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## **CREDAI-MCHI Webinar: Key to the Lockdown – Episode 19 Presented by Deceuninck India and Godavari Paints Episode : 19**

**Date:** 3rd May, 2020 (Sunday)

**Timing:** 11:00 am

**Venue:** Zoom video Meetings

**Topic:** Managing Costs During The Pandemic

**Speakers:** (1) Mr. Nayan A. Shah, President - CREDAI MCHI

(2) Mr. Vyomesh Shah, Past President- CREDAI MCHI

**Moderator:** Mr Pritam Chivukula

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Mr. Nainesh Shah shared details about the progress of Mobile dispensary van seva. As per Loksatta article where there is a lot of pressure where other illnesses were not attended due to Covid 19 was discussed in core committee. Hence, the Mobile dispensary is very helpful for all. Mr. Shantilal Mutha has started the same in Pune from 1<sup>st</sup> of April and more than 2,25,000 patients are screened and got treated and the suspected cases were forwarded to Government hospitals. In Mumbai we have started 15 vans and around 150-200 patients are being screened daily and given free medicines. Around 3,300 patients are screened as of now and 7% are the suspected cases. We have started 6 Vans in Mulund and starting 5-5 each at Chandivali, Kalyan and Mira -Virar. We need donation from all the sponsors.

### **Mr. Vyomesh Shah**

We know that on 17 May, corona will not go, the precaution has to be taken, the protocol to corona is yet to be established. Recession can be overcome by pumping money. 1\3 of the world population is staying at home, the disease is known but the cure is not known. Supply side is affected by lockdown, the financial side also comes under complete stress. The government has done a wonderful job. We have to change the way of doing business, the government needs to support us completely. The priority of government is majorly the workers & daily wages workers. Every industry is asking support to survive. Our best chance for recovery is to depend on yourself by remaining united and helping each other in our industry, as no outside support will come. Developers' lives are everyday with new challenges & battles. I myself saw the shutdown as an opportunity as a break. request everyone to utilize this break, as it is getting reexamined and rehost. Which need to be sharpened regularly. We have to be prepared once the shutdown is over, as margins have squeezed a lot. We rely on NBFC and banks, only the cash coming back in our business is sales & recovery of sales, we need to hold on cash, we do not see much coming from the government and banks. So, we need to preserve cash. That we have to be part of national cause, protect the jobs of all of our employees. Unless we survive then only the job will survive, so we need to talk to our employees, stakeholders, investors & vendors. Medium term vision is all execution related, vision needs to be shared to all to boost the morale, share your enthusiasm to come out of this crisis. Don't lose your own enthusiasm. Share your long term dream to your employees.

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Measures we have to take to survive, Short Term: Measure your cash flow. Long term: we will think after one and half years.

How we deal with these short & medium terms. We all know that lock down is creating a lot of problems, we cannot anticipate this. We have no idea what is going to hit us.

If you have to maintain a safe distance norm in the labour system norm, we have to be so careful, how we can address here comes the short term measure for a year. Short term is cost related measures. Next year every penny sale is a pound sale, no item in your balance sheet which you will not miss to address, improve your area calculation methodology, technology. The premiums are extremely is high

Rationalization of salary , most of us has not built organization but has built families, when the time comes when your own survival is in trouble, we have to take harsh decision, it's just a issue we have to address , all our decision in this year is going to be harsh , to our employees, customer and bankers . Labourers are afraid they want to go back home, they will come back after some time. Be prepared we will recalculate everything. Only the company survives and the employees will survive. Everyone has to tighten our belts. Depending on your cash flow, as margins are under stress, it is impossible to get that back in this first one year. As cost, interest & labour is going to go up. margins get eroded in no time, we have to do it on the basis of anticipation of business for the next one year, so we have to see the rationalization of salary.

All the other sectors there is a stress in the economy, we have to start anticipating now, please rationalise your salary in today's scenario / benchmark, everyone has to take their own call. Recovery happens so we can restore everything at the drop of a hat. Everyone is saying differ your salary, you are building for the future liabilities. Better to face trouble now rather than facing trouble tomorrow. We should not indulge in reducing our employees but only to recalibrate the cash flow. No battle can be won by a single individual, so all have to come together. Fear of losing employees when recalibrating their salary, quality of individuals make a lot of difference, don't fear of losing any people in your organisation. Stop coaching people, we are definitely paying higher in the real estate industry as per various studies as compared to other industries. Don't hold on with your employees, allow him to go where he has been offered for better future aspects. Create process and system.

Marketing cost & selling cost has to be rationalised, as we need more channel partners to bring customers to site keeping in mind in terms of social distancing. Share the cost to your CP that he is reasonable to you. As you are paying the CP on gross on the revenue share. Be careful of these aspects in your business . We have to come together to rationalize this cost.

Medium Term measures are execution and execution only. Plan the entire project in great details as if you have never done before, planned well in advance, like activity chart, approval cost of construction sales & approvals. Monitor & measure the plans.

In our depression you want to come out, you have to plan for 36 months, and execute for 14 months, speed up everything, it has to be rechecked and recalibrated. If you cannot achieve this then your chance of surviving is very less. Once you put the budget, cash flow in place you need to integrate then you will see the gaps in it. So please share the chart with everyone in your organization. Today's time to deliver what is constructed on site. Now is the plan to survive

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Can work be stored at site : Have you planned all the measures, you must understand you cannot commence your start of work as all your supply & finance is completely blocked without creating anything as discussed before . Please do not put yourself at a level that becomes a burden, which has to be well planned, well discussed and budget all this has to be organised in a proper manner, even if the government announced to start. depending on the stress cashflow, also arranging all the resources. So do not hurry to start. Starting & stopping will create an issue.

First we put bank interest, salaries and then project cost, if your cashflow don't permit, so you rearrange your process, whatever sales happens the cash flow should go for production, salary and banks. Cash flow has to go in project/construction, salaries and then bank. We all have united together in this time, we need to stop competing, it's time to survive for a year at least.

Please share your experience & knowledge in these tough times, it helps a lot, don't share your information. It's time to compliment in the next one year with limited cash flow.

The Real Estate sector will bounce back as buying a house & office is an emotional investment, built up system & process in your organisation. We are the captain & engine by itself and be positive. In India purchasing house is the emotional object so Real Estate will bounce back.

### **Mr. Nayan A. Shah**

My personal experience in the last 35 days, First thing is keep your mind cool, fresh, meditate, you cannot allow your mind to be anxious, keep your mind clean, we as an industry need to be united. NAREDCO, BDA, CENTRAL Welfare, Credai National need to come together.

What are the goal we need to achieve from central government, we should be asking the same language and same thing.

Demand improves, cost of interest, what is going to be your home loan rate? We need to make groups and talk to them. Cost of interest that we are borrowing. We need to make lists & letters and talk to people very frankly. We have to be aggressive and cool is the approval cost. we need to take into confidence our architects

Advisory to our consultant. we need to talk about them as one, so here we need unity. Request our members to contribute to this campaign '*Real Estate Sahi Hai*' that everyone feels.

If everybody feels , I analyse our company, what can I do for my company? how do we think, motivate your staff and keep them confident, improve level of productivity & efficiency , make budget & cash flow, and how to control cost . Whatever problems you face remove a long term solution. We should go to the government, how to ensure we come out of the shackles. We need to create some groups. We all will come out of this, we all will survive & grow. We need to take the viability of the project. If we are together in this period, we will definitely come out.

Mr. Nayan Shah, requested all members to fill white paper survey form forwarded by CREDAI-MCHI. CREDAI-MCHI are collating data from developers to prepare the survey report for Government. Informed further to CREDAI-MCHI to send reminder email to all members.

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