

CREDAI-MCHI Webinar: Key to the Lockdown – Episode 13

Date 18th April, 2020 (Saturday)

Time 11:00 am

Topic: Retail Resurrection Post COVID-19

Speaker: Mr. B. S. Nagesh – Founder, TRRAIN, Mr. Atul Ruia – MD, Phoenix Mills, Mr. Ajay Bijli – Chairman, PVR Ltd.,

Moderator – Mr. Anuj Puri – Chairman, ANAROCK Group

In 2008-09 we witnessed similar financial crisis, based on that what are your views Mr. Nagesh?

- 2008-09 - Global Financial Crisis had similar issues. Major differences was businesses were continuing that time, as it was only a financial crisis but this is also a health crisis. Customer relations were helpful at that time as loyalty programs were helpful.
- In this crisis, we not only need more customers but also suitable environment to suit the growth.
- Credit availability depends on banks.
- Biggest challenge is the supply chain.
- Product supply change has been extremely damaged.
- Services can still start as they are delivered by humans.

Post Lock down when Malls gets open, how to bring customer's confidence back Mr. Atul?

- We have entered in the fear zone and have rationalized thinking.
- By July, everything will be normal and customers will come on their own.
- We need to take few steps for smooth functioning with some restrictions like shift for 8 hours from 12:30 pm to 8:30 pm.
- Create awareness of hygiene and safety like we will have temperature checks, masks compulsory, sanitation of whole mall continuously, 50% operation of cinemas, alternate seating, 50% F & B outlet operation.
- This will create a right safe environment for the customer and bring back confidence removing the fear.
- Have a massive PR machinery and split the team to look after various tasks.
- To create a conducive environment.

Internationally any information like China they have opened up businesses and how to energize the same, Mr. Ajay?

- This crisis is unprecedented and everyone is caught off guard.

- We are the first one who have done lockdown and maybe we would be the last one to open it to control the disease spread.
- Now we can't do profitability management as liquidity management now is more important as revenue generation is zero.
- Considering Cinemas, the situation globally is not good. Everywhere cinemas are shut only few small markets like Taiwan which are not dependent on Hollywood .
- Permutation completion will be there
- China opened up 500 screens but closed soon because of the new content which is available online, people need a massive reason to go out.
- But for the Indian population, the case might be different but reason to go out must be new movies.
- Need to bring confidence level up amongst customers by following the guidelines set.
- Government support is also necessary for subsidy and GST norms.
- Permutation completion will be there. Collaboration will be very important and vital.
- To summarize consumer confidence + film industry + mall, retail owner and government collaboration are very important.

Post Lockdown, is the retail balance sheet so fragile Mr. Nagesh

- Customers are allowed to move
- Humanity is now inclusive, require boost in the moral and money in hand
- Government support very much required and the need of the hour.
- Fear and anxiety are there amongst consumers and also in the businessmen.
- Supply chain to be looked into.
- We cannot afford unemployment and job losses
- Without liquidity, it will not happen.
- Government should bring in the liquidity with necessary concessions.
- This is not wealth destruction
- There will be chances of shortage of products

Malls have taken lease rentals from the Banks. Question is how are they going to support the payments to pay back to the banks and how would be the impact. Mr. Ajay?

- Next 4-6 months are about Liquidity Management, there is no chance of profit or loss and will be hardly any income.
- Utility is negligible part of cost.
- There will be defaulters, parent balance sheet will not work this time.
- Government should allow banks not to make them as defaulters at least for next 12 months
- Need short working capital for salaries and to pay taxes and other charges

- There will be consolidation and distress.
- They should not be forced to sell in distress.
- There should be good relationship with the developers and mall owners
- Should find solution with the developers in collaboration.
- Reasonableness with each other.
- If banks give interest moratorium then there will be no issue.

Mr. Nagesh

- Assistance E-Commerce coming in a very big way
- E commerce will prepare the platform. Market place to get bigger prominence
- Offline, we have 46 million people working
- Online is going to increase
- Food Court & Theatres has to full on after lockdown
- Redesigning the food court

Mr. Atul

- Malls to adopt the necessary measures of restricted working hours, social distancing, mandatory masks, no events and crowd control, sanitization.
- 50% capacity in restaurants and cinemas
- E-Commerce is very challenging, for event, concert etc. for making mall a social place, but now it would be difficult in terms of social distancing.
- Government will start normalizing reasonably very soon.

Q. 1. Will High street shops will gain more business and in Social distancing how will business generate the profit? Mr. Ajay

- Modify role out plan. We need SOPs
- People will behave the same according to me, we are looking at new SOPs,
- As expenditures will increase, as capacity gets reduced into 50%, as we have no choice, we would not have new movies.
- Cinema has to be reimaged again.
- Reduce cooking, use of mask, sanitization till the vaccine comes.
- We should be skeptical till the time.
- It's a matter of time and social distance won't be affected.

Q. Developer's advice as upcoming mall owners, whether pay the rentals in next 1, 1 ½ years? Mr. Atul

- Don't build without financial closure. Go ahead if bank supports.
- Wise thing is to wait for sometime for things to settle
- And if you start construction, complete the work faster.
- Macro Mall is going to change
- Reasonableness is important.

Mr. NAGESH

- Existing Stores looks more profitable, which would do better as they would already have their customer base
- New Stores can wait for sometime for market to get stabilized.
- Sales will depend on brand to brand and brand relationship.
- Versions of months to be created 3 months, 6 months, 1 year etc.
- Business model has to be relooked
- Best practices to be focused
- Symbolic relationship with Government, massive liquidity is very important
- For GST input credit to be allowed

Mr. Atul

Learnings out of the situation

- Social media is misleading - Fatality rate of COVID is much lesser than what is projected
- Negativity should not be spread
- Paradigm shift is expected from RBI & Governments, in term of Interest rates

Mr. Dharmesh Jain

All the stakeholders have to work together while fighting with the Government on all rental assets

There has to be a relief / tax holidays

Mr. Nagesh - in 6 months later - What's the suggestions for the mall owners

- Life has to go back like how it was before
- Business model has to relooked at
- Government incentives are important
- Community needs to be fully involved
- Malls needs to adopt e-commerce models

Mr. Ajay

2 positives

- Remain healthy, Youngest are the biggest consumer base

- Not to get scared of technology

Mr. Anuj Puri- 4 things

- 1) Reasonableness
- 2) Collaborations Retailers, Mall Owners, Government
- 3) Business model to change
- 4) Need to be fit

Mr. Nayan Shah CREDAI-MCHI can do

- 1) Make the Panelist as Members of MCHI
Representation about input tax credit, MCHI to take up with the Government
- 2) If Rs.100 is the Property Tax paid, 1/3rd only to be collected i.e Rs. 33
- 3) Future Malls, Unified DCR to be done, to increase the FSI
- 4) Entertainment tax to be brought down
- 6) is it possible to make short films on how families to come to malls and enjoy

Mr. Atul

To share the Employees' Protocols to put in place for everyone

Mr. Ajay

What should be the guideline to be followed after the malls are opened, MCHI to prepare guidelines

Ms. Binitha Dalal

- Thanked all the Panelists and Sponsors