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Now, textile major Arvind aims to be real estate brand too

Company in process of de-merging its wholly owned subsidiary Arvind Infrastructure Limited into a separate entity

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From being synonymous with the words like 'denim' and 'textiles', brand Arvind is on its way to establish itself as a formidable real estate brand too. After being a joint venture partner and land provider in its initial projects with Tata Housing and Safal Group, Arvind Ltd is now carving a niche for itself as a solo real estate brand.

Having forayed into realty in 2009-10, the Arvind Group, one of the largest integrated textile player based out of Ahmedabad, is also in the process of de-merging its wholly owned subsidiary Arvind Infrastructure Limited (AIL) into a separate entity. While the de-merger is expected to be completed by March 2015 post Arvind Ltd's board approval recently, AIL is already set to launch a slew of solo projects even as it looks to establish itself as a trusted real estate brand too and not just a textile brand.

According to Kamal Singhal, chief executive officer of AIL, the company is already managing 11 projects in Ahmedabad and Bangalore with 5.3 million sq ft over 360 acres of land. So far, the company has incurred a total investment in the range of Rs 135-150 crore.

"It was never an idea (to become a real estate player). It was a conscious evolution. We broadly started with joint ventures. We learned quite some tricks. We built a team. Then we tried for couple of projects on our own and succeeded. We got good land deals because of Arvind Group's track record. We got deals which were worth pursuing," said Singhal.

Today, the company is working on increasing its visibility as a real estate player through promotional activities. For instance, for the first time, Arvind Infrastructure has placed itself as the lead sponsor of the upcoming three-day GIHED Property Festival 2014.

In a fast growing organised real estate market, Arvind Infrastructure Limited looks to establish itself a brand that "touches consumers directly" and builds on the trust and legacy of the parent group and the Lalbhai family.

"In real estate, there is still space for 10 more organised brands. The market is big to accommodate us and more. As a brand, we have a trust and legacy and we touch customers directly in other forms. People know Arvind as a brand in a different way. But we will also innovate on our products and look for unique designs. Our prices will also be relevant to the market. We want to touch consumers directly i.e. the home buyers. I think we can create lot of space for ourselves in the real estate market," said Singhal.

The company aims to build a portfolio that is largely focused on either very large townships or mid-sized residential units. In Bangalore we have villas starting at Rs 1 crore and onwards while in Ahmedabad a similar project is being priced at Rs 1 to Rs 5 crore. "We are either into very large townships or mid-sized residential units. Residential projects form over 70 per cent of our portfolio. However, we are broadly supposed to be in the mid-segment and upper mid-segment while affordable would be small," he added.

As for the land bank, while initially it has utilised certain amount of captive land, it now looks to follow the joint development model where it ties up with land providers but develops the project single-handedly.

"We have 11 projects. We are continuously trying to add new projects. We are looking at 3-4 more projects in next 12 months time. And most of these projects are on non-Arvind land. Broadly we are tying up on joint development basis for land or buying directly. We have already consumed couple of captive land parcels. Of the close to 400 acres of land bank where the projects are ongoing, about 150-170 acres was captive," said Singhal.

This way, the company believes it will be able to enhance its margins by engaging in projects that are less capital oriented. "We will focus on projects which are not extremely capital oriented. Which is why we are not in markets like Mumbai and will follow the joint development model where land investment will be negligible," Singhal added.

As of now, AIL operates largely from Ahmedabad, followed by Bangalore wherein it has nine projects in Ahmedabad and two in Bangalore. However, the company plans to gradually expand to tier-2 and tier-3 cities like Pune and Mysore in near future. Meanwhile, in terms of revenue, while last year the real estate business did a topline of Rs 90 crore, this year AIL has set a target of Rs 135 crore worth turnover and an EBITDA of Rs 25-30 crore.

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