

# Companies

FRIDAY, APRIL 10, 2020

**STEEL MILL OUTPUT**

VR Sharma, managing director, Jindal Steel &amp; Power

We are pretty safe till the end of the month in terms of meeting our obligations and also day-to-day expenses because we have a good amount of orders... If it (lockdown) continues till May 31 or mid of June, then it is a problem

**Quick View****Apollo Tyres raises ₹500 cr via private placement of NCDs**

**APOLLO TYRES** on Thursday said it has raised ₹500 crore via allotment of non-convertible debentures (NCDs) through private placement. The present issue is for allotment of 5,000 NCDs of face value of ₹10,00,000 each aggregating to ₹500 crore, Apollo Tyres said in a regulatory filing. The date of allotment is April 9, 2020 while the same for maturity is April 9, 2030 and the interest rate is at 8.75% per annum, the company said, adding penal interest for delay of payment is pegged at 2% per annum. The company, however, did not disclose to whom the private placement of NCDs has been made.

**MG Motor to set up hostel for women staff**

**MG MOTOR** India on Thursday said that it is planning a 100-member female associate's hostel near its manufacturing facility in Halol. Located around 5 km from the carmaker's manufacturing unit, the hostel will provide accommodations to MG's associate-level female employees along with housekeeping, food and transportation facilities, and will be operational soon.

**Uber to provide ₹25 cr in grants to driver partners**

**RIDE-HAILING MAJOR** Uber on Thursday said it will provide grants totalling ₹25 crore to its driver-partners in India to support them amid the ongoing coronavirus crisis. The US-based company is also looking at raising an additional ₹25 crore through employee and third-party contributions. Uber India and South Asia president Pradeep Parameswaran said thousands of driver-partners have started receiving the grants under a 'Uber Care Driver Fund', created in partnership with Give India and Samhita, by direct transfer into their accounts, to look after their urgent and essential family needs.

**Flipkart, Spencer's tie up for delivery of essentials**

**FLIPKART** ON Thursday announced a pilot with retail chain Spencer's to introduce hyperlocal deliveries of groceries and essentials in Hyderabad. This partnership will leverage synergies between the companies to help enable deliveries of essential products to consumers and thereby promote social distancing in the backdrop of the Covid-19 outbreak in the country.

**Flipkart brings out sanitisers, surgical masks**

**FLIPKART** HAS introduced medically-certified hand sanitisers and surgical masks under its Flipkart SmartBuy's Health+ range. Utilising its existing infrastructure, the company aims to provide access to these locally manufactured essentials in light of the increasing demand by consumers amid the Covid-19 pandemic.

**Swaraj Tractors offers standby tractors to farmers**

**SWARAJ TRACTORS**, part of the Mahindra Group, has come forward to support the farming community in the midst of the prevailing coronavirus pandemic by offering standby tractors during the harvesting season, which will help farmers during this critical time. Standby tractors of Swaraj will be available at different locations, offered by dealers on a first-come-first-serve basis. Swaraj is also offering a 24x7 assistance to its customers through its call centre.

**Aurobindo Pharma gives ₹10 cr to PM-CARES Fund**

**AUROBINDO** Pharma has donated ₹10 crore to the PM CARES Fund through State Bank of India (Hyderabad) for combating, containment and relief efforts against the coronavirus outbreak. This is to strengthen India's resolve to fight against Covid-19 and is part of the company's corporate social responsibility.

**MARCH, JUNE QUARTERS****Private carriers could see total losses of up to ₹6,500 crore**ANWESHA GANGULY  
Mumbai, April 9

**HAVING BEEN GROUNDED** for two weeks now and with few signs of an early take-off, private airlines could collectively incur total losses to the tune of ₹5,800-6,500 crore for the March and June quarters. Forward bookings for domestic travel in May, June and July are down 80% year-on-year, depriving airlines of upfront cash.

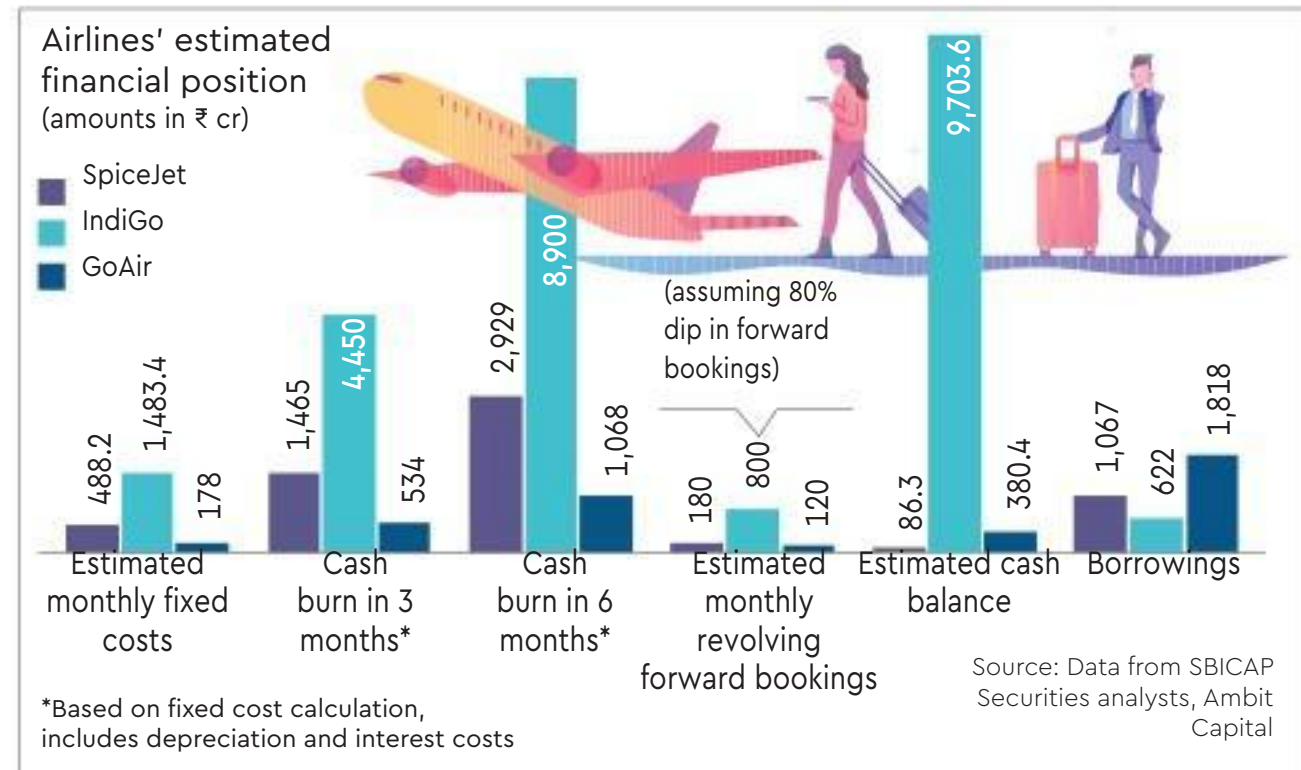
Analysts from Kotak Institutional Securities said, "While most airlines have announced cost-cutting measures such as headcount and employee cost rationalization, these companies will still have to contend with other fixed costs such as lease rentals and other corporate expenses."

IndiGo is expected to see an expenditure of ₹2,400-4,500 crore as fixed costs over the next three months. But India's biggest airline had free cash worth ₹9,412.8 crore as on December 31, 2019 and can sustain itself for six months to a year.

However, SpiceJet had "negligible" cash reserves of around ₹86 crore as the end of March and will need some ₹1,350-1,500 crore to meet its fixed costs and sustain itself for three months. That's including a Boeing refund of around ₹500 crore.

GoAir's estimated fixed cost expenses would be ₹500-750 crore over three months and the airline had an estimated cash balance of ₹380 crore as of March. In the absence of revenues and the inability to service loans, debt levels for leveraged airlines such as SpiceJet and GoAir will go up.

"SpiceJet's core debt — sans future lease



rent liabilities — could increase by as much as 3x increase by Q1FY21," analysts said.

However, SpiceJet's management sees "no possibility" of the airline failing. "We have been maintaining adequate cash flows to cover reduced cost of operations and we believe that the Indian aviation market, especially our domestic market, has immense potential and we see strong surge in demand as the situation is contained. The Boeing compensation and assistance from the government for the country's airlines will further strengthen us," a spokesperson told *FE*. Aviation consultant Mark Martin explained a significant portion of airlines' fixed costs, about 40-60%, would come from lease rentals. "So, airlines would be looking at renegotiating contracts with

lessors to reduce these," he explained. Even post lockdown, demand will take time to revive as the economy has suffered a body blow. "Some carriers may decide to operate a skeleton network and to keep aircraft grounded to conserve cash," a CAPA spokesperson said, adding it may take up to 12 months for domestic carriers to pre-Covid-19 operating levels after curbs are fully lifted.

Indian carriers may operate 300-350 aircraft from October for domestic operations and 100-125 aircraft for international operations. "A gradual path towards normalcy could be expected during the third and fourth quarter...the current fleet of 650 represents a surplus of 200-250 aircraft for a period of 6-12 months," CAPA India said in a report.

**Internet speed falls with more working from home**KIRAN RATHEE  
New Delhi, April 9

**INTERNET SPEED** ON both mobile as well as fixed-line broadband networks have come down as more and more people are doing their work online due to the lockdown in the country in the wake of the Covid-19 pandemic.

As per Ookla, which provides analysis of broadband speed across mobile and fixed line networks, in India, there was a slight dip in mean mobile download speed to 10.15 mbps in March compared to 11.83 mbps in February. Similarly, the mean fixed broadband speed has been declining since the beginning of 2020, from 41.48 mbps in January to 35.98 mbps in March, a drop of 5.5 mbps.

The lockdown across has been in place since March 25 but even before that most companies had asked employees to work from home. As a result, data usage, primarily mobile, has risen over by 20%. As a result of increased usage, the speeds have dropped due to congestion in networks.

"When networks are under usage strain, like they are in this unprecedented time of lockdown in India due to Covid-19, it is natural that they experience some level of slowdown," said Ookla CEO Doug Suttles.

As a result of the increase, operators have recalibrated their networks wherever possible and any sharp drop in internet speed is not seen. Telcos also feel they don't need more spectrum, on temporary basis, to meet the increased demand as the data increase has stabilised now and networks can handle

the increased usage. This is in contrast to some Western countries including the US where governments have provided additional spectrum to meet demand.

Suttles said it is important to note that while the internet itself should handle elevated usage, there may be impacts on speed as people continue to move their daily activities increasingly online. "While the core of the internet remains stable, some ISP networks may struggle to keep up," Suttles added.

To keep congestion levels low in networks, the government and mobile operators have asked all video streaming companies like Netflix, Amazon Prime, Hotstar to reduce their content to standard definition from high definition, a move which has given additional 20% capacity.

**COAI: Telcos provided over ₹600-cr benefits to customers**KIRAN RATHEE  
New Delhi, April 9

**THE CELLULAR OPERATORS** Association of India (COAI) has written to the Telecom Regulatory Authority of India (Trai) that they have provided benefits worth over ₹600 crore to prepaid customers in terms of validity extension and additional talktime, and most of the users at the bottom of the pyramid have been covered and they continue to get connectivity. If the government and regulator feel there is a need to provide further benefit, then it should be provided in the form of subsidy to the telecom sector like many other essential services, and this could be compensated from the USO fund where more than ₹51,500 crore is lying unutilised as on March 31, 2020.

The letter is in response to Trai's follow-up directive to them not to selectively provide benefits but make it uniform for all prepaid users. *FE* had earlier reported that since the extension of validity by the telecom operators during the lockdown does not cover the entire 2G user base, it was causing problems to a section of customers. Roughly, of the total 500 million 2G users, around 200 million have been left out of this facility.

COAI's letter is on behalf of its members including Bharti Airtel, Vodafone Idea and Reliance Jio. It said that customers who actually required support from telcos for continuation of their services in the initial period of lockdown are in the range of 80-100 million, whereas the operators have collectively extended the benefits to 280-300 million. "The Authority and the government would appreciate that the industry not only provided this benefit to the needy subscribers but also gone well beyond as an abundant provision. We are therefore taken aback to see the letter issued by the Authority to our members," COAI director general Rajan Mathews said in reply to Trai.

COAI further said Trai should keep in mind the dire financial situation of operators and business viability of its member operators should be given balanced consideration appreciating the fact that millions of the Indian workforce rely directly on the functioning of telecom operators.

It must be mentioned that Trai on March 29 had asked all the telecom operators to extend the validity of talk-time of their prepaid subscribers so that they continue to get uninterrupted services. Based on the direc-

**COAI says if the government and regulator feel there is a need to provide further benefit, it should be provided in the form of subsidy**

tive, telecom operators like Bharti Airtel, Vodafone Idea and Reliance Jio extended the validity of pre-paid users till April 17 and credited an additional ₹10 talk-time in their accounts; it was done on a selective basis. But as the regulator was not satisfied with the measures, it wrote another letter to the telcos on April 7 asking to provide benefits to all prepaid users.

"At present the sector finds itself in a very unstable situation reeling under huge debts and the current scenario of the sector is under a question due to business viability...the financial stress have been acknowledged by all and Trai has also issued a consultation paper on floor prices," COAI said.

The telcos said adequate measures have been taken by them to ensure that those who genuinely require support due to unavailability of options to recharge have been extended support. "While operators have been careful to adopt a calibrated approach...we cannot believe it is the intention of Trai that such benefits should be indiscriminately provided to even those privileged ones who are well able to afford such services and need no incentives or provisions to avail of continued mobile services," COAI said.

It further said this would amount to an unjustified subsidy at a steep loss to the industry and would also dissuade other customers from recharging, who at present are recharging dutifully using digital and non-digital means. Telcos have made adequate recharge options available in the last few days and also launched programmes to incentivize users to recharge for other users. Alternate channels like bank ATMs, pharmacies as well as a wide network of groceries stores have also been activated.

"However, if the authority and government feels there is a need to provide further benefit, including providing benefit to all prepaid feature phone subscribers, then this should be provided in the form of subsidy to the telecom sector...this could be compensated from USO Fund where more than ₹51,500 crore is being lying unutilized," COAI added.

**Exports booming on global virus lockdown, says Jindal Steel & Power**SWANSY AFONSO  
Mumbai, April 9

**JINDAL STEEL & Power** is churning out more of the alloy for exports as the deadly coronavirus curtails steelmaking in Europe, even as it warned of looming financial difficulties from a prolonged shutdown in India.

Many electric arc furnaces in Europe are unable to run amid virus-related restrictions that have limited the workforce and hit the collection of ferrous scrap, a key input for the mills, according to managing director VR Sharma. That supply squeeze has led to a sharp rise in the spot prices of billets and other products in the last few days, he said.

"Now, day and night, we are booking only for exports," Sharma said in an interview, adding the company's usual production ratio of 30% for exports and 70% for domestic orders has reversed in the past



weeks. As countries across the world set in place lockdowns to curb the spread of the coronavirus amid mounting fatalities, economic activity has suffered. Several steel mills in the US, Europe and parts of Asia have reduced production, including ArcelorMittal, which said it's cutting output at key European operations.

In India, Prime Minister Narendra Modi imposed a three-week nationwide lock-

down, starting March 25. While the lockdown isn't mandatory for India's steel industry, Wood Mackenzie expects mills to slash output by 19% this quarter from a year earlier as demand remains weak and because of obstructions to the supply chain.

Saddled with debt of ₹340 billion (\$4.5 billion), the New Delhi-based mill expects to repay ₹50 billion every year, a plan that maybe in jeopardy if the government extends the lockdown, Sharma said.

"We are pretty safe till the end of the month in terms of meeting out our obligations and also day-to-day expenses because we have a good amount of orders," he said. "If it continues till May 31 or mid of June, then it is a problem."

The Naveen Jindal-led company is seeing demand for steel plates, billets, slabs and pellets mainly from Europe, Saudi Arabia, Abu Dhabi and Bahrain, he said. **BLOOMBERG**

**Zoom users run into lax security features**

relies on internal communications systems to communicate regarding sensitive data and does not rely on third parties due to security concerns, another senior executive said. The Indian central bank, too, steered clear of using Zoom. "We were considering holding a press meeting through Zoom, but decided against it and used already security-tested internal systems instead," an official aware of the matter said.

The app's popularity had soared with over 200 million using it daily in March, compared with 10 million in December 2019. But besides "zoombombing", there have been serious concerns raised by international users regarding the privacy of users' data on Zoom. Yuan said the company will be conducting a comprehensive review to understand and ensure the security of users. Despite the recent uproar, many remain

nonchalant of the cyber risks involved. Even the Indian arms of global consultancy giants like Bain & Company and Boston Consulting Group continue to extensively use Zoom for internal and client meetings, despite being aware of the risks. "Everyone is using Zoom these days. We have internally shared safety measures that employees should take to avoid zoom-bombing and we continue to update the software," an executive from a top consulting firm said.

The central government has also been using Zoom for some internal meetings and press interactions. "We typically use an internal software developed by the National Informatics Centre, but some inter-departmental meetings, press interactions were held on Zoom, recently. There is no directive yet on restricting the usage of the software," a government official told *FE*. Large volumes of personal data is now stored online as usage of apps and smart devices rise. Firms and individuals must balance privacy with communication needs. "Organisation should consider a risk-based approach in designing a security and privacy framework to address the risk associated with processing of personal data and follow a proactive approach to ensure adequate level of protection," said Manish Sehgal, partner, Deloitte India.