

LET THE EARTH TALK TO ME,” IS JITENDRA “Jitu” Virwani’s appeal to the *mitti* (“earth” in Hindi) in his hand. The founder and chairman of property developer Embassy Group likes to smell the sandy red soil before he decides to build on it. It’s a ritual that Virwani, a 60-year-old developer, has performed throughout a career that has reshaped the skyline of Bangalore and Mumbai. Virwani does, of course, run more rigorous diligence, and the numbers tell the story of his organization, Embassy, as well as the story of the wider Indian commercial property market. Both are remarkable.

In the past three decades, Virwani has morphed his family enterprise into a property heavyweight. Today, Embassy has a portfolio of over 100 million square feet across 22 cities, with blue-chip tenants

Embassy Group
Chairman
**JITENDRA ‘JITU’
VIRWANI**

blended his
appetite for risk
with smart math
to create one
of India’s largest
real estate
conglomerates.
BY PAVAN LALL

ALL THE REIT MOVES

in its office parks to include Mercedes Benz, IBM and Wells Fargo. There’s a facility arm with 20,000 employees and 130 million square feet under management. Embassy created India’s first REIT platform, which has since its IPO distributed \$1.2 billion in dividends. Its three listed property companies—including the Indian franchise for WeWork—have a combined market cap of over \$5.5 billion.

Doubtless, Virwani has been smart and seized opportunities. But the Virwani persona suggests more: tactical nous and outsized chutzpah.



On nous, Virwani says he always knew what to focus on. While Embassy is growing its residential projects segment, its secret sauce has been commercial real estate. “The numbers (on commercials) work better because you get paid up front, unlike residential where you have to wait for units to be bought and be disciplined in how you service your debt,” he says. In other words, constant cash flow has allowed Virwani to re-invest in land for the next project.

And the chutzpah? In late 1994, Virwani met with the leadership of a pillar of the Mumbai business



elite, an executive from a large shipping company who wanted to buy a plot of land in Bangalore. So, Virwani conferred with his father and uncle and agreed on a price of Rs 25 Crore (\$2.6 million). But when they sat down with the CEO, Virwani blurted out that the sale price was Rs 37.5 Crore (\$4 million).

His uncle stared hard at him—then kicked him under the table. Virwani didn't budge. When the CEO left, his uncle asked why he had gone off script and scuttled the deal? Virwani replied that this was a Bombay company and land there was the priciest

Jitu Virwani at the horse riding school he founded on 200 acres. Purchased in 1994 for \$1 million, the property today is worth \$350 million.

in the country, so they would not balk at a premium valuation. In the end, the CEO's offered over \$4 million. But even then Virwani was convinced he could do better. Eventually he sold the land to another steel company from Mumbai, for \$4.5 million.

Land banks have always been Virwani's investment vehicle of choice. He would plough profits into land acquisitions across Bangalore, where his business and office parks have provided a home for the world's leading technology companies—and created space for Bangalore's youthful counterculture.

There have been occasional diversions. “I set up an equestrian school on 200 acres I had bought in 1994,” he says. He paid just a little under \$1 million. “The market laughed, saying I was making foolish decisions.” Today, that land is worth Rs 3,000 Crore, or about \$350 million, he says.

Virwani honed his trade at the family property business, a modest enterprise that was an invaluable learning experience. The young Virwani however was ambitious and impatient, a mirror of the rebuilding of India itself. He went solo, taking with him a knack for calculated gambles.

In 1997, commercial property valuations collapsed by as much as 50% and several realty players either went bankrupt or came close to it. Developers would describe it as “The Big Crash.” Virwani, still a freshman in a world of hard-hitting dealmakers, didn’t think twice about offloading assets to take care of a cash crunch. He says that old-school developers would hold onto assets and take 20% loans to pare down debt. That never made sense to him. For many old school rivals, hiving off a land-project was a severe loss of face.

Anuj Puri, Chairman of realty advisory Anarock, has watched Virwani for two decades and concludes he has an “inexhaustible appetite for risk.”

Puri cites the reverse merger Virwani undertook with a unit of IndiaBulls, a giant in the residential market in Mumbai. The aim was to slash debt and list Embassy’s commercial and residential assets.

“No one had ever done a reverse merger in real estate in India before Embassy,” Puri says.

Puri warned of high risks and complexity in a market that was still nascent. There were delays, legal hurdles and setbacks. The deal went through later than planned, but by then values of real estate had risen manifold, cash flow was picking up and Embassy had firmly dropped anchor in the country’s most valuable real estate market—Mumbai.

Perhaps equally notable was the transaction that established Virwani as a pioneer of novel structuring in a staid market. An ongoing partnership with Blackstone laid the foundation for India’s first real estate investment trust or REIT—Embassy Office Parks REIT, which launched in 2019. Today, the REIT in India is accepted as an efficient mode of commercial investment.

REITs own, operate or finance income-producing real estate across various sectors, such as office buildings, malls, apartments, and warehouses. Like mutual funds, they allow individuals to earn dividends from commercial real estate without buying or managing property directly. After Embassy, there



Embassy Group Founder and Chairman Jitu Virwani in the company’s headquarters in Bangalore.

EMBASSY CREATED INDIA’S FIRST REIT PLATFORM, WHICH HAS SINCE ITS IPO DISTRIBUTED \$1.5 BILLION IN DIVIDENDS.

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have been four more REITs that have listed on major exchanges and another two are on the way: a real indication of a deepening of the real estate market.

Virwani admits that many of his ideas come from being a keen observer of trends in more evolved foreign markets such as America. Entrepreneur Adam Neumann, who co-founded shared global office space start-up WeWork was one such. Virwani and his son Karan met up with Neumann, secured a franchise and listed the company in India, betting on the rise of start-up culture driven by global corporate investment in a fast-modernizing India. WeWork India ran initial losses but turned around with recent profits, has 25% market share and is the largest branded player in India.

Karan is now CEO of WeWork India. Another of Virwani’s sons, Aditya, is Managing Director at Embassy Group & Embassy Developments, and his third son Neel, is Promoter at Embassy Developments. Virwani intends his sons to succeed him in leadership of Embassy Group—but he says he isn’t slowing down anytime soon.

Virwani’s infectious personality has won him friends even if some privately balk at his risk taking. Irfan Razack, Chairman and Managing Director of real estate firm Prestige Group, another shaper of the Bangalore skyline planning its own REIT listing soon, says that though they chase the same land plots, both can’t always win, yet there are never hard feelings.

What happens if there’s a clash on a deal? Razack says the understanding is clear: They call each other and discuss how it can be worked out through a joint approach. If a collaboration can’t be found then one of them goes ahead. But he adds: “He doesn’t let go once he’s got on to a deal.” ♦