

## We have cracked the Rs 8-20 lakh housing segment: Arun Nanda, Mahindra LifeSpace

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Talking to ET Now, **Arun Nanda**, Chairman, **Mahindra LifeSpace**, says for the affordable segment, the GST will have to be reduced if the prime minister's vision of housing for all for 2022 has to be met.

Edited excerpts:

I would divide the affordable housing sector into two sectors – social housing and affordable housing. Social housing is what I call below Rs 7.5 to 8 lakh and affordable is between Rs 8 to 20 lakh.

**Anand Mahindra recently said that he believes affordable housing will be the Mahindra Group's biggest opportunity next decade. You are present in the affordable housing space. What kind of opportunities do you foresee?**

This is a huge market. It has challenges but I think we have a lot of learning behind us from the two projects that we have gone through, -- one in Chennai and one in outside Mumbai in Boisar. We have just now launched our third project.

The prime minister's mission of Housing for All by 2022 has opened up floodgates of opportunities. They have given both interest rate subsidies at different levels from 6.5% to 4% to the buyers which is a significant sum of money. It works out to about Rs 2.89 lakh for the entry level housing and they have also given us tax concessions. That means we can price this product far more efficiently for the market. The challenge has been primarily the land price but we feel that in Mahindra Group, because of our manufacturing background, we have a much bigger advantage than any real estate player because we believe that to succeed in this area, we will have to get into a manufacturing process rather than a construction process.

This knowledge we have been trying to capture from the last two projects. We have done a lot of work. For example, in construction technology, we have brought in new types of materials into and we have also looked differently at the way we build things.

I would not say that we have perfected the art but we have found the way forward and that is where we are going into it. If you ask me honestly, I would divide the affordable housing sector into two sectors – social housing and affordable housing. Social housing is what I call below Rs 7.5 to 8 lakh and affordable is between Rs 8 to 20 lakh. We have cracked the 8 to 20 lakh segment. We have understood it but if I have to go into the social housing, I personally feel we will need support for allocation from the government.

What I hear in the corridors of power is that the various state governments are looking at PPP models. To break that and it will be the turning point for social housing today, we have to buy land at market prices. But being an optimist, I hope we will solve that problem also. But I am very proud that my team has cracked most of the issues on the affordable segment and we will be capturing those learnings into the new project that we have launched in Palghar, the learnings from Avadi in Chennai and Boisar in Mumbai has been very useful for that.

**Given the fact that Mahindra Lifespace is a partner with HDFC Capital Advisors to jointly invest Rs 500 crore over the next three years to develop these affordable housing projects. Can you give us more details on this. Have you identified any projects to invest in, are you working on some sort of time line?**

First of all, let me clarify that Rs 500 crore is only the first phase. Both HDFC and we have a much larger appetite. The first project after HDFC was the launch of Palghar which happened earlier this month. The second project is a land which I cannot tell you the details of because we have signed an MoU and it is in a due-diligence stage. It is on the Nashik highway corridor and I personally feel it is a very attractive parcel of land.

But we are actively looking at land in various places and the markets that we will now look for will be probably non-metros because there is a huge demand there and the land costs there are not as high as metros so the next focus is on non-metros.

**Q3 is showing significant improvement in your sales volumes. Would you say that with RERA and GST related disruptions now being behind us, we can see a further improvement in the coming quarters?**

Look I do not give guidance but you have heard it not only from me but from other corporate developers that RERA and GST will actually help. It will distinguish the men from the boys because it gives consumers confidence. The GST rates have hurt people and I personally feel that for the affordable segment, we need lower GST rates but RERA did not actually harm us at all because we were not selling projects before they were approved and we were very transparent.

With GST, the only problem is that completed projects today especially in places like NCR are not subject to GST. These people have a slight advantage but these are transient issues which we will overcome. But I will give a request to the government that for the affordable segment, the GST will have to be reduced if the prime minister's vision of housing for all for 2022 has to be met.