

## CREDAI-MCHI Webinar : Key to the Lockdown – Episode 2

### Details:

*Date – 7<sup>th</sup> April 2020, Tuesday*

*Topic: Finance – The Path Ahead*

*Time: 11 AM*

*Venue: Zoom Video Meeting*

### Speakers:

- 1) Mr. Rajiv Sabharwal,  
Managing Director & CEO - Tata Capital Limited
- 2) Mr. Sunir Ramchandani,  
Head - Construction Finance & Asset Monetization - ICICI Bank Ltd

### Key Take Aways

**On How we go ahead for next 9 to 12 months**

**Mr. Rajiv Sabharwal, MD & CEO of Tata Capital -**

**Real Estate will see a major impact. Impact could be larger and more on red side.**

**The financial industry too is affected and we need to see on how best we could handle it. Demonetisation also had a greater impact on economy.**

**It is a question whether it is V shape, U shape or L shape recovery. This COVID 19 would not be V shape recovery.**

**This is also a psychological effect more than economy.**

**We need to find creative ways to bring people to buy real estate it's about why one should buy real estate and why will it be lucrative for them to buy should be the thought process we should work on.**

**What should be focusing on during this period**

**8 Points during Immediate period for next 6 months**

1. Should remain optimistic
2. India is more resilient
3. Stop worrying and try to manage things. WhatsApp disturbs you and creates panic.
4. Keep conversation going.
5. There is no perfect solution one could give for this issue.
6. Find ways to collaborate with few members, institutions, government etc.
7. This is a life time opportunity to show how much we care in this situation
8. To see how we can survive during this time

**Liquidity in the market**

- In global it 5- 10% GDP and in India it is 1% of the GDP
- It is the currency which will impact more than others

- Revisiting your priorities and make budget for every month and quarter even very week and fortnight
- Redefine your budget – to see what is your target – plan for the month and work accordingly

#### How do we conserve more cash?

- Managing your cost is very important
- Reducing your operating cost by 20%
- Even if you had done deals earlier, please try to re-negotiate
- This is will be based on your demand and supply situation
- Check the Total Operating Cost to bring down to 20%
- If you have a new-projects please take back seat
- It is important if you have ready stock please liquidate it
- For Office spaces, pre-lease and start continuing
- Talk to RERA, to sell 50% of the project.
- Speculative things should be reduced.
- It is not about profit but about managing the situation
- Increase your communication with Customers about your plans to see your unsold inventory
- Have a Business Continuity Plan which will be extremely critical

#### Mr. Sunir Ramchandani – Head – Construction Funding & Asset Monetisation, ICICI Bank

- A lot of systemic changes happening during this time
- Good time to restructure our business
- On Office Projects – Economies will have to recover by themselves
- In a short-term, Office demand will be muted
- On Residential Projects – Residential Buying may not be priorities on customers
- Malls – getting back to business would also take time
- Hospitality would change – Travelling Salesmen will also be muted for sometime
- It is important to Press the Reset Button

#### Q & A

##### RBI Circular – how do we interpret and what can be done on various issues

- Moratorium period - Interest will be termed as Principal on Capital Loans
- There is nothing in the RBI circular indicated. 3 months moratorium is not sufficient.
- If you defer it you might have to pay 3,6,9 months deferment payment
- Please decide whether you want to do it understanding the implication of it.
- Also based on your financial status after 3 months, one can decide.

##### Affordable Housing Projects- On NBFC banks on funding after COVID

- Function of on how one has borrowed
- Example: if One is in Housing Loan business – One will be very conservative on lending depending on the market condition.

**On one-time restructuring - will bank look at different kinds of restructuring**

- It is a Corporate problem than an Industry issue
- Banks are flexible wherever there are possibilities
- It will be looked at individual issues and depending on one's financial situation and their project viability

**Views on interest rate**

- RBI trying to infuse liquidity in the market and it depends on also what banks could pass on to the customers
- It is absolutely on demand and supply
- Interest rate are expected to go down

**After lockdown – payment linked to various slabs – What happens in June, July and August**

- Any projects which we have started funding, we will see to it that the project gets completed
- However, if the projects are not yet started – we need to evaluate the situation and decide

**Questions from President**

- To bring measure to improve the demand side in next 4 months, we need to reduce the stamp duty
- To write to Central Government to keep GST at 5 % with ITC
- Written to MCGM and State Governments – Fungible premium and others premiums to be collected after OC
- Reduce cost for approvals by 15%
- Real Estate is reliable industry at the moment. Home is an important place to live in. RE Safe Hai

**Priorities**

- What we have to see home buyers to come back on buying
- There were incentives available earlier to buyers but now there are none
- To avoid projecting Real Estate an investment
- Important to see on incentives for the home buyers

**If you need something from Govt like Approval Cost,**

- It is important to check whether Cost to consumer comes down or not ?
- Benefits to customers to be focused

**Updates about Covid19 vs Co working**

- Co working would be more concentrating on Hygiene and Safety
- They are more interested in holding on to the existing clients
- Very early comment on rental discounts/ waivers
- BCP will be in focus
- Co working operators are waiting from developers and land lords the rental discounts to pass on the same to the clients
- App are being created to keep in checks the health and hygiene of the tenants

- Fund raising would be difficult in the current situation however structured Debt and Equity are still expected
- The most concern of operators is clean environment and to keep productivity high of their respective tenants
- Cost of operations would go up
- They will be more focusing on social distancing, now there will be a change in space utilisation rather than Maximisation
- They would be considering the waivers but after understanding the real impact and accessing the situation