

Cornerstone Properties looks to restructure the organisation

By [Sobia Khan](#), ET Bureau | 20 Jan, 2016, 03.03PM IST

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BENGALURU: Bengaluru-based [Cornerstone Properties](#) is planning to segregate its business under four verticals as part of a [restructuring](#) exercise aimed at stepping up growth at one of the largest landowning companies in the city.

"We are looking to put all land into one holding company and also venture into development of projects on our own. The company has been acquiring land for the past 15 years now," said BP Kumar Babu, chairman and managing director of the company.

The company currently holds land under nine different special purpose vehicles. It owns 2,300 acres of land worth over Rs 10,000 crore within the Bruhat [Bengaluru](#) Mahanagara Palike (BBMP) limit and outskirts of Bengaluru. [BBMP](#) is the administrative body responsible for the civic and infrastructural assets of the Greater Bangalore Metropolitan Area.

As per the restructuring, for which Cornerstone Properties has appointed consultancy firm EY, the company will have separate verticals for development service, land banking, management services and family trust, which will hold all the personal assets of the promoter of the firm.

"We were unable to capture the value and unlock the assets. The restructuring will help us avoid any further confusion and is expected to be complete by October," said Babu.

After the restructuring the company plans to focus heavily on development of residential projects. It has been developing residential and commercial assets by tying up with builders including Sobha Ltd, Embassy Group, Brigade Enterprises and Mantri Developers. "We expect revenue of over Rs 5,000 crore from four joint venture project over the next three-five years," said Babu.

The company plans to launch its maiden project, spread over 950 acres on the outskirts of the city near the international airport. The upcoming project will be developed as a knowledge city, for which the builder will provide the common infrastructure and invite sub developers to develop retail, medical, IT SEZ and office space.

"We plan to do plotted development on some portion of the land and also tie up with builders from different cities for joint venture development," said Babu. The company needs to spend Rs 1,000 crore on developing the basic infrastructure, he said.

Cornerstone Properties had last year partially sold a 100-acre land parcel to Embassy Group, India's leading [real estate](#) developer, in Varthur near Whitefield in Bengaluru to develop 12 million sq ft of commercial property. "Embassy has bought 30 acres of land while the rest of 70 acres is for joint development," said Babu.

The company's development portfolio is expected to total more than 15 million sq ft in the next six years and include residential property, gated communities, IT & commercial developments, and integrated townships, etc.



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