IN BRIEF

Radhakishan Damani donates ₹155 crore to PM-CARES Fund

Avenue Supermarts, which owns retail brand D-Mart, on Saturday said its promoter Radhakishan Damani had donated ₹155 crore to the government to fight against Covid-19 pandemic. As part of that ₹100 crore is donated to the PM-CARES Fund and rest ₹55 crore to relief funds operated by eleven state governments, said a statement by Avenue Supermarts. "Our promoter, Radhakishan Damani through his group company Bright Star Investments donated ₹100 crore towards the PM-CARES Fund and a further ₹55 crore to various state relief funds. "We are fully supportive of the swift actions taken by the Central, State and Local Government Bodies of India to protect the general public. Each of us also needs to do our best to protect our communities and fellow countrymen," the statement said. PTI

D'Souza assumes charge as chief of Tata Consumer

Tata Consumer Products on Saturday said Sunil D'Souza has assumed charge as managing director and chief executive officer of the firm. Tata Consumer Products was formed in February 2020 following the merger of Tata Global Beverages and Tata Chemicals. PTI

Hyundai commits support to govt in Covid fight

Hyundai Motor India Foundation, the CSR arm of Hyundai Motor India, on Saturday said it would contribute relief funds to the central and state governments to fight against Covid-19. It said it is also preparing to provide the medical fraternity with protective equipment. PTI

Ed-tech firm Lido to hire over 500 online tutors

Lido Learning plans to hire over 500 online tutors in April as the Covid-19 pandemic has forced a country-wide shutdown of schools. The firm offers live tutoring and personalised online coaching sessions to students from Class 5-9 in mathematic and science. It has onboarded over 100 tutors in the last 2 weeks. BS REPORTER

Netflix to donate ₹7.5 cr to help daily wagers

Netflix on Saturday said it would contribute ₹7.5 crore to Producers Guild of India Relief Fund to help daily wage earners in the entertainment industry. The fund will provide emergency short-term relief to daily wage earners in the Indian creative community, who have been directly impacted by the lockdown. PTI

Lockdown may be a boon for gig workers

NEHA ALAWADHI & SAMREEN AHMAD
New Delhi/Bengaluru, 4 April

As the lockdown to contain the spread of coronavirus (Covid-19) progresses, companies, especially those employing gig workers, are looking at innovative partnerships to keep their businesses going. They also letting gig staff be employed meaningfully this time.

Over the past week, several unusual partnerships among start-ups, traditional businesses and hospitals have been announced, and several more are likely to materialise soon. "Gig workers have no social security and government advisories about keeping employees safe from layoffs don't cover them. Companies are now thinking in terms of how to continue giving livelihood to these people," said Amit Vadera, assistant vice-president at staffing firm TeamLease Services.

For example, Uber last week announced two new business-to-business partnerships — UberMedic — a 24X7 service that will work with health care authorities. It will arrange transport for front-line health care providers to and from their homes and medical facilities. The other one is with bigbasket where driver partners will help with last-mile delivery of everyday essential items in four cities. Its Bengaluru-based rival Ola Cabs has agreed to give 500 vehicles to the Karnataka government for transporting doctors and for other Covid-related activities. Flipkart is exploring collaboration ideas. It is currently having talks with cab aggregators and the Indian Railways to ensure smooth and hassle-free movement of essential products from vendors to customers.

"To achieve the objective of moving grocery and essential supplies across the country from our seller partners to customers, we have been ramping up onground support. We are hiring in addition to offering incentives to supply chain and delivery executives," said a Flipkart spokesperson.

TemaLease's Vadera expects more such partnerships to continue. "Gig employees are mostly migrants in the urban sector. Several wanted to, and have gone back to their hometowns following the nationwide lockdown. Organisations are not sure about how much reverse mobilisation they will see once the lockdown is lifted," he added.

SHIFTING TREND

- Total gig economy market was worth $3.4 billion as of January 2020, according to Invest India
- India is the fifth largest country for flexi-staffing after US, China, Brazil and Japan
- Uber, Ola, Swiggy and Zomato among big employers of gig workers in India
- Zomato and Oyo helping Apollo Hospitals, Paytm delivering McDonalds food to medics, among some pacts

The trend could see increased importance of gig workers, who are taking considerable risk to deliver goods to people in the time of a pandemic. "The gig economy and people working from home are going to pretty much become as important as the mainstream," said software services industry body National Association of Software and Services Companies (Nasscom's) president Debjani Ghosh.

In the last few years, the gig economy or people who work in jobs enabled by a tech platform where workers are not bound to the organisation and can choose to work as long as they want in a stint, have continued to evolve and increase. Even traditional sectors are now tapping into unique ways to ensure supply of essentials to their customers.

Fast-moving consumer goods (FMCG) major ITC has partnered Jubilant FoodWorks, the master franchisee of the Domino's brand in India. Mumbai-based Marico has partnered Swiggy and Zomato to introduce Saffola Store on the foodtech platforms.

'Need to double down on existing investments'

In view of the economic disruption caused by the coronavirus pandemic, **KRIS GOPALAKRISHNAN**, Infosys co-founder and chairman of the Confederation of Indian Industry's Start-up Committee, tells **Neha Alawadhi** that the industry body is asking the government for tax breaks and easier regulatory compliance requirements to help start-ups survive. Edited excerpts:

Q&A

KRIS GOPALAKRISHNAN
Co-founder, Infosys

How is the scenario (with Covid-19) looking like for start-ups, especially smaller ones?

Its a very difficult period for start-ups, whether they are big or small. Some start-ups have seen a difficult period in 2008 or 2011, but for most this is the first time. It is a once-in-a-lifetime kind of impact. My advice to them is to stick with your employees, work from home, and figure out how you will continue your operations. Second is to conserve cash. Look at all your expenses and reduce those that can be reduced.

Some start-ups are also considering salary cuts, especially at the senior level. I would ask them to go back to their investors to see whether they can take their help and support to increase the runway. Investors are also using the same strategy to protect their investments. Rather than looking at new companies to invest in, they need to double down on their existing investments, so they emerge in a better position on the other side, or at least survive. What is heartening is that the community has come together and is working on projects on a pro bono basis to address the crisis.

"MY ADVICE TO START-UPS IS TO STICK WITH YOUR EMPLOYEES, WORK FROM HOME AND FIGURE OUT HOW YOU WILL CONTINUE YOUR OPERATIONS. I WOULD ALSO ASK THEM TO CONSERVE CASH"

At the CII level, are there any recommendations that you have made to the government to help start-ups?

We are asking for a moratorium, tax breaks, postponement of some of the regulatory compliance requirements. Also things like whether there can be support for salaries below a certain level, so companies don't have to let go of people. These are very similar to what the MSME sector has requested. The urgency is that optimism around start-ups is very high. They have innovated and created scalable new businesses. We shouldn't lose that. If many start-ups lose in this environment, there will be less number of people willing to start new businesses.

What are start-ups thinking about recovery, whenever that happens?

I think the recovery will be in two steps — first is how you operate amid social distancing because of the pandemic. The lockdown may be lifted on April 15, but the virus will still be there. So how to provide a safe and secure environment for people to work is essential. The second is that when this health emergency is behind us, we can focus on a full economic recovery.

Is the investment cycle going to take some time to pick up?

It will. We have requested investors... they are watching the situation, and a lot of them are worried about the money they have invested. The way it looks right now, we will see some companies fail. So we have to manage all that.

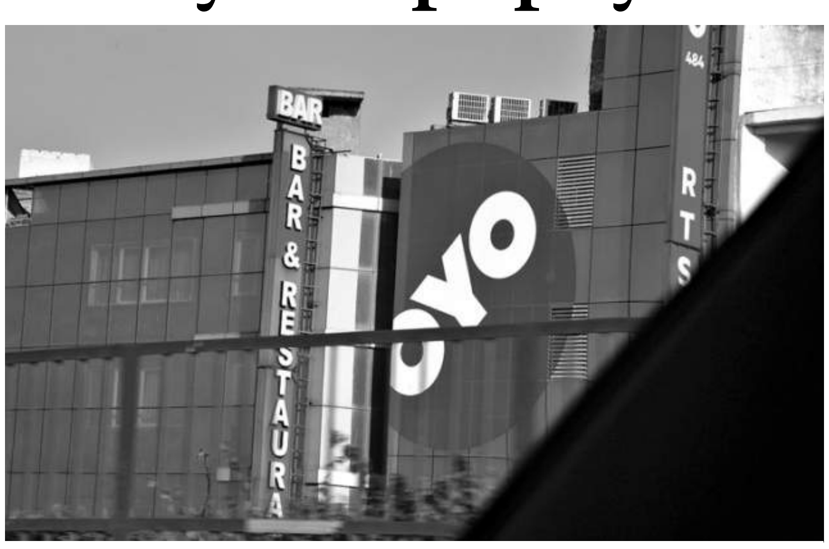
What about the policy-side support from the government for start-ups? Has there been a general policy paralysis?

I wouldn't say there is policy paralysis. We have received a lot of support from the government. On Thursday also there was a call with Union Commerce and Industry Minister Piyush Goyal. So, we're all working on this together. The government is quite supportive and it believes in ways to support this sector. They also realise that this is a segment of industry that requires to sustain because of the passion with which people work.

Covid impact: Oyo stops payments to hotels

The hospitality firm invokes force majeure, and proposes a new revenue share model

PRESS TRUST OF INDIA
New Delhi, 4 April



Oyo said it was regularly reviewing the position and would communicate when it will be able to resume performance of its currently affected obligations under the agreement

Hospitality firm Oyo said it was suspending payment of monthly benchmark revenue to its hotel partners as it is finding impossible to discharge its obligations under the master service agreement due to Covid-19 pandemic.

"In light of this pandemic and various restrictions issued by the governmental authorities, your hotel's revenue has been significantly and adversely impacted and it is unlikely to improve in the next few months," Oyo said in a letter to hotel owners.

"This abrupt, extraordinary and unprecedented drop in your hotel's revenue as a result of the Covid-19 can hardly be considered to be in the ordinary course of business. Oyo's performance and obligation in relation to the benchmark revenue under the agreement has become extremely onerous and commercially impracticable," it added.

This letter provides notice of the occurrence of a 'force majeure' event effective from March 12, 2020 on account of the outbreak of Covid-19 being an extraordinary circumstance, which is beyond our control and which could not be avoided by any amount of foresight and care and its severe impact on our performance under the agreement, the hospitality firm said.

"In these exceptional and trying circumstances, you will appreciate that it is impossible for Oyo to discharge its obligations under the agreement including, inter alia, the provisions of benchmark revenue," the letter said.

Consequently, Oyo will find it virtually impossible to continue to operate the agreement from the point of view of the object and purpose in relation to which the agreement was first executed.

"As such, Oyo is left with no option but to invoke force majeure in as much as the pandemic and related consequences have adversely impacted the operation of the premises and the business of the hotel, and to put you to notice that it is constrained to exercise its rights thereunder to suspend payment of the monthly benchmark revenue and/or any other amounts payable to you under the agreement," the letter said.

In this regard, and in the interim, "we propose a revenue share model effective March 12, 2020 whereby our commercial engagement, in supersession of the existing commercial terms, under the agreement will be 10 per cent of net revenue," it noted.

Oyo said it was regularly reviewing the position and would communicate once the force majeure event / Covid-19 situation has ceased and when it will be able to resume performance of its currently affected obligations under the agreement, the letter said.

Commenting on the development, Federation of Hotel and Restaurant Associations of India (FHRAI) Vice President Gurbaxish Singh Kohli said: "The hotel industry is in the midst of a massive economic catastrophe and Oyo's behaviour is absolutely below the belt".

The company has decided to invoke the force majeure clause, via which they are completely suspending payments to hotels and which isn't even in the agreement that hotels have signed, he added.

"Oyo has anyways been regularly defaulting on payments even much before the pandemic and is now using it as an excuse to completely back out of their agreements," Singh said.

PVR looks at social distancing in its theatres after lockdown

PRESS TRUST OF INDIA
Mumbai, 4 April

PVR, the largest theatre chain in India, is looking at seat distancing in its theatres as one of the "out of the box" ways to ensure that its audience feels safe about returning to the movies after the coronavirus forced lockdown is over, says PVR Cinemas chief executive officer Gautam Dutta.

Besides introducing social distancing at the ticket booking level — saying goodbye for the moment to shared popcorn and holding hands as part of the movie watching experience — PVR will also sanitise all its theatres and train its staff, Dutta told Press Trust of India.

"We are planning a number of things, from sanitising our cinemas to coming up with a feature where we will do social distancing within the cinema. For example, if you have booked two tickets, we will leave one seat and book the next one," he said. This will be for a couple of weeks or maybe a month so people feel comfortable again, he added.

For now, Tata Sons is stuck with AirAsia Berhad

A watertight agreement is preventing Tata Sons from exiting AirAsia India

ANJULI BHARGAVA
New Delhi, 4 April

NEWS ANALYSIS

Gertrude is busy knitting "something special" for her husband in the midst of the coronavirus pandemic. It turns out to be a thick noose to hang him with. While this may be a funny meme, many marriages are being severely tested, thanks to the Covid-19 crisis, and the fact that couples are being forced to spend all their time in close proximity of each other. Sociologists are already predicting a spike in divorce rates as another fallout of the coronavirus pandemic.

The same holds true for corporate alliances. Airlines are having a tough time in this crisis and Tata's marriage with AirAsia Berhad is under test. "Solemn vows, a bad marriage and no hope of alimony" is how a former board member of AirAsia India describes the joint venture between Tata Sons and AirAsia Berhad, the Malaysian low- fare airline owned by Tony Fernandez.

The marriage was solemnised under "unlucky stars" and has been jinxed from the word go. Of the two Tata aviation ventures, this one has been what many are now openly calling an "unmitigated disaster".

AirAsia India started operations in June 2014. The airline had everything going for it. The low-fare airline concept was well-known. It had the backing of AirAsia chief Tony Fernandes, and the wealth of experience that AirAsia Berhad brought with it. Almost all the systems, protocols and procedures of the parent airline were adopted. Moreover, oil prices were at a low and continued to fall.

However, the troubles started right from the outset. Two basic matters with regard to the grant of licence to the airline were questioned. First, Bharatiya Janata Party (BJP) leader Subramanian Swamy, who moved the courts on this, argued that the licence itself was questionable since the foreign direct investment rules in India allowed investment in "existing" Indian carriers and not for the setting up of a new carrier. This matter has since been cleared up.

Second, the joint venture has been under the scanner for violating regulatory laws. Indian foreign direct investment (FDI) rules stipulate that both "substantial ownership" and "effective control" must rest in Indian hands. This rule was violated by the airline from the time of its launch in June 2014 till November 2018, when the Tatas brought in Sunil Bhaskaran to run it. To do this, the Tatas were forced to buy out the stake of Arun Bhatia, who was one of the partners in the joint venture. According to people familair with matter, Tata Sons paid Bhatia twice the value of what he invested to buy him out.

Moreover, it didn't help matters that the two CEOs whom Fernandes had brought in proved to be disastrous for the airline's operations. Both Mittu Chandilya and Amar Abrol had little clue about how to run the airline, which was evident in almost every decision that AirAsia India took or failed to take.

The airline changed its hub even before it started its operations. Routes were haphazardly picked and abruptly dropped. Losses piled up quickly. It also had trouble retaining key people, and many treated it as a sort of a stop-gap arrangement while they looked for something more stable.

As if that weren't enough, Chandilya, was allegedly involved in financial wrongdoing on a personal level (he is currently under investigation). And Amar Abrol, the next CEO, was found in a compromising situation with a female colleague.

By 2016-17, the Central Bureau of Investigation (CBI) and the Enforcement Directorate (ED) had begun to look at alleged financial wrongdoings at the carrier. It came to light that there had been many related-party transactions, and money appeared to have been paid out in excess of what commercial terms dictated to lessors chosen by the airline's partner AirAsia Berhard.

The airline also hired some agents to help 'convince' the government to modify that 5/20 rule, which stipulated that new carriers could not enter overseas markets unless they had been in operation for five years or had a fleet of at least 20 aircraft. The agents were essentially lobbyists like Deepak Talwar, who had been instrumental in influencing government policy through all kinds of means, including in the liberal handouts of bilaterals. This matter, too, is under investigation.

In January 2020, the entire top management of the airline and several former officials were summoned by the ED in connection with the 5/20 and other regulatory violations. As deeper schisms appeared in the Tata stable, the airline became a flashpoint for the larger battle between Cyris Mistry and Ratan Tata, with the former having submitted documents in the courts that apparently highlight Ratan Tata's own complicity in the violations carried out by those like S Ramadorai and R Venkataramanan.

Financially, too, the airline has been a drain for all parties. The auditors of the airline have been sceptical of it being called a going concern on the grounds that its accumulated losses for the year ended 2018-19 are now ₹1,284 crore against a share capital of ₹534 crore. In addition, the company's current liabilities exceed current assets by ₹962 crore.

Many feel that the AirAsia India venture has really been "one long embarrassment" for the Tatas, and the people close to the matter say even before the coronavirus pandemic, the Tata Sons board had contemplated shutting it down to protect the group from reputational and monetary damage. Covid-19 may have been the perfect opportunity for going ahead with that plan.

However, the people say the agreements between the two parties are watertight. And for all practical purposes, Tata Sons finds itself stuck between the devil and the deep blue sea.