

Salarpuria Sattva to expand real estate portfolio with new asset class

By Swet Sarika

Bengaluru developer Salarpuria Sattva Group is set to diversify its rent-yielding property business by adding a new asset class to its portfolio, a top company executive told VCCircle.

Managing director Bijay Agarwal said the company is actively monitoring data centres and plans to launch a few projects in its target markets of Bengaluru, Pune, Hyderabad and Mumbai.

“We are getting into data centres. The asset class looks interesting given its demand in the market and its synergy with our existing commercial real estate portfolio,” he said.

Agarwal said the company is identifying land parcels and looking for the “right opportunities in the right locations”.

“Our attempt would be to tap into the segment on the lines of our commercial real estate portfolio. Our existing tenant base also provides us with a set of clients for the new asset class,” he said.

Data centres are buildings which house servers of tech and tech-enabled companies. These buildings house computing facilities like servers, routers, switches and firewalls as well as supporting components like backup equipment, fire suppression facilities and air conditioning.

A data centre is like a commercial building but with different specifications. Its floors, lighting, arrangements and resistance need to be much stronger compared to an office building and, therefore, it requires a higher capital investment.

Demand for data centres in India is rising as multinational companies attempt to keep their data closer to their customers amid the government’s push to store data locally.

Salarpuria is not the only company looking to set up data centres. Mumbai-based Hiranandani Group, Bengaluru's Embassy Group as well as diversified conglomerates Adani Group and Reliance Industries Ltd are also venturing into the segment. Other firms

which are exploring the data centre segment in India include private equity firm Actis and Bain Capital-backed Bridge Data Centers. Embassy Group, which is best known for its commercial real estate projects, plans to tie up with a financial partner for the new data centre venture, VCCircle reported last month.

Salarpuria, which is known mainly for its commercial projects across Bengaluru, Hyderabad and Pune, has also set its eyes on a real estate investment trust and is preparing to hit the markets in the medium term.

The group has so far completed residential and commercial projects spanning 48 million sq ft. It also has a presence in the education, facility management, aerospace and hospitality sectors.

The developer has a strong pipeline of projects in the residential and commercial segments. Some of its marquee projects across IT cities of Bengaluru and Hyderabad include GR Tech Park, Infinity, Softzone in Bengaluru, and Knowledge Park, Knowledge City and Knowledge Court in Hyderabad. The projects are part of efforts by the developer to almost double its rental income.

Salarpuria counts Blackstone Group, one of the biggest owners of commercial property in the country, as its investor in Hyderabad where the developer has offloaded a 50% stake across four completed and under-construction projects. Blackstone has infused a total equity of up to Rs 1,200 crore while the overall debt and equity exposure is to the tune of Rs 3,000 crore.