

# BUILDING VALUE PROPOSITIONS

Irfan Razack's future as an entrepreneur was decided the moment he was asked to choose between joining a firm of Chartered Accountants and becoming part of the family's clothing business. The evidence would seem to suggest he made the right choice

PHOTOGRAPHY BY SAM MOHAN  
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**I**rfan Razack epitomises the quintessential image of a visionary leader. His exemplary foresight and razor sharp business acumen, are reflected in the astounding success of the Prestige Group, a company he founded in 1985.

Today, the Group has completed several million square feet of world-class real estate development across the residential, commercial, retail, leisure and hospitality sectors in cities including Hyderabad, Kochi, Mangalore, Mysore, Goa and Chennai, in addition to the Group's home city, Bengaluru. The company's businesses also include Property Management Services and Interior Design. Under his able leadership, the Prestige Group has flourished into an entity that has global presence and symbolises innovation. The market capital of the listed company on the National Stock Exchange (NSE) is in excess of INR 9700 crores. Behind all the accolades however, is a man who is self-assured and confident at one end and amicable and affable at the other - qualities that have seen him balance success with a genuine zeal to make a difference.

### **Tell us about your early days and growing up years.**

I was fortunate enough to have been able to study in good schools and colleges that have largely moulded the values I have today. Also, the way I was brought up by my parents and family, influenced my life. From early on, I was disciplined and passionate about whatever I did. I always wanted to do things to the best of my ability. In my college union elections, I won the post of President. People believed in me then, and even now I guess it is the trust factor that is most important. In fact, my father gave me complete freedom to choose my path and that gave me the confidence to succeed. Likewise, success does not come without failure; however, how you deal with that failure is what moulds you as a person. If you have regrets in your life, it will impede you to go ahead. There will be losses in business, but, it is important to look at the larger picture; what should drive you is the sense of achievement.

### **What drew you to real estate?**

My father along with his brother sold our family property and bought a new property to ensure the capital gains were invested. This process got us interested and for four to five years, we traded in only buying and selling of properties. However, soon after, we felt that there were no good developments happening, so we decided to construct a building with the thought of making some rental income. As we went along, we witnessed interest from people who wanted to buy. So we sold it and got back the capital and profit which we ploughed back to the business. Soon enough, we got sucked into it. Before long, I told myself that it was important to look at different concepts and get recognition rather than just make money.

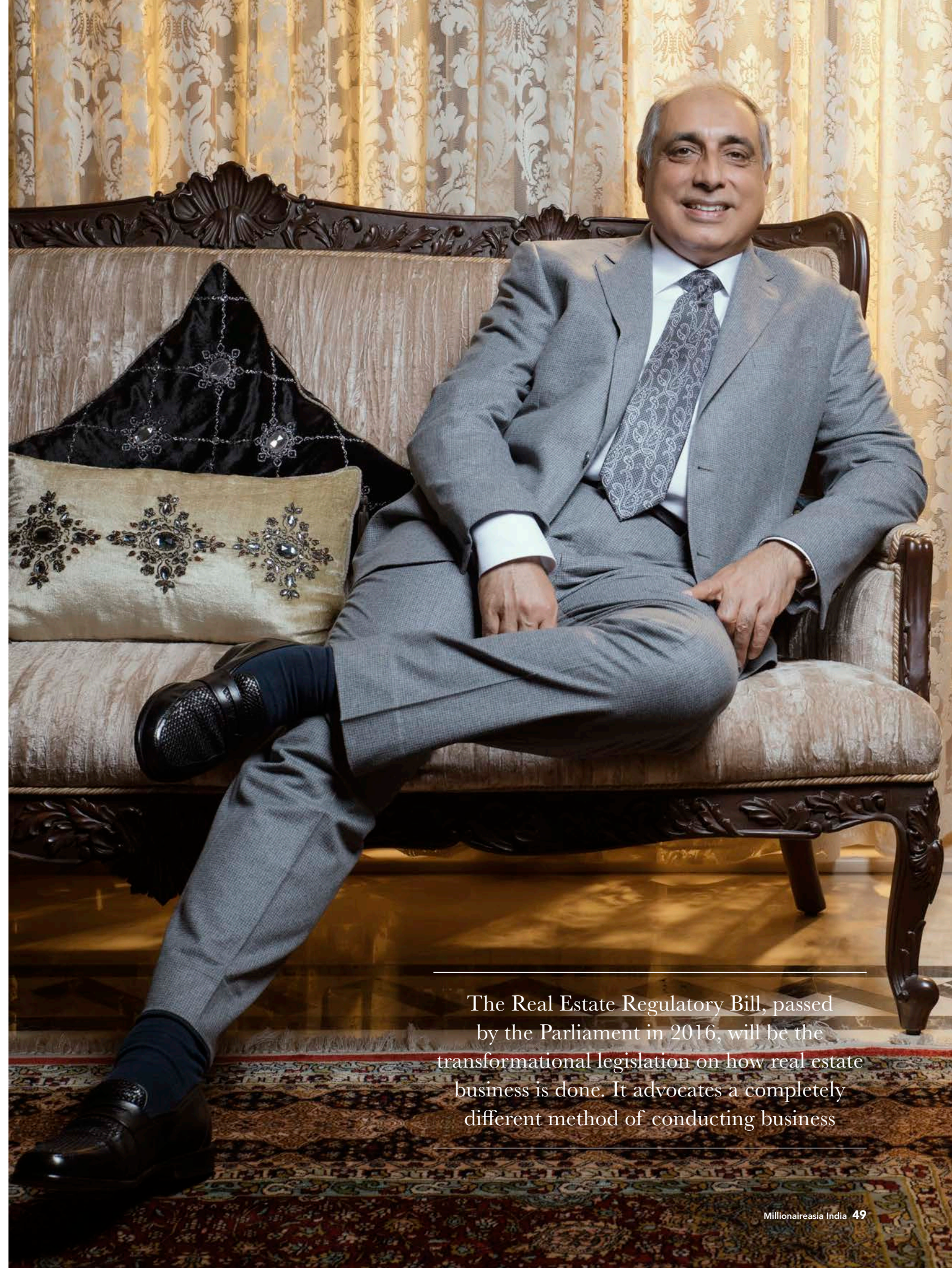
### **Tell us your views about Real Estate Regulatory Act and what it means for developers?**

The Real Estate Regulatory Bill, passed by the Parliament in 2016,

will be the transformational legislation on how real estate business is done. It advocates a completely different method of conducting business, starting from registration of a project after approvals before the launch to keeping 70 per cent of the collections in a designated account meant solely for that particular project, timely completion and delivery, commitment to specifications, total transparency in terms of availability as well as a five-year warranty post completion. All this and more, will make the Real Estate Developer that much more accountable and responsible to the home buyers, will eliminate the weak, the freelance and the fly-by-night operators, and will bring in overall professionalism and accountability. It will also bring in a lot of consumer activism. These steps though, while protecting the customer, will have an impact on the supply and increase the cost of the product. This, in turn, will increase the price, which the customer will have to bear. While there is a lot of expectation overall, the expectation that the price of property will correct itself downwards is baseless. While the Regulatory Bill is being implemented, sadly the government machinery, both official and political, has not been made accountable as a part of this legislation. Hence, getting approvals for building developments quickly and in time, including services and occupation certificates, still remains a challenge. The sooner the government realises this and implements measures to set right this deficiency as a part of their endeavour for 'ease of doing business,' the faster the economy can grow. This will also help the business of real estate and property development to be conducted in a seamless and transparent manner.

### **You have a lot of hospitality projects in the pipeline too. Please share details about them. Will hospitality continue to be a focus area?**

Till date, the Prestige Group has completed four hospitality projects which includes Oakwood Premier Prestige in UB City, Oakwood Premier Prestige in Whitefield, 24 Tech Hotel in Prestige Tech Park, Angsana Oasis Spa & Resorts, Doddaballapur and Aloft Bengaluru Cessna Business Park in Prestige Cessna Business Park. The company has three major projects in the pipeline, Sheraton Bengaluru Whitefield in Prestige Shantiniketan, JW Marriott Bengaluru Prestige in Prestige Golfshire – South India's only golf residential development – and The Conrad from Hilton International on Kensington Road, Bengaluru. The hospitality industry is on the threshold of growth with a positive business environment. There are opportunities in different micro-markets as opposed to an overall generic demand, depending on the products, services and brands on offer, as these factors play a pivotal role in the hospitality industry in particular. My constant attempt is to stay one step ahead of changing market dynamics and create benchmarks in the hospitality sector in South India. Furthermore, there is a huge demand for mid-segment hotels in the three-star and four-star categories. If one looks at the masses, one of the main requirements among them is for mid-segment hotels. This sector is currently quite disorganised. We are looking at how to separate the hospitality vertical into a separate business segment.



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**What is your opinion on the current state of real estate in India?**

In terms of residential real estate, the demand is set to grow steadily this year and the long-term impact of the recent economic changes will be positive for the market. However, in the Indian context, housing is a significant need. With rapid urbanisation, the demand for housing will always persist in the affordable and mid-income group segments. As long as developers are able to produce homes between 15 lakhs to 100 lakhs, there will always be a constant demand. The demand for commercial space is a direct by-product of world economy. With the business world flourishing globally and several processes getting outsourced to India, the absorption of space will pretty much be constant, given that the economy does well internationally. This in turn creates jobs, which leads to the demand for homes as well as consumer spending.

**What will be the impact of GST on property prices?**

While the Goods and Services Tax (GST) may be beneficial in the long run, its immediate impact is expected to be inflationary. As a result, prices of real estate products will increase and the customer will have to bear it.

**In your recently concluded role as Chairman of CREDAI, what kind of changes did you drive?**

The term is for two years and it ended on 31st March 2017

and it was an absolutely satisfying experience to get all the stakeholders together. Bringing CSR into CREDAI and adoption of Swachh Bharat Abhiyan and skill development programs of the Government of India and setting up a scholarship for education were key highlights. It has got the huge energy boost that it required and the youth wing of CREDAI should be able to take things forward. The CREDAI brand now has credibility and that is a huge satisfaction.

**Please tell us about the philanthropic causes the Prestige Group is associated with?**

Corporate Social Responsibility is a full time commitment at Prestige. We believe in taking it seriously and are committed to give back to the society. Prominent among these are the Akshaya Patra Foundation which assists the government of Karnataka in providing healthy mid-day meals to lakhs of school children, the charitable trusts of Rotary Club Chapters which support various social amelioration programmes, the Catholic Club Orphan's Trust which provides care and builds a future for orphaned children, Janaagraha - the organisation that works towards creating and fostering democratic values among citizens, and the Al Ameen Scholarship Trust that provides much required financial assistance to needy and deserving students. We also actively work with government agencies, assisting them in road development, landscaping and beautification activities, to create a cleaner and





greener Bengaluru. Prestige has also undertaken the upliftment of Vittal Mallya Road, Bengaluru to world-class standards (in association with the UB Group), setting a benchmark for the rest of the city. Now I am keen to work on Ulsoor Lake and make the water potable but I am still waiting for the government's permission to go ahead.

**Do you feel that Prestige has more potential of unlocking value to its shareholders?**

The decision to go public came after a lot of thought in 2010 and it's been seven years already and I am happy that we have been able to recognise and capitalise the opportunity to unlock value for ourselves and our investors. Also our investors have made an informed and well researched decision to invest and the share has been trading above the offer price. The commitment we made in terms of what we will deliver in terms of real estate spaces has been exceeded. The potential of real estate in India is tremendous, provided you do it right. It is a continuous struggle to do things correctly – right from acquiring land, getting approvals, converting ideas to reality and then executing the plan.

**What drives you to constantly innovate?**

It is important to be self motivated and at a point in your life you no longer work for yourself and rather have a huge team. I call it the spider's web and once that web is woven there is no escape and you have a huge responsibility of what you have built. There is a huge responsibility to continue that momentum and you have to adapt and innovate to the times. Every time you must understand what your customers need and create a product that is suited for that. When we started we were known as a luxury developer but soon we realised that the volumes came from the mid and lower-mid segments. So, we started designing homes to cater to them as well and priced projects sensibly so we can reach out to the market. We have to balance the company's need to make profits with value for customers and do things right to be successful.

**What does success mean to you?**

Success is the happiness when I deliver a product as promised to my customer and they see value in it. Basically, whatever work you do, you must be relevant and be able to make a difference in the lives of people. In fact, I tell my fellow builders that you are in a noble profession and you are creating wealth not just for yourself but your buyers and the nation at large.

**What are the biggest challenges you see today in your business and how do you plan to overcome them?**

The government needs to bring in certain specific reforms and initiatives to create a healthier work environment for the real estate sector in particular. On the government side, speedy issue of approvals for a project in totality is paramount. The ease of obtaining all permissions will go a long way in improving the overall business environment in real estate, which also includes benefit to the end consumer by way of lower cost and quicker delivery. Moreover, in cases where approvals have been issued,



no retrospective actions should be taken by the government. This also includes matters such as cancellation/revocation of approvals, which have been obtained with substantial investments in time, finances and effort. There is definite scope to rationalise regulation and to enable city development in the context of modern urban development. The difficulties faced in implementing projects by developers can definitely be streamlined. Laws need to change with time, and facilitate creation of modern cities.

**What is the roadmap planned for your company?**

At Prestige, growth and expansion is constant, as change is constant. In 2015, we actively got into the warehousing market, and have been pursuing this asset class more aggressively since. This year, we will be focusing on several new launches in different parts of Bengaluru as well as in Chennai and Mangalore. We are launching two or three large-scale IT developments in Bengaluru. Simultaneously, we are also in the process of finalising a piece of land in Pune for an IT Park. We have also set aside properties for office buildings as well as an IT Park in both Ahmedabad and Kochi. We are also very excited about opening the doors of our malls, both in Mysore as well as in Prestige Shantiniketan, Bengaluru in 2017. We are also seriously looking at Mumbai but nothing is signed or final as of now.

**What kind of succession plan do you have in place?**

Firstly, as a company it is important to bring in professionalism, accountability and responsibility, which we have done. Also, we need to have proper job roles and responsibilities. In fact, we have

not told our next generation that they need to follow our footsteps as it is important that everything must be done with passion. We are fortunate that they have got involved in some aspect of the business and they are constantly learning what it takes to run the business. It is like a subconscious succession plan. What we have done as a family is that we have set up a trust and put all our shares there so that it benefits the family and the distribution is fair and equitable.

**Please tell us something about yourself that most people don't know.**

Most people see me as a successful entrepreneur focused on growing the company and moving towards my next goal. What many don't realise is that for me, this business is not about creating personal wealth anymore. It is about creating value for people. As developers, we have the privilege of giving people one of their most precious assets - a home. At Prestige, we have been trying to create quality homes for people for over three decades now and my biggest satisfaction comes from happy customers who come and tell us that they have made significant returns on their investment in Prestige homes. Over the years, we have also created assets for cities via Tech Parks, Malls, Hotels etc. and contributed to the overall economic growth of South India and in particular, Bengaluru. People live in our homes, work in our offices, visit our malls, hotels and spas for recreation and in some way, we have managed to touch everyone's lives and I am grateful for having had the opportunity to achieve this. ■