



# Broad Spectrum Ambitions

## Knowledge of local laws can spur realty blitz beyond metros

**D**ELHI-based real estate player Ashiana Housing, who has been in the business for more than 30 years now and already developed over 90 lakh square feet (sq. ft.) of residential and commercial space across India, is learnt to have set its sights on the eastern states. After taking up projects in Bhiwadi, Ghaziabad, Gurgaon, Jaipur, Jodhpur, Greater Noida, Jamshedpur & Patna, the realtor intends to develop another 10 lakh sq. ft. in the current fiscal.

It is busy constructing its second housing project christened Ashiana Brahmananda in the Dalma hills in Jamshedpur. And also intends to develop the first ever lakeside retail-cum-hotel space in the steel city. Going forward, Ashiana Housing director Varun Gupta told ET's Anuradha Himatsingka that the group plans to focus on building several more retirement resorts and homes across India apart from group housing and retail projects. Excerpts.

**Q: Why are developers making a beeline for real estate in Tier I, Tier II and Tier III cities? What are the key drivers behind the rapid growth of these areas?**

The rationale for developing Tier II & III cities stems from the fact that many of these cities will grow rapidly and may double their population over the next 20 years. Urban population is increasing swiftly. It took 40 years for the urban population to rise by 230 million and it could take only half that time to add the next 250 million. As the metros get saturated now, demand from tier I, II and III cities has grown rapidly. Land availability at affordable prices backed by demand for organised realty is the key growth driver in these areas.

**Q: Is developing projects in tier I, II and III as well as suburbs more difficult in terms of rules and regulations guiding land acquisition in these areas compared to developing projects in metros and towns?**

Real estate is a local business with local rules and regulations. Some towns and cities have complex municipal laws on construction and development while some have relatively simple rules and regulations. So, development varies from city to city. It can be easy to develop in some tier I, II and III cities. But development in some places may require in-depth understanding of the local laws before realtors chalk out plans to take up ventures in these cities.

**Q: Do you think the government should play a more proactive**

**role in developing tier I, II and III cities as well as suburbs and the infrastructure around these areas?**

Government is already playing an active role in developing physical infrastructure in and around these cities. According to me, the state can also take up initiatives to train and educate unskilled labour. These apart, they should also plan more cities and towns for planned and organised development. I would like to take this opportunity to state that the current tax structure creates an additional burden of service tax on home buyers over and above the registration and stamp duty charges which they have to pay. The government could possibly take steps to ensure that flats become affordable.



**Q: With the segment becoming more professional and competitive, does Ashiana Housing have the necessary expertise to compete with them? If not, what strategies do you need to adopt to give existing real estate biggies a run for their money?**

Ashiana Housing has always emphasised on building processes and institutions to drive growth rather than building land bank. We have documented standard operating procedures for most processes in the company. We believe we are competitive and hope to make Ashiana at the forefront of institutionalisation of the real estate industry.

**Q: What is your take on the future outlook of India's real estate business following the entry of foreign and national players**

**armed with financial muscle?**

I believe both foreign and national players as well as local developers can coexist. Local developers can enrich themselves in terms of enhancing their architectural and construction capabilities through foreign players entry into domestic realty space. Foreign and national players have excellent executing capabilities, but in order to succeed, they will have to rope in local support to understand the market dynamics and adapt to local conditions. On the other hand, local developers have an in-depth understanding about local challenges and the impact it has on the quality and project delivery time.

**Q: What are the group's future growth plans as far as real estate business is concerned? Does the group plan to take up development of residential, commercial, retail space as well as hotels or does it intend to specialise in one or more segments?**

At present, the company is focussed on housing projects. It has not yet entered development of commercial or IT space. Going forward, we want to focus only on residential buildings — be it retirement resorts for senior citizens or affordable housing for middle income groups. We will also take up retail and hotel developments.

**Q: The group has been a low key player till now. Is it group strategy to remain low key and develop projects including hotels targeting the middle income group? What do you plan to do to be in the big league?**

Our business model is very strong and sustainable and it stood the test of time during the recession. Selling flats to end users, in-house construction capabilities, conservative approach to debt — the group consciously took these initiatives to build a strong foundation for future growth. We also want to grow organically and become the most trusted real estate company in India.