

# India Inc seeks steps to check slowdown, liquidity crunch

Our Bureau Mumbai | Updated on May 31, 2019 Published on May 31, 2019

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With unemployment levels at a 45-year high and GDP growth at a five-year low, Corporate India is hoping the new Finance Minister will immediately start addressing core issues troubling the economy. A consumption slowdown, liquidity crunch and high debt levels have hit the corporate sector hard, and it is banking on Nirmala Sitharaman for measures to overcome these.

“The major challenge for her would be to kickstart the economy. This would require a multi-pronged approach, but ensuring liquidity to NBFCs, a focus on MSME to create more jobs and tax reforms, which in turn will revive demand, will be key,” said Arindam Chanda, CEO, IIFL Securities Ltd. “Quick changes in the IBC processes and faster divestment can release capital. The government needs to bring in innovative schemes to revive investment. With a favourable image of the central leader, FDI flow should be the low-hanging fruit,” he added.

Sitharaman takes over at a time when sectoral headwinds have hit core areas, including infrastructure, telecom, auto, banking, steel and FMCG. According to ICRA, the revenue growth of the corporate sector slumped to a six-quarter low in Q4 FY19.

Rahul Arora, CEO, Institutional Equities, Nirmal Bang, said in the short run Sitharaman should focus on consumption-driven growth. “In the long run, a push on infrastructure and capital goods-driven growth is expected,” he said.

Anil Gupta, Sector Head & VP - Financial Sector Ratings, ICRA, said the steps to be taken in the near term would be improving foreign capital flows, increasing the GDP, ensuring sufficient funding and liquidity for NBFCs to facilitate continued last-mile credit delivery, enhancing consumer demand and improving investor confidence. “With large-scale capital infusion of ₹2.46-lakh crore in public sector banks during the previous NDA regime and strengthening of balance sheets, PSBs should be relatively better placed in the current NDA regime to support the credit demand of the economy,” said Gupta.

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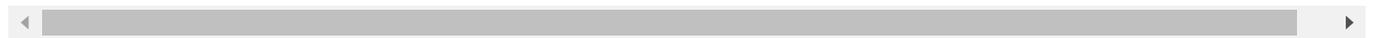
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## Logistics

# GMR Airports set for demerger; valued at ₹22,500 cr post deal

V. Rishi Kumar Hyderabad | Updated on May 31, 2019 Published on May 31, 2019

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GMR Airports, part of the diversified GMR Infrastructure, continues to grow, with airports contributing to a stronger platform and potentially paving the way for demerger of the airports business from GMR.

From raising long-term debt capital through bond offerings to stake divestment and monetisation of land parcels, it is witnessing buoyancy.

The recent transaction values which saw GMR Infrastructure signing up with marquee investors — Tata Group, GIC Singapore and SSG Capital Management for an investment of ₹8,000 crore, has valued GMR Airports at ₹22,500 crore and includes value from earn-outs of about ₹4,500 crore.

The large transaction will eventually help deleverage GMR Infrastructure and pave the way for demerger of the airport business. GMR Infra, which declared its fourth quarter and financial year 2018-19 numbers, highlighted how value unlocking of the airport business through strategic partnership has helped deleverage the balance sheet.

Outlining that the sector continues to show strong and sustained growth driven by greater regulatory clarity, it mentioned the base airport charges at Delhi airport from December 2018 onwards. This provides a strong base for stable and growing aero revenues.

### **\$350-million mop up**

During FY19, GMR Airports had a throughput of 102 million passengers, thereby registering a growth of 8 per cent over FY18 and non-aero revenues of over 16 per cent.

The company managed to tap the overseas bond markets for long-term debt capital. It recently raised \$350 million 10-year bonds priced at 6.45 per cent to fund the expansion of Delhi airport from capacity of 66 million passengers per annum to 100 mppa.

The Hyderabad airport had earlier achieved financial closure for expansion of the greenfield airport capacity from 12 mppa to 34 mppa by raising five-year bonds amounting to \$300 million.

Parallely, GMR has initiated measures towards land monetisation at Delhi and Hyderabad airports.

The Delhi airport has taken up land monetisation and awarded about 10 million sq ft in two phases at Aerocity to a consortium led by Bharti Realty.

## Business Park

For Phase-I — 5 million sq ft, the developer pays a one-time amount of ₹1,837 crore and annual lease rental of ₹363 crore till 2036 with facility for further extension.

And at Hyderabad airport, GMR launched a Business Park as an integrated office development of about 0.8 million sq ft. Apart from progress in land monetisation with Safran and Amazon, it is also engaged with industrial and warehouse segments.

Apart from consolidating the presence in two marquee airport projects at Delhi and Hyderabad, GMR has bagged the Letter of Award for development of the Nagpur airport, the Bhogapuram airport near Visakhapatnam and Crete airport in Greece. The Crete airport is being developed by GAL in partnership with Terna Group.

The Delhi airport saw passenger traffic go up to 69.2 mppa from 65.7 mppa, generating cash profit of ₹610 crore, up from ₹413 crore.

The Hyderabad airport saw traffic going up 16 per cent to 21.4 mppa from 18.3 mppa, generating cash profit of ₹885 crore, up from ₹807 crore.

At the Cebu airport, it logged a cash profit of ₹77 crore (₹73 crore).

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