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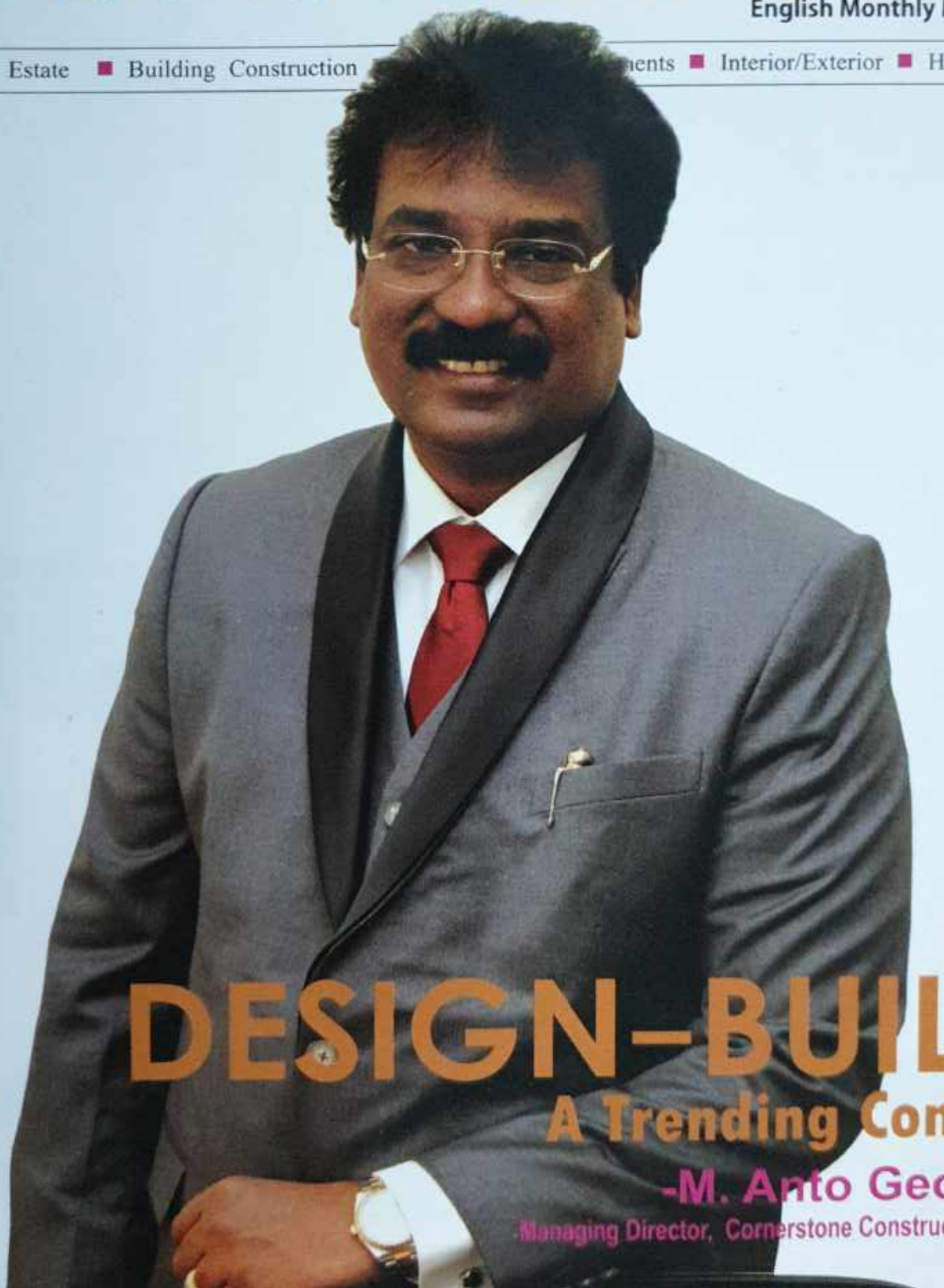
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DESIGN-BUILD

A Trending Concept

-M. Anto George,
Managing Director, Cornerstone Constructions Ltd.



DESIGN-BUILD

A Trending
Concept



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DESIGN

A Trending Concept

-M. ANTO GEORGE, MANAGING DIRECTOR,
CORNERSTONE CONSTRUCTIONS LTD.

"GST, as you know, is a universal tax structure. The concept of GST on the whole is good but the problem revolves in the manner it was implemented. I wish awareness could have been created amongst the general public and business community highlighting its pros and cons prior to its implementation" says Mr. M. Anto George, Managing Director, Cornerstone Constructions Limited. This being the 25th Silver Jubilee Year of Cornerstone, we began our note by offering our heartiest congratulations.

In a tete-a-tete with Anto George at his swanky bungalow built in an aesthetic way, he spoke elaborately about himself, origin of his company, its activities and future plans. He has created a niche for himself in the field of construction. He is quite lucid and flamboyant in his speech. He began introducing himself in the following words.

"I graduated from Coimbatore Institute of Technology in 1986 and moved to Chennai. After an initial stint at a leading consultancy firm where I gained considerable experience and exposure, I started my own venture 'CORNERSTONE' in 1993. 'Cornerstone' literally means 'a stone that forms the base of a corner of a building, joining two walls' and figuratively means 'something that's essential, indispensable and basic without which the building cannot be constructed'. It has a biblical reference too.

25 years is quite a long journey and a memorable moment for any commercial establishment, especially for a first generation businessman like me. In 2013, roughly twenty years after commencement of the company, it was converted to a closely held public limited company. My daughter, Ms. Ankisha George is an Architect with a Master's degree in Advanced Architecture Design from Columbia University, New York and my son, Mr. Asherin George is pursuing his Master's degree in Structural Engineering from Stanford University, USA. Obviously both of them are in business, ably involved in all of Cornerstones endeavours.

You have to be unique to sustain in this highly competitive field. How do you then manage to differ from your contemporaries? We also heard you are the blue-eyed boy of the industry?

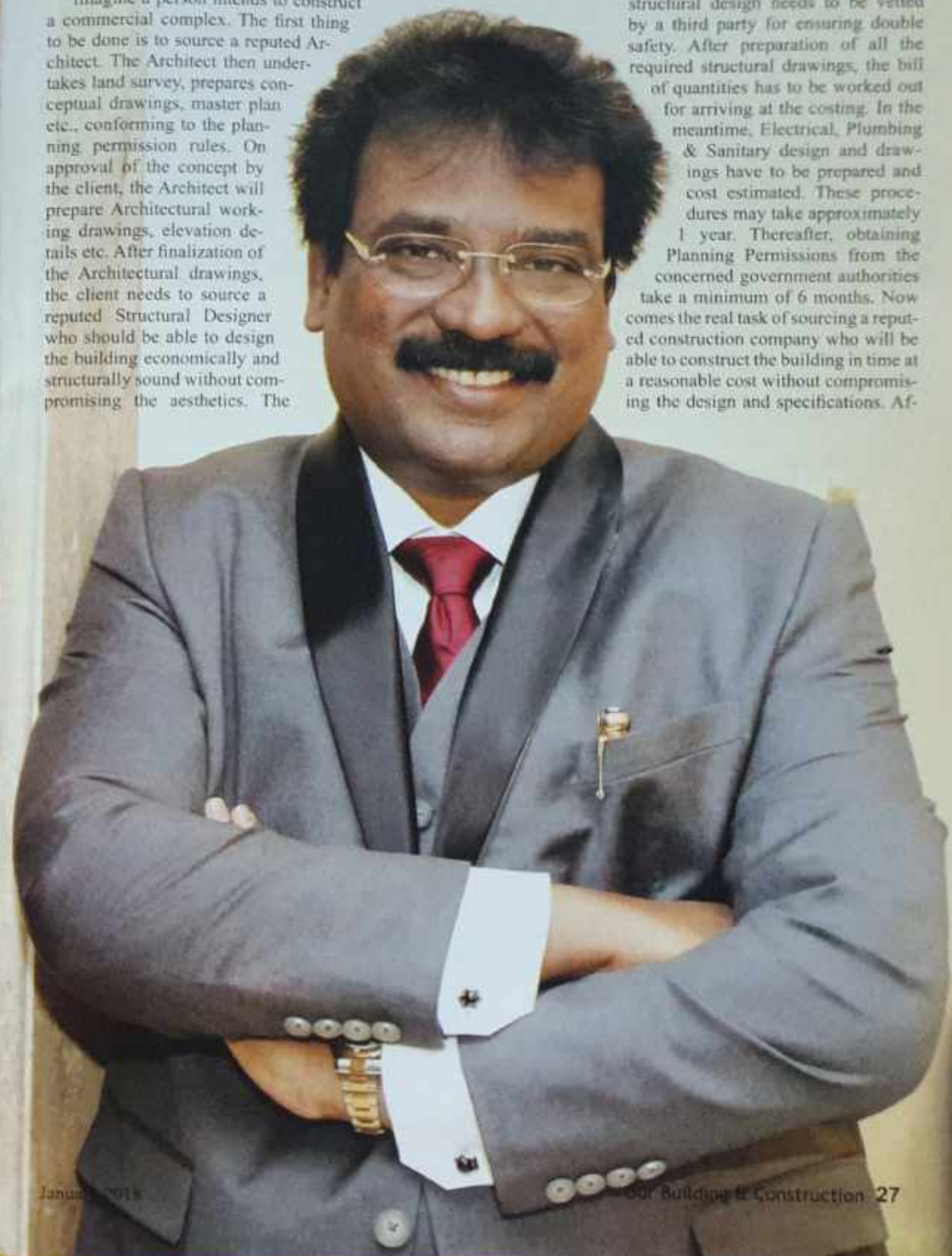
"Architecture, Structural and Interiors form three major portions in any pre-construction activity. Those who venture upon a construction activity usually approach firms who specialize in these areas individually, before contacting a construction company. This is the traditional method that is followed even now. But it is at this juncture we diverge from the conventional way and do it on a Design-Build basis. When I say 'Design-Build basis', I mean, we handle work, right from scratch until we deliver the finished product. We have released an audio visual in 'Give your land and get the keys', meaning 'From Concept to Turnkey'. Doing a project on a 'turnkey basis' saves not only construction costs but also reduces considerable time. Let me explain this.

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Imagine a person intends to construct a commercial complex. The first thing to be done is to source a reputed Architect. The Architect then undertakes land survey, prepares conceptual drawings, master plan etc., conforming to the planning permission rules. On approval of the concept by the client, the Architect will prepare Architectural working drawings, elevation details etc. After finalization of the Architectural drawings, the client needs to source a reputed Structural Designer who should be able to design the building economically and structurally sound without compromising the aesthetics. The

structural design needs to be vetted by a third party for ensuring double safety. After preparation of all the required structural drawings, the bill of quantities has to be worked out for arriving at the costing. In the meantime, Electrical, Plumbing & Sanitary design and drawings have to be prepared and cost estimated. These procedures may take approximately 1 year. Thereafter, obtaining Planning Permissions from the concerned government authorities take a minimum of 6 months. Now comes the real task of sourcing a reputed construction company who will be able to construct the building in time at a reasonable cost without compromising the design and specifications. Af-





ter awarding the construction contract, the construction duration may take a minimum of one year. The task never ends with this. The client has to source an Interior Designer to finish the building including all furnishings etc., which may take another 6 months. Thus we see a construction activity done in a conventional way stretches to nearly 36 months.

Now let us come to the 'Design-Build' system, the specialty at Cornerstone. This is an all under one roof – 'Concept to Completion' method. It's here where we have an edge over our competitors. We would like to clarify that this 'Design-Build' technique is neither a novel method nor a process exclusively devised by us. It has been in vogue for a considerable period of time but we do it in a high profile professional manner. I reiterate "we don't do different things but do things in a different way" and it is our USP. We have an exclusive team of professionals comprising of Managers for Planning, Quantity Surveying, Quality Control, Projects, Finance, Purchase and Administration and also supervised by Architects and Structural Designers during the course of construction. The Equipment & Machineries we have with us are on par with international standards, both imported and indigenous. No 'Escalation Clause' is imposed and we promise to complete all the activities in just 18 months which is roughly half the time taken than who do it in a conventional way. On the part of cost savings, we guarantee a minimum of 25% - 30%. Yes. We guarantee not only reduction in time but also savings in

terms of money as well. It is not a hyperbole when we say this. Our projects bear testimony to our credentials."

What is the strategy behind your successful business model apart from Design-Build?

"Working on minimal projects with maximum profits may sometimes end-up in a quandary when there is an unexpected slow down during a recession period. This may jeopardize the smooth functioning or rather result in delays in execution of projects and end up in missing the committed date of handing over the keys to the client. So we always play safe with Minimal



Margin and Maximum Projects. This will ultimately enhance your market share in the long run. This is an empirical method having been experimented and successfully proved by us. As stated supra since we have the required machineries on our own, majority of the works are executed in-house itself without waiting to get them done from a third party. We would say this is a major advantage rather than an added facility at Cornerstone."

What type of buildings do you construct? Which is your favourite type of building?

"Our fields of activities include, Office Complexes, Hospitals, Educational Institutions, Information Technology Parks, Warehouses, Workshops, Churches, Residential Apartments, Low Cost Housing, Industrial Buildings, and Pre-engineered Pre-fabricated Steel Structures etc.

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I strongly believe in the verse, 'When God be for us who can be against us?'. When I ventured into my own business, by God's grace, the initial assignment I got was to build a Church. From the moment I executed this holy project, there was no looking back in my career. Designing and constructing churches always fascinate and enthrall me. I love building churches, obviously not in a materialistic manner. Yes, I commenced my first work with God and The Lord Almighty took care of the rest."

In general, the construction industry is facing a very tough time. What is your experience after demonetization and GST?

"I do agree that the realty sector is presently not doing as well as expected. Demonetization and the new GST regime could have partly played a role in hampering its pace. But I would say we did not feel the pinch due to demonetization, as we, right from the beginning, made all our payments through bank transfers even for our labourers. The problems we faced were that the labourers could not withdraw the money from the banks and ATMs due to restrictions imposed during that time. Many of the migrant labourers moved back to their original places unable to bear the brunt of demonetization. The effect of this was huge labour scarcity and resulting in the escalation of wages. However, the digital payment method initiated by us long before has helped us to stay intact during the demonetization period.

The new tax regime viz. GST is definitely a welcome measure that is in vogue in many parts of the world. Multi various taxes have been abolished and combined together under the single umbrella of GST. Earlier, generally the billing pattern of construction works to any customer was inclusive of all taxes excluding service tax which was charged at the rate of 6% on the overall value. After the GST regime, the construction bills are prepared for the basic cost with



GST extra @ 18%. Therefore, a client who is undertaking a construction work for say Rs. 100 lakhs has to pay GST of Rs.18 lakhs. Though, the basic rate is arrived at after adjusting the input tax credit, the separate levy of GST @ 18% looks huge on the face of it. This factor may also be a reason for the market sluggishness.

I wish the merits and demerits of GST could have been well discussed prior to its implementation with each and every sector including realty through a pilot method. Had awareness been created amongst the general public well in advance, I reckon it would have had a smooth sailing rather than having to face a rough weather.

"I even have one more suggestion to the Tax authorities when they meet next time to discuss the suggestions received from various quarters to forward their recommendation to the Government. The GST for direct Government projects

has been revised @ 12% now and Private projects remains @18%. I feel, for the Private sector also, the same GST @ 12% could be extended as this new tax structure will be a boon to the construction sector and the revival will be imminent both in terms of fund flow and creating fresh job opportunities.

What would you say to young Engineering aspirants?

"I would like to extend a bit of encouragement to the student community. I understand the fancy they have towards Information Technology and the misapprehension that it is the only course that guarantees bread and butter. This is totally a faulty perception. Please do not avoid Civil Engineering as I consider it as the 'Jewel of Engineering' courses. It is the core course that shoulders 'Shelter' amongst Food, Clothing and Shelter, the three basic essentials for mankind. The necessity for shelter will thrive as long as the human race exists and until the last man on earth gets his own dwelling. Though there may be certain hiccups here and there due to various factors, there is nothing to panic about the endurance of realty sector as a whole and the construction industry in particular. "

In addition, the Realty sector has hundreds of allied industries. Along with a graduation in civil engineering if you specialize in any of allied areas, like structural designing, construction management, town & country planning, quantity surveying, soil testing, hydraulics etc., you are bound to keep yourself flying high in the global arena.

What are your future plans and how do you plan to achieve this?

"Everyone wants to design a cost-effective building. But buildings are more than just the space they take up. They can house our lives and be our homes, surround us when we are sick and in the hospital, or be the place where we work. The first name to resonate in the mind of anyone who intends to construct should be Cornerstone. Our future plan is to make our presence felt globally.

Doing the best possible job at the lowest possible price, making every building a landmark, not compromising on quality, keeping the costs fixed and making delivery on time are the hallmarks, which we feel, will make Cornerstone a preferred brand.

We took leave wishing him a Merry Christmas and a very happy and prosperous New Year."

-Janani Ramesh

Stills: Vimal

January 2018