

# “Government should ensure real estate regulatory bill does not lead to over regulation” say SRS chairman Anil Jindal

Shilpa Shree



SRS Ltd, the Faridabad-based construction group with a presence in residential and commercial segments, is looking to grow at impressive 20-25% despite the downturn. The group’s chairman Anil Jindal spoke to Shilpa Shree about the company’s expansion plans and the situation in real estate sector at length. The Excerpts:

## **Sales for SRS now stand at Rs 512 crores. What is the kind of growth are you looking at in the near future?**

We are aiming to achieve a CAGR of 20-25% in different verticals SRS Ltd operate in and also for the group as a whole. We are committed to achieve our targets and are already working towards the same by constantly expanding our reach, launching new projects, delivering upon the construction timelines of our ongoing projects and strengthening our relationship with our customer base. Apart from the projects in Faridabad, we have also recently started construction on our projects in Palwal, Rewari and Kurukshetra.

## **What is the kind of impact you are seeing in the real estate market with the slowdown setting in?**

Despite the slowdown in economies worldwide, it has been better than expected for the real estate sector in India. National Capital Region, particularly Faridabad, has seen increased construction activities and new launches in residential, commercial and retail realty segments. Growth in IT/ITES sector, rapid urbanisation, entry of many international retail brands have been some of the key factors driving the growth in the real estate in FY 2011-12. We are confident of scaling newer heights in the times to come. Real Estate sector in India has a lot of potential. In next 5 years, 2.5-3 lakhs residential units are expected to come up in India and will be consumed, as there exists a huge demand.

## **Do you plan to branch out into retail space?**

We have closely studied the opportunities in this segment and feel that it will not be a viable proposition for our real estate expansion plans.

## **With banks tightening norms for funding for real estate, what options do companies like you have for your funding requirements?**

The competitiveness of the real estate industry and the prevailing banking norms literally ask for developers to have multiple funding options to make sure that their projects are not delayed. We, at SRS, are fortunate to have multiple profitable businesses and our internal accruals allow us the necessary flexibility and required backup for such contingencies and lean periods. Additionally, being a dependable and profitable corporate, SRS is also able to attract private funding and JVs for projects from both individuals and companies.

## **Which other areas are you looking to explore?**

It is true that we are majorly present in the National Capital Region. This is where our roots are and this is where we made a name for ourselves. However, we also have projects underway in Kurukshetra, Panchkula and Karjat (Maharashtra). We are confident that over the next few years, we will be able to carve a niche for ourselves in several geographical markets around the country through our dedication to customer satisfaction.

**What kind of launches will we see in the near future. Have the funds been tied for these projects? Could you give more details on these projects?**

SRS has total 430 acre of landbank and are currently developing around 5000 units. We are bullish in residential sector and in near future the focus will remain the same.

Currently we have three ongoing projects in Faridabad, viz. SRS Pearl Heights , Sector 87, SRS Royal Hills, Sector 87 and SRS Residency, Sector 87 spread across 70 acres collectively. We are soon to launch SRS Royal Hills –Phase 2 in Sector 87. Apart from the projects in Faridabad, we have started constructions in Palwal, Rewari, Ballabgarh and Kurukshetra.

**What is your view on the realty market in FY 13?**

We expect the year 2013 to be exciting for the Indian real estate industry. The demand is expected to sustain in all the major cities and towns of the country and there will be heightened construction activities both in the commercial and residential real estate sectors. The prices of commercial and residential properties in Delhi-NCR, particularly in Faridabad, have been on the rise and will continue to do so in 2013 as well.

**What are the big challenges you are facing as a developer?**

We foresee some key challenges for the developers, which need to be taken into account to ensure sustainable growth in the industry.

Firstly, while there have been some sectors in India that have had regulators for long, there are others like the real estate sector, which currently don't. There is no doubt that once the proposed bill is passed, there will be a sea change in the industry. It will certainly bring in more accountability amongst the real estate developers and transparency in the real estate transactions, which is sure to benefit not only the end consumers but all concerned. Also, since land is a state subject and every state has its own laws, the introduction of the bill will introduce much needed uniformity in the real estate sector spread across the country.

On the other hand, the government must also take cognizance of the concerns of the real estate developers and make sure that the introduction of the bill doesn't lead to "over regulation" and undue penalties particularly in the case of project delays, which are not merely the responsibility of the developers. The recommended solution of "One Window Clearance" for real estate projects can definitely help in this regard.

Last but not the least, the key factor that will contribute to healthy demand in the real estate sector in 2013 will be stimulus from the government in terms of interest rate hikes, which nobody wants. We hope that the government will be able to rein in inflation and stave off the effects of a less than perfect monsoon in 2012 and bring down the interest rates on home loans so that buyers can invest in their dream properties.

Tags: SRS Ltd, Construction Group, Real Estate Market, Home Loan, One Window Clearance, Real Estate Project, Delhi NCR, Real Estate Sector, Construction Sector, Construction Companies, Infrastructure Industry