



interiors[®]

INDIA

MAKEOVER MAGIC!

CW INTERIORS BRINGS TO YOU THE A-Z OF MAKEOVERS... STRAIGHT FROM TOP DESIGNERS.



ETHNIC EXUBERANCE

This home by Studio Wood is a marriage between two states.

SOAKING IT IN

This hotel in Bali is a peaceful abode amidst rice fields, mountains and beaches.

A RETREAT TO THE WOODS

This home in rural Maharashtra is an embodiment of rustic simplicity.



+ **TREND ALERT: A WRAP UP OF THE IMPACT OF GST ON THE INTERIOR DESIGN INDUSTRY.**

THE ABC OF GST



PHOTO COURTESY: PHILIPS HUE LIGHTING, LA LAMPADA, GODREJ LOCKS

From *Swachh Bharat* to Demonetisation, schemes for the nation are rolling out fast under the zealous Modi government. Following the motto, 'one nation, one tax', the government aims to bring the nation together in a bold move of a standardised tax. CW Interiors brings inputs from various segments of the industry together to gauge GST's impact on the interiors and building market.



THEN
12-13%

LIGHTING

NOW
28%

"GST's fixed rate of 12 per cent on LED lights and 28 per cent on conventional lighting will help stabilize the price fluctuations and benefit the lighting industry in the long run."
-Ranbir Mehra, Director, Jaquar Lighting

THEN
22-25%

LOCKS

NOW
18%

"The locks category will now attract 18 per cent GST as opposed to the previous 22 per cent to 25 per cent. This is a positively beneficial move for the industry. We will be passing the benefits to the customers by suitably revising its wholesale and retail prices across the country."
-Shyam Motwani, Executive Vice President and Business Head, Godrej Locking Solutions and Systems



THEN 27-30% — SANITARYWARE — NOW 28%

KEY TAKEAWAYS

- The overall impact is marginal for sanitaryware.
- GST rates are attractive for taps & fittings.

Roca

"India will transit into the new world of GST with initial hiccups but soon ride on top gear in taking the economy on higher growth path. As for bathroom products, the overall impact is marginal for sanitaryware. All those under GST tension can rejuvenate themselves with a good shower as GST rates are attractive for taps & fittings."

-KE Ranganathan, MD, Roca Bathroom Products Pvt Ltd

Jaquar

"Even though sanitaryware products will be taxed at the top rate but less tax compliance and seamless tax credits would benefit the manufacturing units of sanitaryware companies and make us more competitive in the global arena."

-Rajesh Mehra, Director, Jaquar Group

— HANDICRAFTS —

"The GST has hit the Karigar base, like a blunt force trauma. Firms and companies are forced to pay the GST incase the said karigar is unable to pay on his own. This has resulted in companies re-thinking their strategies as it doubles the cost. This in turn forces producers to move away from the underutilized work force to exports and imports instead."

-Abhay Beriwal, Director, Magnificance by Shalini Beriwal

THEN 25% — TILES & CERAMICS — NOW 28%

KEY TAKEAWAYS

- The implementation of GST will help tiles and ceramics manufacturers across the country to create a seamless national market.

H&R Johnson

"The Indian tile industry will be a direct beneficiary because of the increase in demand shift towards branded products and the organized sector."

-Joydeep Mukherjee, Executive Director and CEO, H&R Johnson

Mirage Ceramics

"Even though the 28 per cent GST levied on tiles is more than the previous indirect tax structure of the previous 25 per cent approximately, GST is expected to have a positive impact on the tile industry as a whole. The implementation of GST will help in the removal of interstate barriers and help manufacturers across the country to create a seamless national market. For example, the VAT for tiles was 5 per cent in Gujarat and 13.5 per cent in Maharashtra. GST will help get rid of the barriers created by different tax rates in different states."

-Ronit Khadiilkar, Executive Director, Mirage Ceramics

Somany Ceramics

"In the long run, the organised sector of the sanitaryware and ceramic industry, which accounts for 50-55 per cent of the total, would definitely benefit from the implementation of GST. All organized players were already paying 28 per cent prior to implementation of GST with the exception of Chhattisgarh, MP and Gujarat where the tax slab was 5 per cent."

-Abhishek Somany, MD, Somany Ceramics Limited

PHOTO COURTESY: JAQUAR GROUP, H&R JOHNSON

REAL ESTATE



KEY TAKEAWAYS

- **The addition of stamp duty will increase the overall cost in many states.**
- **By allowing deduction of land value equivalent to one-third of total amount charged by the developer, the government has ensured that the developer passes on the input tax benefits to customers.**

Mapsko Group

"GST for home loans will have a standard rate of 18 per cent throughout the country. With the GST significantly higher at 18 per cent, home loans might just get a little more expensive for borrowers. With the interest rate having being increased, banks and lenders too will increase the interest rates added on home loan."

-Rahul Singla, Director, Mapsko Group

BDI Group

"It will subsume various taxes like VAT, service tax thus saving the homebuyers from the hassle of paying various taxes. By allowing deduction of land value equivalent to one-third of total amount charged by the developer, the government has ensured that the developer passes on the input tax benefits to customers."

-Ssumit Berry, Managing Director, BDI Group

Puranik Builders

"The increase in rate will increase the cost to the end user by 5 per cent to 6 per cent. Apart from GST, the addition of Stamp Duty will increase the overall cost in many states."

-Shaliesh Puranik, MD, Puranik Builders

Paradigm Realty

"The construction supply of work contracts in the real estate sector fall under the 18 per cent GST rate which is higher than the current tax rates. As most of construction contracts come under the category of work contracts, a combination of ST and VAT is also applicable."

-Parth Mehta, Managing Director, Paradigm Realty

Akshaya Pvt Ltd

"Post RERA, the real estate market is focused on being more transparent and investor-friendly. And with GST coming in, the Indian Real Estate is poised for a remarkable structural reform with a more buyer-centric agenda and a lot more transparency in pricing, interest & tax rates."

- T. Chitty Babu, Chairman and CEO, Akshaya Pvt Ltd

Nirmal Lifestyle

"The uniform GST encompasses the entire gambit of taxation, thus eliminating the ambiguity and overlap associated with various taxes. This definite tax trail will permit higher supervision and control which will not only benefit homebuyers but the industry at large."

-Dharmesh Jain, Chairman and Managing Director, Nirmal Lifestyle

PHOTO COURTESY: PARADIGM REALTY, PURANIK BUILDERS, ELAN GROUP, BDI GROUP, AKSHAYA PVT LTD



THEN
22-25%

FURNITURE

NOW
28%

"GST reforms have led to certain positive benefits in the basic consumer pricing and we are happy to pass on this benefit, which is in the range of 1 per cent to 10 per cent across product families, to our customers. However, now, furniture comes under the 28 per cent taxation bracket as compared to previous taxation of 22 per cent to 25 per cent which will have an impact on the overall price where we see marginal increase in the landed price to customers."

-Anil Mathur, COO, Godrej Interio

WOOD THEN
21%

WOOD & PLY

NOW
18%

"Considering the various categories in wooden flooring, GST has certainly made solid wood very attractive as the import duty has significantly declined from 20.5 per cent to 10.3 per cent and GST is 18 per cent. Also, the abolishment of octroi in Mumbai adds to our advantage. For engineered and laminate, the GST is 28 per cent. Overall, big savings in solid wood, small savings in engineered and laminate."

-Aashish Poojari, Director, Hawwoods India

PLY THEN
30%

NOW
28%

HOME PRODUCTS



	THEN	NOW
Stoves	18.5%	28%
AC, Fridge, Dishwasher	26%	28%
Television sets	24%	28%
Paint	24-26%	28%
Tempered Glass	26%	28%
Steel Utensils	18.5%	5%
Solar water heater	0%	5%

PHOTO COURTESY: GODREJ INTERIO, JUNGKERS, ANUSHA TECHNOVISION PVT. LTD

While previous rates were subject to cess among other additions, the current rate also fluctuates depending on the what the state applies. While higher rates correspond to the market demand of the products, many industries have seen a marginal

shift in tax rates. GST rules out the players from the unorganised sectors with many systematic checks in place. Hence, even industry leaders find GST more effective than the previous taxation system. ■