

SUNCITY PLANS Rs10,000 CR REALTY PROJECTS

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Promoted by Action Group, Essel and Odeon Builders, it is looking at JV deals in hotels; IT SEZ in Gurgaon on anvil

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NEW DELHI

Real estate developer Suncity Projects Ltd, promoted jointly by the Essel Group, Action Group and Odeon Builders, has lined up investment plans of Rs8,000-10,000 crore over the next four-five years.

"We are looking at joint ventures to run our hospitality business," said Ajay Aggarwal, director, Suncity Projects. "It could be a financial joint venture."

Suncity also plans to go for an initial public offering by the end of 2009.

"We are coming out with an initial public offering. We are going through the process,"

mint EXCLUSIVE

Aggarwal said. He did not say how much the company plans to raise.

Recently, several real estate developers have lined up plans of tapping the capital market to raise capital as most of the traditional sources of funding have dried up.

The company is in preliminary talks with an Israel-based hotel chain to form a joint venture for its hospitality business. Aggarwal declined to name the company. "We are talking to other international hotel chains as well," he said.

Suncity is looking at retaining majority stake in the joint ventures. "Ideally, we would like to have 50% stake in the ventures," Aggarwal said.

The company plans to develop 10-15 five- and three-star hotels over four-five years. The hotels will come up in tier II or smaller cities in North India. The country is battling a shortage of rooms, and mostly,

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Ajay Aggarwal
Director, Suncity Projects

affordable rooms.

The government is asking hoteliers here to build more in time for the 2010 Commonwealth Games and is speeding up the auction of government-owned land for the developments.

In the next four years, Suncity plans to develop real estate projects, including townships, malls and hotels.

Suncity has also received government approval for developing an information technology special economic zone

(SEZ) in Gurgaon.

The investment planned by the company will be financed through internal accruals, private equity investment for specific projects and banks.

"We are in talks with international private equity players, which have shown interest in investing in our projects," Aggarwal said.

Around 25-30% of the fund requirement would be met through private equity investments. The cost of construction and buying land would be funded through bank loans, Aggarwal said. "Banks are still lending for construction purposes," he noted.

Dalmia Group's real estate investment vehicle, Landmark Holdings, had recently invested Rs30 crore in the company's township project in Indore, Aggarwal claimed.

Landmark had picked up 30% stake in the special purpose vehicle formed for the project. Landmark spokesperson couldn't immediately be reached for comment.