Out HDFC PMS in Mulund Project for ₹250 cr

The deal is among the largest realty fund exits in terms of returns

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HDFC Portfolio Management Services, a division of HDFC Asset Management, has sold its 50% stake in property developer Runwal

Group's project in Mulund, a Mumbai suburb, for ₹250 crore, said persons familiar with the development.

The Mumbai-based developer has bought out the joint venture partner in a transaction that was inked earlier this week. HDFC PMS' exit from this project is one of the largest realty fund exits in terms of returns. With the over ₹250-crore exit, HDFC PMS has made nearly five times returns on its investment of ₹51 crore in little less than three years.

Runwal Group confirmed the exit while an email query to HDFC PMS remained unanswered.

HDFC PMS had invested in the project at early stage of land acquisition. The project had a total investment of ₹275 crore including ₹55 crore as equity and rest as debt.

Runwal had repaid the debt within a year of land acquisition while the equity investment has received an exit now.

According to property consultants, the fund has managed to get around 45% internal rate of return per annum on its investments due to early entry into the project at the land acquisition stage itself.

Most of the recent real estate exits

have made around 15-16% internal rate of return.

Last year, one more private equity player CapitaLand exited another Runwal Group residential project Orchard Residency. CapitaLand had invested ₹80 crore in the project and exited with ₹110 crore. In January 2010, Runwal and HDFC PMS together bought the 18-acre land parcel on which Runwal Greens is being developed. Both had then paid ₹200 crore to the Khorakiwala family, promoters of the pharmaceutical company Wockhardt. The land was owned by Merind, the Vitamin B12

maker, which the Khorakiwalas had bought from the Tatas in 1998. Merind had already shut down its factory spread over 18 acres. Runwal Greens is a nearly 2-million-sq-ft residential project with small portion of retail development. The project is being executed in a total of three phases since mid-2010 and is estimated to be delivered in the next 18 months. Runwal is likely to launch third phase of nearly 6 lakh sq ft in early 2013, and has managed to sell 85% of the already launched two phases so far.

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