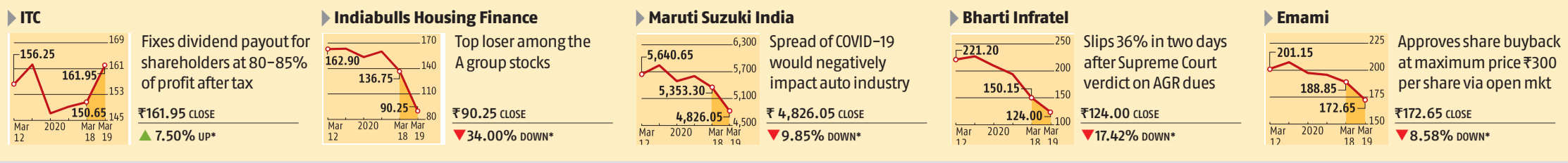


STOCKS IN THE NEWS



INDIA INC ACTIONS

HCL initiates contingency plan as Noida staffer tests positive

After an employee of HCL Technology tested positive for COVID-19 in Noida, the company has invoked a contingency plan in all geographies, which aims at maximising work-from-home to aid social distancing. The firm said it had also issued a travel advisory for staff to take precautionary measures and suspended all non-essential travel until further notice. "We have launched a global helpline that provides 24x7 support to our employees," HCL said. "Unfortunately, one employee from our Noida office tested positive while in self-isolation after coming back from abroad. All prescribed protocols of sanitisation and contact tracing have been done. All other employees are in good health and are being monitored continuously."

NEHA ALAWADHI

Work-from-home at Reliance till Mar 31; some biz to be open

Reliance Industries, has initiated work-from-home for its staff till March 31, while keeping open consumer-facing businesses of hospital, retail stores and telecom with a minimum workforce. Chairman and Managing Director Mukesh Ambani will hold a meeting almost every third day to take stock of the impact of the coronavirus outbreak on his employees and business, officials said. A spokesperson said: "Considering the public requirements in such an unprecedented situation, RIL will continue to provide all essential services to the citizens and will keep open its main retail grocery stores, its telecom connectivity services, the hospital and any other essential services required for public or business continuity."

PTI

ArcelorMittal to cut production at European units

ArcelorMittal said on Thursday it planned to cut production in Europe. "Given the extent of the outbreak and the impact it is having on several European countries in which ArcelorMittal operates, the company is taking steps to reduce production to ensure the wellbeing of employees and that production is aligned with demand," the company said.

JSPL begins plan to safeguard workers at plants, offices

Jindal Steel and Power (JSPL) said several arrangements have been made at its plants and offices across India and abroad to protect employees amid the coronavirus outbreak. It has been ensured that each employee is screened for body temperature, and hand sanitiser and masks have been made available at all offices and facilities, the company said.



HOME DRIVE

- Honda, Toyota set up teams to monitor situation and come up with countermeasures
- Ford, Volvo ask employees in India, except those in business-critical roles, to work from home
- FCA India has permitted over 50% of its staff in Mumbai and Pune to work from home till March 31
- Mahindra forms group-level rapid action force to monitor the situation and suggest swift actions

Airlines start grounding aircraft

IndiGo chief executive says he will take a pay cut of 25 per cent

ARINDAM MAJUMDER
New Delhi, 19 March

Indian airlines are cutting shifts, laying off people and announcing steep pay cuts as the global aviation industry flies through the worst turbulence it ever faced. Almost all airlines have drastically cut operations, grounded aircraft as net bookings fall into negative — meaning there are more cancellations than fresh bookings on domestic routes. As the impact of the crisis unfolds, the civil aviation ministry huddled into a seven-hour marathon meeting with chief financial officers of airlines and airports to finalise a relief package.

Government officials said key stimulus will be a tax break on jet fuel, waiver of parking and landing charges at airports for the next six months and deferment of payment to oil companies by three months. According to a Reuters report, India is planning a rescue package worth as much as \$1.6 billion for the aviation sector. The largest Indian airline IndiGo, which has 47 per cent market share, announced a steep pay cut for its senior management, pilots and crews.

GLOBAL CASES OF AIRLINES SEEKING GOVT ASSISTANCE
Size of relief package

"I AM AFRAID THAT THE IMPACT OF CORONAVIRUS ON THE INDUSTRY HAS BEEN PARTICULARLY SEVERE. WITH THE PRECIPITOUS DIP IN REVENUES, THE VERY SURVIVAL OF THE INDUSTRY IS NOW AT STAKE"

RONOJOY DUTTA
CEO, IndiGo



Government-owned airline Air India's officials said that they were working on a cost saving plan, which will see employee salary reduction by 5 per cent. On Tuesday, GoAir had also initiated a short-term rotational leave-without-pay programme. GoAir is also terminating contracts of expat pilots. "I am afraid that the impact of coronavirus on the industry has been particularly severe. With the precipitous dip in revenues, the very survival of the industry is now at stake. We need to ensure that we don't run out of cash," IndiGo Chief Executive

Ronojoy Dutta wrote to his employees on Thursday, adding he would take a pay cut of 25 per cent. Coincidentally, Dutta was the president of United Airlines when terrorists crashed one of its aircraft into the World Trade Centre, which had resulted in a long phase of slowdown for the airline industry.

IndiGo's eight senior vice-presidents will also take a 20 per cent pay cut while vice-president and pilots will see a reduction of 10 per cent in their salary. "It's better to take less salary than zero salary. If this situation continues for four weeks, we are finished," said a pilot of a domestic airline who normally flew six sectors daily but was asked to operate only one sector as airlines cut their flights. Sources said Indian airlines together have already grounded around 60 aircraft. Industry executives and market analysts were sceptical on whether rival SpiceJet will be able to survive the phase. Already on thin liquidity and hit by the grounding of the Boeing 737 MAX, SpiceJet is left with

almost no money. With the outlook turning bleak, SpiceJet is in dire need of funds. "I don't know where SpiceJet will get the capital to sustain operations for some time. Perhaps, as a last resort, they can request Boeing to release some cash in the interim," said an industry executive. "There is no scope of deploying international aircraft in domestic routes, as people are cancelling every day. As a result, aircraft have to be grounded," said a network planner of an airline.

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E-COMMERCE FIRMS, START-UPS DO THEIR BIT

Start-ups come up with tech to track patients

SAMREEN AHMAD & NEHA ALAWADHI
Bengaluru, 19 March

Several start-ups are coming up with tech-driven solutions to help authorities track those who have been tested positive, and also to share credible data. Healthtech start-up Mfine has rolled out an assessment feature, which enables virtual medical consultations. The tool collects information by guiding users through questions to know about their health, timeline of symptoms, age, medical history, and travel details. It then makes a doctor consult with the patient. "3,000 people have used the tool in the past 10 days. The whole process takes around 15 minutes and costs ₹100," the firm said. Portea has developed Cobot-19, which collects data from trusted sources including the WHO, and shares it with public. "We are the only country after Singapore to have launched such a chatbot," said Meena Ganesh, MD and CEO, Portea Medical. Bajaj Allianz has rolled out an app with the Social Trackback feature, designed to help individuals maintain a real-time database of the people they have interacted in-person. The firm claims this will help authorities track the details in case a user has tested positive. MapmyIndia has also started an app enabling users to locate coronavirus testing labs, isolation and treatment facilities.

E-tailers pitch in to aid state govts

PEERZADA ABRAR & NEHA ALAWADHI
Bengaluru, 19 March

Top e-commerce companies in the country such as Flipkart, Amazon, and Grofers are holding informal discussions with various state governments to provide services such as delivering essential items to people during lockdowns, people familiar with the matter said. So far, these companies have been in touch with Karnataka, Maharashtra, Uttar Pradesh, and Haryana governments. "E-commerce companies are having informal conversations with different state governments to provide help," said an e-commerce industry executive having knowledge about these conversations. "E-commerce companies should be seen as an important partner in this fight against the pandemic."



Flipkart supply chain workers in protective gear

According to industry insiders, Flipkart, Amazon, Bigbasket, and Grofers have witnessed about 30 per cent spike in orders, mainly related to groceries, as people are avoiding crowding malls and supermarkets. According to sources, Grofers, which last year raised \$220 million from investors including SoftBank, is also planning to offer a credit-feature soon for consumers with low income to enable them buy groceries. Satish Meena, a senior forecaster analyst at Forrester Research, said if the government and e-commerce companies partner, it would make a lot of sense. "Let's say if the government wants to lockdown Mumbai, they still want a channel open for people to get essential items," said Meena. "These e-commerce

companies are best equipped right now, as the government does not have that kind of manpower to deliver goods to customers when they want," said Meena. In response to a query, Flipkart said over the past several days, it has seen demand in certain categories increase, and it is meeting this demand working with lakhs of its sellers. The firm said it has taken multiple precautions to ensure the safety of its supply chain and last-mile delivery through regular sanitization of the facilities and delivery vehicles (for groceries). "This gives us the confidence in our ability to support and collaborate with governments (both Central and states) and other stakeholders, as we fight this crisis as a country," said Rajneesh Kumar, chief corporate affairs officer, Flipkart Group.

Retail stores, mall owners spar over rentals

Chains, multiplexes may invoke force majeure clause; litigation likely to increase

VIVEAT PINTO, SOHINI DAS, RAGHAVENDRA KAMATH & AMRITHA PILLAY
Mumbai, 19 March

Differences have begun to crop up between retailers/multiplex operators and mall owners over deferring rental payouts in the wake of the COVID-19 outbreak. While retailers are talking to mall owners on a one-one basis to invoke the force majeure clause in their contracts, multiplex operators are seeking legal advice on the same, sources have told Business Standard. The issue acquires significance in the wake of the lockdown-like situation in which key Indian cities find themselves in following an increase in coronavirus cases. Retailers and multiplex operators want mall owners to either forgo rent for the period of the shutdown or lower rent in the event the mall is open but footfalls are low. "We are revisiting all agreements we have with mall developers as each contract is different," said a senior executive of a leading multiplex operator. The executive said rentals vary from ₹50-100 per sq ft for a multiplex, implying payouts could be anywhere between ₹10 lakh and ₹60 lakh for properties between 20,000 sq ft and 60,000 sq ft. The math is similar for retailers, too, who cough up 10-15 per cent of their top line on rentals alone, sectoral experts said, prompting many to renegotiate contracts, especially those coming up for renewal in April. Mall owners, however, say that no decision has been taken yet on the matter. "We are not working on anything right now. Everything is at a standstill," an official at Phoenix

Mills, which runs malls in Lower Parel and Kurla in Mumbai, said. Rajneesh Mahajan, chief executive officer, Inorbit Malls, which has properties in Andheri and Malad in the financial capital, also said the same. But persons privy to discussions said lack of consensus between retailers and mall owners could result in litigation growing in the coming months. "One way out could be shorter extensions when lease agreements come up for renewal. However, once the market picks up, developers will increase rentals and extend the lease period," a Mumbai-based consultant said. Lalit Agarwal, chairman and managing director, V-Mart Retail, who is also a member of the Retailers Association of India (RAI), said mall owners were partners and that retailers were looking at an amicable solution to the issue. "I don't think the endeavour is to damage our relationship with mall owners. They are important partners," he said. Retailers, however, have already made a representation to the Department of Promotion of Industry and Internal Trade (DPIIT) asking for incentives for the retail sector in the wake of the coronavirus outbreak. They may also meet mall owners via their industry bodies in the near future to iron out differences, sources said. Multiplex operators, meanwhile, say that they have begun consulting legal experts on the issue. "As a legal process, one needs to give a notice immediately and not post facto. We are considering legal options to see if rental payments can be suspended for now," an executive said.



CORONAVIRUS PANDEMIC

WHAT IS FORCE MAJEURE

A force majeure (FM) means extraordinary events or circumstances beyond human control such as natural calamities, epidemics, war, strikes and riots. An FM clause in a contract frees both parties from contractual liability when prevented by such events from fulfilling their obligations. It does not, however, excuse a party's non-performance entirely, but only suspends it for the duration of the FM



Cost break-up of retailers (% as part of sales)

Rentals	Salaries	Marketing expenses	Utilities
15	10	8	2

Source: Industry

Mall operators' revenues may take 30% hit, say analysts

RAGHAVENDRA KAMATH
Mumbai, 19 March

With malls shut in key cities such as Mumbai, Bengaluru and Delhi, mall operators could lose 20-30 per cent of their annual revenues, analysts warn. "With the COVID-19 issue likely to linger till at least Q1FY21, mall operators stand to lose 20-25 per cent of their annual revenue assuming that a rent-free period is given to retailers," said Adhived Chatopadhyay, research analyst at ICICI Securities, said. Chatopadhyay said mall operators and retailers may share the losses, given malls have become a relationship-based business with the same retailer having presence across malls. Phoenix Mills, in the listed

space, and Blackstone-owned Nexus Malls, in unlisted space, are the largest mall operators. "If malls are shut for a month, 30 per cent of their revenues in the first quarter is gone," a Mumbai-based analyst said, adding that even if malls are open and footfalls reduce, 10-20 per cent of revenues will be hit since the malls and retailers are on 'revenue sharing' model. He said mall owners could extend lease agreements with retailers for a short term and extend it after consumption picks up. The analyst said since servicing of principal and interest on loans will become challenging for mall operators in the next couple of months. However, Shishir Shrivastava, managing director of The Phoenix Mills, said such closures will have

short-term impact. "Losses for one month can be easily recouped. Between now and the next 12 months, consumption will pick up," he said. Mukesh Kumar, chief executive at Mumbai's Infiniti Mall, added the closure was a temporary disruption. While ICICI Securities said 50-60 per cent space is up for renewal across Phoenix Mills' High Street Phoenix and all Market City malls over FY20-22, Shrivastava said the current issue won't have an impact on rent negotiations and renewals. Meanwhile, Shopping Centre's Association of India asked the government said on Thursday to allow a moratorium period in repayment of bank loans, interest and equated installments, without levy of any penalties, till the time the pandemic is affecting the business.

Sebi gives India Inc more time for Q4 filings

SAMIE MODAK
Mumbai, 19 March

The Securities and Exchange Board of India (Sebi) on Thursday relaxed the deadlines for regulatory filings, such as disclosures of financial results and shareholding pattern. "Developments arising due to the spread of the virus warrant the need for temporary relaxations in compliance requirements for listed entities," Sebi said. The deadlines to file the March quarter and full-year results have been extended by 45 days and 30 days, respectively, to June 2020. The last date to file shareholding pattern will be May 15 instead of April 21. Other areas where relaxations have been given are filing of corporate governance reports, secretarial compliance reports, and statements of investor complaints. "Many companies have proactively announced work-from-home. The extension given by Sebi will be helpful for them to focus on the current business exigencies," said Khazat Kotwal, partner, Deloitte India. Regulators across the globe, including the US SEC, have provided similar relaxations. "Such compliances invariably entail detailed coordination with different functional departments of a listed entity, besides conducting board and committee meetings. In the current situation, this relaxation is certainly a welcome move to avoid any regulatory action against the listed firms on account of any unforeseen lapse in ensuring compliances within the originally permitted timeline," said Harish Kumar, partner, L&L Partners. Experts say companies should try their best to keep investors informed. "Globally, regulators are encouraging companies to disclose the impact COVID-19 is likely to have on their businesses, earnings, revenues, and pipeline. So, that is likely to be the next step here as well," said Shruti Rajan, partner, Cyril Amarchand Mangaldas.

BREATHER FROM PAPERWORK

Filing of	Due date	Extended date	Relaxation
Share transfer facility	April 30	May 31	1 month
Statement of investor complaints	April 21	May 15	3 weeks
Secretarial compliance report	May 30	June 30	1 month
Corporate governance report	April 15	May 15	3 weeks
Shareholding pattern	April 1	May 15	3 weeks
Financial results (quarterly)	May 15	June 30	45 days
Financial results (annual)	May 30	June 30	1 month