



# Quality has been our real USP

The Mumbai based House of Hiranandani is counted among India's most distinguished business conglomerates known for developing exemplary real estate destinations. The company has crafted a truly differentiated position, bringing to the Indian real estate sector a rich, unmatched lineage in fine architecture spanning three decades. **SURENDRA HIRANANDANI, FOUNDER & MANAGING DIRECTOR, HOUSE OF HIRANANDANI** spoke to **SHRIKANT RAO** exclusively about his firm's forward thrust.

**Removed from external factors like the economy and the government's approach towards infrastructure development, what is your firm's plan of action in the current year?**

We are continuing to do a lot of work. For example we have over 50 million square feet of construction in our books spread across

Mumbai, Thane, Bengaluru and Chennai. There is enough work at the moment but to aggressively take on more projects we need some more boost from the economy. We have to see consumer sentiment improving from its current low. Business sentiment is not aggressive enough to leverage. As it is we are a cautious company at the best of times. As of today we are a zero debt company and we will maintain it between the four walls. We cannot aggressively go for growth by acquiring debt. Once we reach a stage where interest rates are more benign and the macro environment improves, then we will be more aggressive about growth and perhaps even resort to debt to fuel our growth.

**Tell us of the projects you are currently engaged in?**

We have a number of residential and commercial buildings in Thane. We are completing an office building at Sahar in Mumbai. Then we have a very large apartment complex with support facilities like an international school which we are expanding in Chennai. It is on the Old

Mahabalipuram Road, just opposite Sipcot IT Park where TCS has got their single global largest center. We are also starting another project in Chennai. In Bengaluru we have projects at Hebbal, Devanahalli and Bannerghatta. We have a small 64 acre project in Hyderabad. We have an integrated mix of projects. We run schools in Mumbai and Chennai and operate a hospital in Powai – we are setting up a second hospital in Thane. We also have two hotels in Powai itself. We have also started day-care centres at places like Chennai and Bengaluru for families with double income. So whenever the need arises within a community we create such facilities.

**Have you looked at market possibilities in Tier 2 and 3 cities?**

Right now we are only eyeing Tier 1 and not Tier 2 and Tier 3. We have not seen depth in the market as yet for us to create infrastructure or create a whole organisation in other cities. Every time you go to a new place you must have enough things to do to justify your presence.



**The House of Hiranandani has always been at the forefront of creating very good infrastructure in the areas where it builds its projects. Give us an understanding of your philosophy?**

We have always tried to create self-contained neighbourhoods and communities. We try to integrate ourselves and add value to the whole city, the neighbourhood and the community around it. We try to make all our projects pedestrian oriented, not private automobile oriented; we try to make the zone self-sufficient whether it is day care, schooling, retail, or whether it is some element of hospitality like restaurants or coffee shops. We don't like to create a housing area like a dormitory. Yes, in recent times because of labour unavailability, we have gone in for mechanisation much more. We can't do things like in the old days where we could make buildings much ornate or with their own unique identity. Now we must sober that down. But within the urban domain, we still maintain all the elements for creating a harmonious community.

**What is the outstanding element you introduce in your projects?**

It is not just one element, you will see them in the broad footpaths, the placement of green spaces, and in retail or hospitality; you will also see how the requirements of the school, hospital, day care, entertainment etc are taken care of. These are basic needs of any community and we create facilities which cater to not just our people but for those living outside our projects. We want the project to be a happening place where people would want to hang out. It's about creating benchmarks. People are now demanding. They want a better lifestyle which is possible within Indian standards, and tend to appreciate the value of those facilities.

**Price appears to be big factor in the real estate market with even small flats crossing the ₹1 crore mark. What does it do to affordable housing?**

In Mumbai it is a function of land policies which is not in our control. It is all about supply and all one can do is to contribute to the supply in the market. We have been in construction since 1981 – incidentally we started at ₹241 per sq ft – and even when we were selling at that price there were people who said we were overpriced. So real estate

is something which people will always say is overpriced no matter how cheap it might be.

**Will you dilate on the urgency for increasing national housing stock?**

In an emerging market economy the construction industry, especially the housing sector, should be 30 to 40 per cent of the GDP. We saw that in China in their early days. Once they reached a particular level then the other things took over. So housing is what will drive the economy. If you do not push housing and put impediments in the development of infrastructure the GDP will be stuck at a rate which will not cater to the needs of the economy. We have a growing population. We want young people to get jobs, and everybody says you get a trigger when you get an 8 per cent growth rate but that comes largely from housing. It is new housing which drives the demands for all consumer durables when a person takes possession of a house – this could be upholstery, furniture, air conditioning, washing machine. It has a multiplier effect. Housing also provides employment to people.

**So what do you suggest are the must do steps for the government?**

Deregulation is the most vital thing and of course, other macro-economic factors should be good, like inflation under control, and interest rates getting low. The first is of course deregulation. The problem is that everybody thinks that by passing more laws, we will have a better industry. In terms of global standing, for the ease of doing business, we are placed at 142 or 146 in the world. And in getting construction permits we are placed at 182 or 183 in the world. In a survey of 187 countries only Chad and Somalia and Mauritania are worse than us. Therefore having more regulation makes no sense.

**Could you talk about your emphasis on quality of construction both in your projects and elsewhere?**

Our quality has been our real USP and this has been since a long time. We are the only company in the real estate development field that devotes a lot of time to R & D at every stage. This is not just the macro level of urban planning but right down to the micro level, the doors and windows and

the detail of each screw which goes into the building.

**In terms of construction material how is that reflected like in the usage of certain construction material?**

We were always pioneers in ideas and development. For example, in 1989, we were the first people to do sewage recycling in all our projects – it is a constant in every project of ours. We have worked with Indian Copper Development Center to introduce copper plumbing in India. Subsequently we brought in changes like water proofing or concrete mixing or high strength concrete across the board. We have been pioneers in implementing new ideas, and maintaining quality standards. We have our own guidelines – which is like a handbook for ensuring good quality construction – which is constantly updated.

**You are saying The House of Hiranandani is a gold standard for real estate development?**

Well we are a benchmark. I wouldn't say gold standard, but the necessary standard whether you are doing a slum project or whether you are doing a high end project. If you are doing a concrete building you can change the quality of the tiles, you can give ordinary tiles to a slum project, you give a good quality marble tile in a luxury project, but the concrete has to be the same quality. There is nothing like poor quality concreting and there is nothing called poor quality waterproofing. One can save on decoration items. We have also created our own construction codes after studying various foreign ones and implemented them in all our projects.

**Can you talk of the inspirational bits you have derived from overseas?**

There is always something to learn. You have to visit areas that are more advanced, the ideal ones for learning being Singapore and Dubai. I feel it is more of Singapore, because the City State has a climate similar to tropical Mumbai or Chennai. Their codes, methods of construction and materials used are very similar to what we need to use. So it is a good benchmark to work on which you can adapt to the Indian situation.

**Does a partnership with a foreign specialist firm help to sell a project?**

**HOUSE OF HIRANANDANI**  
**REAL ESTATE VITAL STATS**

Chennai	15	Mn
Bengaluru	15	Mn
Mumbai - Residential	8	Mn
Thane - Residential	4.5	Mn
Mumbai - Commercial	6.5	Mn
Thane - Commercial	1.5	Mn

**Do you place emphasis on overseas partners for architecture and design?**

In our projects it doesn't because our customers look at us to do the value addition. We are the brand. We only get new ideas and concepts. Once we bring in those concepts, we jump to the next level. For example, in the year 2007, we worked with American structural engineers, to create a new concept of how our structural design should be. We took the ideas, radically changed it and subsequently worked with Indian structural engineers who then implemented the ideas. We work selectively with foreign partners because the costs are very high. For example, we take the concept design from overseas but get the design done in India as the cost of getting drawing done there is very high. The same it is with landscape architecture. Horticulture is the core competency of our company. We look at horticulture as a good point in ensuring a good development. When you are creating communities horticulture is as important as the buildings.

**Can you tell us about the project management techniques that you employ?**

We have our own handbook on construction. For example, it says how supervision should be done, how the site should be managed, the structure of the team etc. We give them a whole checklist for every item. So every item is laid thread bare, there is a method study, work study; a list is drawn in advance of all the possible snags that can occur so that everyone is trained to watch out for those. And also with that are guidelines on the minimum standards to be followed. All of this is constantly updated with information about the new ideas and materials coming into the market. We don't blindly follow what is happening in the West, as in mechanisation, but adapt to the needs of the Indian situation.

**Considering the housing shortfall we face what is the solution to get things done faster?**

The first thing to do is urban planning. Planning the way you lay out your buildings, the way you prepare the streets, the manner in which buildings relate to the street. In my view the interaction between the building and the street is the most critical element of planning. The second point will be what kind of robustness you need to give to the building which will enable the structure to look and feel maintained keeping the end user in mind. The third thing will be the value addition you will provide with aesthetics. That is something you have to consider along with the method of construction. Both cannot be in isolation. We also have to invest in mechanisation not only because it is faster but also because there is no availability of labour. Since 2009 the availability of labour has shrunk dramatically. Whatever the cause it is a situation we have to live with and adapt with new measures.

**Could you dilate on the importance a constructor must attach to aesthetics? Invariably in India there is an incongruity between the street and the building?**

That is where urban planning comes in which tells you how to make your streets more human, how to make buildings add value to the street, how to make the interaction between the building and the street more exciting, more human and lovable. Aesthetics should also contribute to the durability of the building. For example the building you see in classical design has a huge weather protection. It provides double walls for insulation, it provides well protected windows from all sides, sun angles from all sides, so without even green rating, it has an inbuilt green rating. But when you opt for mechanisation we need to reduce on the ornate and still achieve a good aesthetic. Durability along with weather protection is very important. The extent of aesthetics for say a window will depend on the budget allocation.

**Are there cities for which you have great respect in terms of the street-building harmony that you talk of?**

In our projects we have definitely achieved that. Globally I would name the successful cities of the world like New York, London, Singapore and Hong Kong. The basic

principles they follow we are not able to build in our country thanks to the national building code and the policy which the government has, which works on a premise that cities are catered to by private organisations.

**Is there scope for regeneration across India?**

Oh yes, in Mumbai certainly but the limitation is the Rent Act. The people who live on very low rents pay very low taxes so you cannot regenerate the whole city.

**In terms of the general perception of a smart city is it in alignment with your own? What are the opportunities you are seeking in that zone?**

The problem is that people consider a smart city as something that has an IT backbone which is irrelevant. We can get a good IT backbone even in an old colonial building in Ballard Estate or Flora Fountain which is 200 years old. You can get a good IT backbone in Dharavi if the guy is ready to pay for it, and you can get it anywhere where there is a critical mass of customers who are ready to pay the service provider. So an IT backbone is the least of the problems which the country faces. In my view the key factor is that it ought to be more human. The electronic components are to be used just to enable the human to be more productive and to give him more leisure or pleasure. At present in terms of areas we will not be looking at anything but Tier 1 cities. A smart city adjacent to a Tier 1 city – like say, Kalyan – would be in our interest. We see a depth in the market but the demand, when we go to a smaller city, is not enough to cater to a large project.

**There is inevitability talk about verticalisation when it comes to Mumbai?**

Verticalisation is today a basic necessity. To go for horizontal development is a disaster because then you cannot deliver services and public utilities efficiently and at low costs and to make mass transport productive and viable is only possible when there is a critical mass in a small area. A vertical development is far more efficient than pulling everybody in a low rise development and spreading the development all over the city. You won't get good quality public transport services in a low density horizontal spread. In my view cities should go vertical to be economical. ♦