essentials consumers require in

a lockdown following a caron-

avirus spread is a mere \$2.5 bil-

lion in food and grocery and around \$100 million in pharma.

Where e-commerce plays a sub-

stantial role is in consumer electronics and consumer durables

and mobile phones (\$12-13 bil-

lion) and clothing (\$2-2.5 bil-

lion), which are not on the pri-

some highly affluent urban poc-

kets like Gurugram was because

town planners had not even

Singhal said the pressure in

ority list of people now.

Airlines, hotels stare at uncertain future: CARE

DEV CHATTERIEE Mumbai, 31 March

viation, hotel and media companies face an uncertain future Hiles lace an ancertain because of the 21-day lockdown in the country and would require a bailout from the government immediately, analysts said. The aviation industry, which includes airports and their vendors and suppliers, might not fully recover soon from the impact of the coronavirus disease (Covid-19) pandemic.

In an outlook analysis of the coming financial year, rating firm CARE said domestic scheduled airlines, too, have started facing severe cash flow pressures as they are not allowed to fly till April 14, which has resulted in salary cuts for employees. Even after the nationwide lockdown ends, airline fares will remain low considering the lack of air travel demand and scaling down of certain routes, CARE said.

Passenger growth of airlines will fall sharply and might register a decline of 20-25 per cent in financial year 2020-21 (FY21), CARE said. This was in sharp contrast to the growth of 13.7 per cent in FY19

and 3.7 per cent in

FY20 (till February).

Given the fall in airline



cent capacity for April and at half capacity till PANDEMIC June. This might result in a decline of 8-

15 per cent in passengers handled (domestic and international) by airports.

In the case of hotels, CARE said, Covid-19 had already impacted March quarter revenues and as the lean season begins for both the business and leisure segments from April, firms will have some time to realign through cost rationalization and process improvement measures before the next peak season.

The operational parameters (occupancy rates and average room rates) of hotel players are expected to get adversely impacted in the next couple of quarters. Though a medium-term impact, this may lead to lower cash flows and, thus, exert



DIM OUTLOOK

• Airlines: Passenger growth is to fall sharply; may register a negative 20-25% growth for FY21

Tourism: Will book a revenue loss of ₹1.25 trn in FY20, loss of over 40%

• Oil: Crude imports are to fall by 5.1% during FY21

Auto: Demand to remain muted for the next two quarters

pressure on profitability and liquidity. CARE said the impact of Covid-19 could be seen across all verticals of the hotel and tourism sector - leisure, adventure, heritage, cruise and corporate, Given the travel restrictions imposed by the Centre as well as governments across the globe, advance bookings for conferences and leisure travel to foreign destinations have already been cancelled. In India, too, most of the summer holiday bookings have been cancelled. The impact on inbound and outbound passengers is expected to be most severe in the next

couple of quarters. The rating firm said India's total foreign tourist arrivals was 10.9 million and foreign exchange earnings was ₹2.1 trillion in 2019, with Maharashtra, Tamil

Nadu, Uttar Pradesh and Delhi accounting for about 60 per cent of arrivals. However, with travel restrictions, most flights being suspended, and the lockdown, domestic as well as foreign travel and tourism industries are expected to witness a sharp impact in 2020.

Similarly, large industries such as television, print, film entertainment, live events and out-of-home media will take a hit on their revenues, CARE said.

On auto and auto components industry, the firm said many Indian firms are dependent on Chinese supply chains. Shifting to other countries (such as Germany, Japan, Korea) for supply might not be feasible in terms of both cost and time. CARE said in addition to the existing slowdown, the industry was likely to suffer huge losses because of the pandemic. Employment in the industry is at risk as contractual workers accounts for about 50 per cent of workforce, "Even if the pandemic is curtailed, consumer sentiments are expected to be unfavourable and demand is expected to remain muted during next two quarters," CARE said.

On the outlook for the oil sector, the rating firm said consumption of crude oil could fall by 2.3 per cent during FY21 as processing by refiners might decline because of low demand. "Even post the 21-day lockdown Indians will be skeptical to travel anywhere any time soon," it said.

In essential items, e-com is no match for kirana stores Their contribution to the

SURAJEET DAS GUPTA New Delhi, 31 March

Is the role of e-commerce in distribution during a crisis, especially that of the food and grocery business, exaggerated? That was clearly reflected in the fact that despite the failure of most e-commerce players to meet orders through the first week of the lockdown, there has been no serious crisis, thanks to supplies from 11 million small kirana and mom-and-pop stores across the country with the support of over 300,000 distributers and wholesalers.

The reason for it is simple. According to KSA Technopak, a global consultancy firm, e-commerce players sell gross merchandise value (GMV) of only \$2.5 billion. That's minuscule in the \$550-billion annual sales of food and groceries in 2019-20. However, they have a larger

play in urban markets, but even that is a bit of a stretch. According to the firm, 80 per cent of e-commerce sales of grocery and food is in the six metros -Delhi, Mumbai, Kolkata, Chennai, Bengaluru, and Hyderabad



E-TAILER WINDOW

0.45% E-commerce **1.4%** E-commerce share in six share of total GMV for metros of GMV for foods and food and groceries groceries from where most of for 2019-20

Six cities – Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata and Chennai – constitute over 35% of food and grocery purchase in India

billion — in the consumption of food and grocery is 35 per cent of the GMV of food and groceries (\$550 billion).

KSA Technopak Chairman Arvind Singhal said: "The size of the e-commerce business is - and is \$2 billion. Yet the share exaggerated and very small in of these six cities — around \$192 the overall merchandise busi-

planned for neighbourhood kirtheir revenues come from ana shops and replaced them with malls with large anchor food and grocery stores. With **66%** share of food all malls being forced to remain and grocery of total shut, even these large organmerchandise of ised-format food and grocery \$830 bn. It is higher stores were caught unawares than global average and had to down shutters,

ness. And in the grocery and foods segment it is even smaller. So while e-commerce has a role, it is the small kirana and mom and pop shops who are playing a key role in keeping the supply going." According to KSA, the size of the e-commerce business is \$20 billion in 2019-20.

adding to the pressure. So how does KSA see the retail space after the lockdown? For one, it does not see a major impact on sales of food and grocery retailers. Two, with garment exporters seeing cancellations of orders, they expect them to dump surplus clothing in the market at discounted rates.

For IRB InvIT Fund, the

recently announced toll tax

exemption may impact yields.

"Dividend distribution process

will not be impacted. Toll rev-

enues were normal till 18-19th

of this month, as mandated 90

InvITs' dividends may feel lockdown heat

AMRITHA PILLAY Mumbai, 31 March

Dividends from Infrastructure Investment Trusts (InvITs) may be the first to reflect the impact of the lockdown. InvITs distribute 90 per cent of the net cash flow to investors on a quarterly basis. Those, with toll roads as assets, may feel the heat due to low

collections. "Surplus generation will remain limited in first quarter so dividend will get curtailed

accordingly. National Highways Authority of India (NHAI) compensation may take time so till then liquidity buffer will be used for operating expenditure and debt servicing," said Shubham Jain, vice-president and group head, ICRA.

The road ministry on March 25 exempted all vehwake of Covid-19 outbreak in power ministry approved a while for IRB these are road moratorium on payments assets.

from distribution companies to generation and transmission firm until June end. Regulations require InvITs to redistribute 90 per cent of the net distributable income it has received from its various special purpose vehicles (SPVs).

per cent of that cash flow will be distributed," said Virendra There are two InvITs in the listed space — Sterlite's India-Mhaiskar, chairman and manicles from paying toll tax for a Grid Trust and IRB Infrastruaging director for IRB Infraperiod of lockdown in the cture Developers' IRB Infrastructure. structure Trust. India Grid's the country. On Saturday, the SPVs are transmission assets, lection for the last ten days of

March will reflect on the yields of the InvIT, he added.

The shortfall in toll tax col-

CONSOLIDATION IN PSB SPACE NOW A REALITY

The landscape of the Indian banking will see a change with the consolidation of 10 public sector banks (PSBs) into four, effective April 1. The mega exercise comes at a time when the country and financial system is grappling with adverse fallout of the Covid-19 pandemic.

Oriental Bank of Commerce (OBC) and United Bank of India (UBI) will merge into Punjab National Bank. Mumbai-headquartered Union Bank will absorb Hyderabad-headquartered Andhra Bank and Mengaluru-headquartered Corporation Bank. Bengaluru-headquartered Canara Bank will take Syndicate Bank and Indian Bank will acquire Kolkata-headquartered Allahabad Bank.

After ₹21,000-*cr turnover in* 2019-20, HAL eyes higher growth this year

With those being delivered

shortly, HAL will have complet-

₹19,000 crore remains outstanding from the three defence services

AJAI SHUKLA New Delhi, 31 March

Hindustan Aeronautics Limited (HAL) on Tuesday announced a record turnover of over ₹21,100 crore (provisional and unaudit- would now constitute HAL's big ed) for 2019-20. This amounts to a growth of 7 per cent over company intending to deliver the previous year's turnover of ₹19,705 crore.

said the company's healthy order book made it likely that the coming year would see similar growth.

Madhavan said the Tejas light combat aircraft (LCA) new income stream with the



Light Combat Helicopters (LCHs) for the IAF and army. Madhavan says HAL has already started building the LCHs so that delivery could begin in the short order once the contract is signed.

During the current year, HAL generated an unprecedented income of ₹9,000 crore on spares, overhauls and upgrades. "The company cites pit upgrade of the Dornier-228,

avionics upgrade of the Hawk

trainer and the fitment of the

BrahMos missile on the

Sukhoi-30MKI as "game chan-

gers" for HAL. However, HAL

continues facing cash flow

problems due to payment dela-

ys by the military. The year

2019-20 saw collections of over

navy and IAF. However,

es. This includes ₹14.400 crore

outstanding from the IAF,

Each of the amalgamated entities with scale and national

reach would have a business of over ₹8 trillion. The consolidation is expected to help create banks with scale comparable to global banks and capable of competing effectively in India and globally. Greater scale and synergy through consolidation would lead to cost benefits, which should enable the PSBs enhance their competitiveness and positively impact the Indian banking system. The adoption of best practices across amalgamating entities would enable the banks improve their cost efficiency and risk management, and also boost the goal of financial inclusion through a wider reach.

Last year, Dena Bank and Vijaya Bank were merged with Bank of Baroda. Prior to this, the government had merged five associate banks of SBI and Bharatiya Mahila Bank with State Bank of India. **COMPILED BY ABHIJIT LELE**

Figures in ₹ crore (as of Dec 2019)

Advances

NII & net profit are for 9MFY20

438,210 223,603 661,813

4,000 10,333

Source: Capitaline

	PNB	Oriental Bank	United Bank (I)	Total		Indian Bank	Allahabad Bank	Total
NII	12,760	4,149	2,320	19,229	NII	5,604	4,143	9,747
Net profit	1,033	440	342	1,816	Net profit	971	-3,972	-3,001
CAR-Basel III	14.0	13.7	14.6	-	CAR-Basel III	15.0	8.7	-
Gross NPA	76,809	21,634	11,457	109,900	Gross NPA	13,862	32,150	46,012
Gross NPA (%)	16.3	12.6	15.5	15.3	Gross NPA (%)) 7.2	18.9	12.7
Deposits	708,544	230,988	134,624	1,074,156	Deposits	257,621	223,657	481,278
Advances	471,356	171,136	73,991	716,483	Advances	192,658	169,879	362,537
Branches (No.)	7,037	2,371	2,054	11,462	Branches (No) 2,890	3,175	6,065
	Oriental Bank (I)	Andhra Bank	Corp Bank			Canara Bank	Syndicate Bank	Total
NII	8,559	5,119	4,009	17,687	NII	9,805	5,402	15,208
Net profit	-395	285	654	544	Net profit	1,024	-295	729
CAR-Basel III	14.7	13.1	13.8	-	CAR-Basel III	13.9	14.4	-
Gross NPA	49,924	30,951	19,557	100,431	Gross NPA	36,645	25,330	61,975
Gross NPA (%)	14.9	17.3	14.8	15.5	Gross NPA (%)) 8.4	11.3	9.4
Deposits	445,091	216,722	198,383	860,196	Deposits	625,240	277,368	902,608

This achievement comes despite "difficulties in cash flows, interruptions in operations due to workmens' agitation and the interruption arising in March due to the Covid-19 lockdown. It has affected the final tests and certification of certain additional aircraft that were under final stages of production," said HAL in a press

During the year 2019-20,

HAL said it has delivered 31 air-

craft/helicopters and 117 new

engines. It has also overhauled

199 aircraft/helicopters and 490

dard after the announcement.

HAL's chairman R Madhavan

Speaking to Business Stan-

12-14 Tejas Mark 1 fighters in the final operational configuration (FOC) next year. Of these, five are almost complete, but could not be delivered during the current year because of the Covid-19 lockdown. With each Tejas Mark 1, priced at about ₹200 crore, the production line would generate ₹2,400 crore - ₹2,800

crore next year. ed delivery of all the 222 Sukhoi-In addition, HAL is gearing 30MKIs the Indian Air Force (IAF) ordered. Thereafter, the up to build 83 LCAs in the more Nashik production line will sophisticated Tejas Mark 1A configuration, an order the defclose until the IAF orders anothence ministry has cleared and er 12 Sukhoi-30MKIs. a contract it is still processing. is awaiting final approval from the Cabinet. HAL will begin building those after delivering and delivered 21 new AL-31

the 40 Tejas Mark 1 fighters engines, which power the Sukhoi-30MKI. That leaves already on order.

Next year will see HAL another 27 AL-31 engines on winding down its longstanding order, which Madhavan says

cash cow: the Sukhoi-30MKI will be delivered in 2020-21. production line in Nashik. In HAL is using its Nashik line 2019-20, HAL delivered 12 to progressively overhaul the Sukhoi-30MKI fighters, while IAF's Sukhoi-30MKI fleet. This the delivery of another four was year, HAL earned over ₹1,000 crore by overhauling 13 fightheld up by the Covid-19 lockdown, said Madhavan. ers and is looking to raise that

next year. HAL is also generating a ₹18,000 crore from the army, growing income from its helicopter production line in ₹19,000 crore remains out-Bengaluru. In 2019-20, it delivstanding from the three servicered 13 Dhruv advanced light helicopters (ALHs) to the army against the 10 it was scheduled HAL's biggest customer. to deliver. In 2020-21, HAL will

This year, HAL also built begin delivering the navy's and coast guard's orders of 12 Dhruvs each; and those remaining from the army's order of 40.

> Negotiations are also under way for manufacturing 15

New Labore

Optio (48.80.2008)

However, Madhavan is optimistic about this situation being remedied. "Two years back, the problem was worse, but collections are improving. In another year, we should be out of the woods," said the HAL chairman.

Data centre providers get viral boost

NEHA ALAWADHI

release.

engines.

New Delhi, 31 March

Data centre providers in the country are seeing an increased demand in the ongoing lockdown as more and more people work from home. They say that they are prepared to handle the load comfortably for the near future.

The verticals that are seeing higher demand are media, e-commerce, over-the-top services and banking. Data centres are one of the most important among the back-end systems required to keep online services running smoothly in this lockdown.

Having been classified as an essential service, these providers are working with limited staff from their centres.

"We have arranged for passes for our staff to be able to travel, for private transportation, with sanitisers in the data centres and disinfection of the area every hour. We've also made bunk beds available for staff to rest, with food," said Sharad Sanghi, chief executive officer (CEO). Global Data Centers and Cloud Infrastructure (India) at NTT Ltd. Less than a tenth of its workforce comes to the centres; the others work from home.

10-14 per cent of its staff at its premises, on a Rathi.

rotational basis: others work from home, "We have medical rooms and we've taken a hotel next door to our data centres, booked for our employees," said Nikhil Rathi, CEO.

Yotta Infrastructure, data centre arm of The Hiranandani Group, says it was better prepared for the conditions imposed by lockdown, since it had decided at the outset to heavily automate the processes

"Every employee has a laptop and we all log-in to the system by 9 am. The day then goes on as usual, with team meetings and planning as earlier," said Sunil Gupta, CEO.

Data centres have been in the limelight over the past two years, since the intensifying of conversation around locally storing data of Indian users. With more people working from home, the need to store data in the cloud has also increased exponentially.

Most data centres say they are prepared. Over the next two years, say sector experts, \$7.1 billion (₹50,000 crore) would be spent in India on cloud infrastructure. The 21-day lockdown has only intensified that shift for a lot of small businesses as well.

"Bandwidth demand has risen five times. The kind of demand you saw in a week, earli-Similarly, WebWerks is operating with only er, you're seeing in a day," said WebWorks'



Pactory-Works : Wilege Paktnese, Scokes Rit, Tareori, Talsel Nilskherl Diet, Namul (Heryand) all Arguments a torty wate for at the Balakalies of "Bi-

PUBLIC ANNOUNCEMENT

(Under Regulation 21(2) & 21 (A) read with Regulation 12 of Insultancy and Darkruptcy Board of Inits Linguistics Process Regulations 25/6 FOR THE ATTENTION OF THE ETANEHOLDER'S OF

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administration is abusing despite US sanctions but war- national security claims to ned it now faces a "more com- restrain a rival to US tech complicated" global environment. panies. Huawei is China's first glob-

Huawei Technologies is embroiled in a series of dis- al tech brand and most sucaccuses the company of being a ny. Its conflict with Washington reported.

Chinese tech giant Huawei said security risk. The company has added to tension over Beijing's technology ambitions ed President Donald Trump to launch a tariff war with China

putes with Washington, which cessful private sector compa- 19.5 per cent gain, the company

Advances

Branches(No.) 6,333

336,064 179,353 118,879 **634,296**

Sales up 19% in 2019 despite

US sanctions, says Huawei

Branches(No.) 4,282 2,876 2,432 **9,590**

as of Dec 2019; compiled by BS Research Bureau

on Tuesday its sales of smart-

phones and other products

grew by double digits last year



in 2018. Last year's sales rose 19.1 per cent over 2018 to 858.8 billion yuan (\$123 billion), in line with the previous year's

AP/PTI



