

Golden chance for NRIs

Abdul Basit (INTERVIEW) / 17 June 2012

It's once-in-a-lifetime opportunity, especially for Non-Resident Indians (NRIs) to invest back home in property as rupee depreciation against dollar will give more than 20 per cent discount to buyers, according to Navin M. Raheja, chairman and managing director of Raheja Developers.

In addition to rupee depreciation, there is another big advantage of very high return on investment as there is a history of a significant increase in property value during the last three decades in India, Raheja told Khaleej Times in an interview during his recent visit to Dubai.

"There will be at least 25 per cent appreciation in property price that could go up to 40 per cent or more on average annually, depending on the location of the property in the next few years," Raheja said, who is also founder of Raheja Developers.

Historically, the return on investment in property sector had been the highest in real terms during the last four decades compared to other investment tools in India such as stocks, fixed deposits in banks, and even gold, he said, adding: "Therefore, in the coming years growth rate in property will be probably higher than in the past."

Talking about rupee's free fall, he said there is an invisible discount of more than 20 per cent to property buyers because of rupee's decline against dollar and UAE dirham as well for NRIs. Just a few months before the rupee was at 44 or 45 against the US dollar and now it's more than Rs55.

By doing simple mathematics there is an inbuilt discount of over 20 per cent and investor will get benefit of it. "I don't think so the rupee will stay at this level for a long period of time, so it's a lifetime opportunity for NRIs to invest back home in property and get the advantage of rupee depreciation," he said.

He mentioned that there is a huge gap between supply and demand in property sector and the demand will continue to rise in the next 2-3 decades as India has so many peoples and especially the largest bank of young people. Owning a house is a basic need of a human being and one of the necessities, so people will continue to look for home in addition to other services in the country, he added.

Raheja, who is also chairman of National Real Estate Development Council (Naredco), said NRIs should be very careful while investing in property sector in India. They should look at credibility, track record, capacity to execute and complete the project and financial position of the developer, Raheja advises NRIs as a chairman of Naredco — the apex national body for the real estate industry.

Talking about more awareness among people through phone, TV and Internet, which was not there earlier in 2000, he said now everybody is very well-connected and knows how to move forward. Indians look for quality accommodation and they also look to upgrade on better quality, he added.

Raheja don't compromise on quality and that's the reason Raheja Developers is the most awarded developer in the country, he said, adding that the company has bagged 38 prestigious national and international awards during the last two years including "the best developer worldwide by OPP London" and "India's best developer 2011 by Euromoney, UK."

Today 'Team Raheja' earns billions of rupees' revenues, but its captain was not born with a silver spoon. The middle-class boy worked very hard to build a legacy of business environment and CSR (corporate social responsibility) and took it to higher global standards.

Raheja understands business very well as he did his Master's in Business Economics from Delhi University. He has around two-decade experience in real estate business.

The company, which mainly focuses Northern India, is working in a diverse segments such as group housing projects, commercial complexes, malls, multiplexes, hotels, special economic zones, EWS mass housing, slum rehabilitation and development of townships.

The developer has more than 20 projects either completed or at different stages of completion and value of the projects is more than \$2 billion, according to Raheja. The company recently opened a sales office in India Property Mart (IPM) in Sharjah. The IPM is a permanent property showcase that brings under a single roof major developers and real estate companies from across India.

"At IPM, we are promoting a few very selective properties. We are not looking for any other sales office in the UAE as one in Sharjah is a permanent place," he said.

Talking about some future projects, he said the company will launch the tallest residential tower in Delhi. 'Navin 51' will be the twice the size of any other tallest building in Delhi with 51 floors and estimated value of around \$400 million.

He mentioned that the company is promoting Revanta, which is under construction and a majority of apartments have been booked. It's being constructed by Arabtec India Limited — a subsidiary of Dubai-based Arabtec. The project in Gurgaon is a world class project as partners working on it are world renowned names in the world.

Giving examples, he said Arabtec built the world's tallest building, Burj Khalifa, and Thornton Tomasetti, which is doing engineering work of Kingdom Tower in Saudi Arabia, is also involved in Revanta. The one-kilometre high Kingdom Tower will be the tallest building after the completion.

Another project called 'The Oma' is under construction and will be launched shortly in Delhi, but will also be available to NRIs at IPM as well, he said, adding that it's another great project wherein the company has a Japanese partner and the construction is being done by another Dubai-based company.

"Another project, which is currently into launch, is Aranya, which is a plotted development. Majority of the plots have already been booked," he said. Historically investment in plots get very good appreciation in price, he added.

The company is also expanding in hospitality sector. "We do have projects in hospitality. We have built one and five other properties are under application for licence. We will tie-up with international hotel chains for management as Raheja is only a real estate developer," he said.

Shopping malls is another area of interest for the developer as Raheja has a lot of shopping complexes. "All of these are close to Delhi and another 5-6 shopping malls and commercial complex are under construction," he said.

He claimed that Raheja Developers is the only debt free real estate company in India. When asked for financing options for the company's projects, he replied: "I have sufficient funds to finance my projects." He also ruled out any possibility of listing on stock market as the company does not need any more financing at the moment.

"We are a company, which is totally system generated. We get awards because of transparency in our system. You can see our properties live from anywhere in the world and your payments details as well," he said.



Navin M. Raheja