

# PKP NEWSLETTER

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## Working under lockdown

We are happy to present you with the 7th edition of the PKP & Co. newsletter. The COVID-19 contagion has brought with it tremendous risks for industries and the workers are also facing psychological stress on working from home. Considering these circumstances, our team has compiled information on those risks and pointed out ways for overcoming such risks for the smooth functioning of your concern in the foreseeable future. We hope that these will be of assistance to you. Stay safe!

**Regards,  
PKP Presentation Team**

## Managing partner's address

Its been 42 days since the lockdown commenced. I am again surprised and pleasantly so , as we have been able to get some work done and ensure uninterrupted service to our clients.

The month of April was a learning curve on improving our services and ensuring that all the staff, wherever they were located were able to continue to learn, complete the work allotted and of course enjoy time with the family. I think we have done well to achieve all of these objectives. The progress in the Audit tool developments, issuance of regular certificates for overseas remittances, completion of audits, filing of refund claims and receiving them , wherever applicable have progressed well. It is now time to commence the annual Bank audit, albeit in a slightly different approach, with minimum visit to the Branch. We are all learning in this.



I have to once again compliment the Newsletter team , which has overcome all the issues facing them and brought out this monthly newsletter.

Remember the way forward is to continue learning from our past experiences, making the changes necessary to improve and better them and ensuring that we are ready to welcome the future.

My best wishes to each and every one of you and I thoroughly enjoyed our interactions , though brief in the past month. Let us all stay safe and continue to do well in the difficult circumstances.

**Pratapkarán Paul**  
Managing Partner



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Article Assistant*



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## Automobile Industry

### Introduction

The Indian auto sector seems to be going through its worst phase ever. The manufacturers have seen a huge drop in demand since August 2018 due to the effect of slowdown in the economy followed by the spread of Covid-19.

The impact of the coronavirus pandemic and the lockdown it triggered is clearly visible in financial markets. But there is still no clarity on the deeper impact that it is having across businesses and industrial sectors. Based on assessments made by different analysts here is an impact analysis of the auto sector.

### Auto mobile industry - an overview

The Indian auto mobile industry



contributes approximately 7% of the Total GDP of the country and almost 49% of the Manufacturing GDP, 15% of GST and employs over 3.7 crore people directly or indirectly. This industry is witnessing a total loss of RS.2300 crore per day due to the pandemic and the consequent lockdown. Few specific impacts created by this pandemic is discussed here.





## Supply chain disruption

The automotive value chain is highly complex, integrated and interdependent. A vehicle manufacturer cannot commence operations if any one of its suppliers is unable to undertake production.

China is an important player in supply chain of auto mobile industry all around the world. The global automotive industry, imports more than \$34 billion in motor parts from China annually. Also China accounts for about 27 per cent of India's automotive part imports and major global auto part makers such as Robert Bosch GmbH, Valeo AS and ZF Friedrichshafen AG have factories located in the Hubei province of China.

Since the lock down in China has started early during December 2019, the industry has witnessed a steep downfall in production. The disruption in supply chain in India's automobile sector due to the pandemic is likely to cost the industry Rs 6,080 crore (\$800 million) over the last quarter of this financial year (2019-20) and first quarter of next fiscal (2020-21), says a research firm Care Ratings.

Also, production has come to almost a standstill, as state governments have imposed lockdowns and companies themselves shut their factories to help break the chain of the coronavirus outbreak in India. Further production for a vehicle manufacturer would only amount to adding to inventory and thus blocking working capital incase dealers are unable to sell vehicles.

## Transition to BS VI norms – a challenging task

Earlier the Indian Government in reaction to the increasing pollution has ordered that only vehicles which are compliant of BS VI norms will allowed to be registered from April 2020. This indirectly insisted the auto sector to sell its stock of BS IV and BS V compliant vehicles before March 2020. But the pandemic that started in China in Mid - December, made such sales a challenging task.

However a relief was given by the Supreme Court that BS IV and other low stage compliant vehicles shall be sold within 10 days once the lock down is lifted on March 27, 2020. However liquidating the unsold BS-IV stock within 10 days amid a desperately low buyer

# Impact of COVID 19 on Industries

sentiment due to the COVID-19 pandemic would call for heavy discounts and still might not be adequate to alleviate the demand woes of auto dealers and could impact their profitability.

The industry is expecting the Government to post pone the transition to BS VI vehicles. Moreover if the shutdown remains for a prolonged period, it could lead to weaker consumer sentiments amid lower income across various sections on account of a decreased industrial output, and an overall challenging economic environment. Hence, there is no likelihood that the sale of BS-VI vehicles would pick up any time soon.

## Cost cutting measures to be increased further



Like every other industry, auto sector has to undertake serious cost cutting measures to sustain their working capital measures. Since the industry is facing a downfall from August 2018, the cost cutting measures are already in practice in

most of the companies. However, given that the sluggish demand in the industry over the last 12 months, the current measures might not be adequate to cover the losses of the dealers says the India Ratings and research.

In order to safeguard the lives of the workers, the Government issued an advisory that the wages has to be paid by the employers during lock down. This order forces the industry to incur huge employee cost against their fragile turnover. Which makes a serious hit on their working capital.

## The Post pandemic world

It is very tough to predict the post pandemic world. Moreover with these uncertain lock down extensions and strict limitations imposed by Government, the demand for the vehicles in near future is almost unpredictable.

Due to the lock down and its related impacts ; Maruti Suzuki, which is the largest carmaker in the country, sold 83,792 cars in March, thereby clocking a dip of a 47%. On the other hand, Mahindra and Mahindra, the UV expert, has seen a dip of 88% in its sales. In addition to this, Hyundai Motor India Ltd saw a decline of

# Impact of COVID 19 on Industries

40% in Domestic sales, with decline of 64.4% in exports.

Moreover the prolonged lock downs hinder the income earning opportunities of the people at large and in turn induces the shift in their mind set to invest in essentials rather than luxuries. This shift in mind set is expected to lower the demand however few surveys lights hope to the industry. These surveys predict that an increase in demand can be expected due to the shift of people from public transport to private transport in fear of infection and the same is agreed by different auto makers like Hyundai and Nissan.

## Shift from Public transport to private - a new hope to the industry

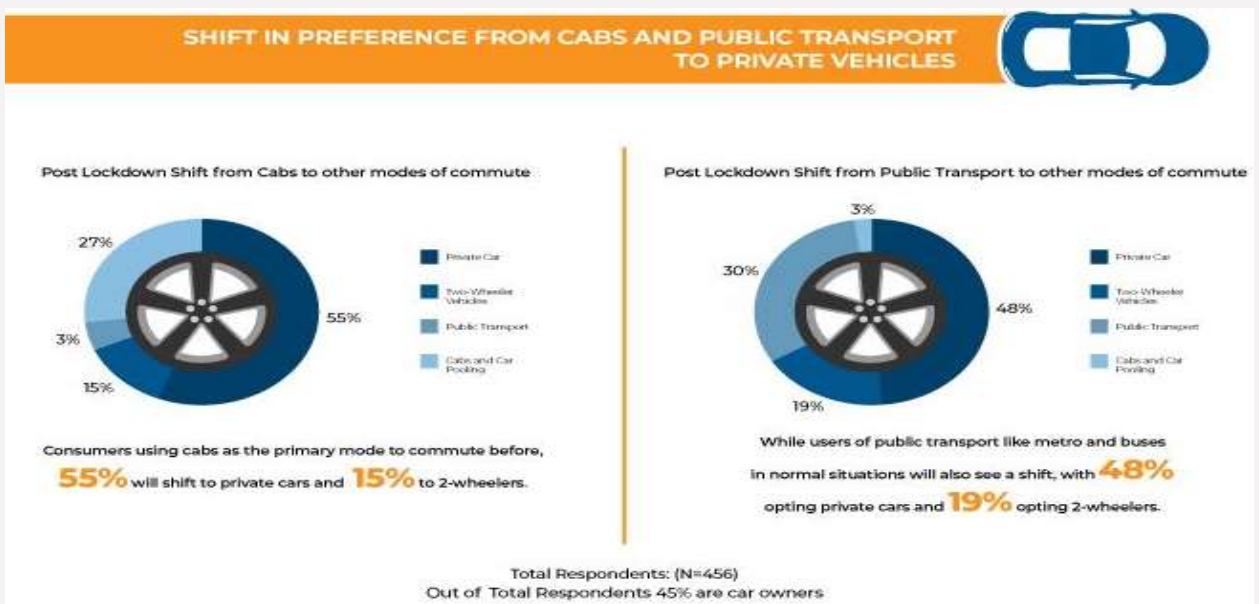
As the population prepares to embrace the post-COVID-lockdown era as the 'new normal', one thing has become rather certain that people will want to move about the city in personal modes of

transportation rather than public transport.

The same is outspoken by a recent survey conducted by Cars 24. According to the survey, 46% of respondents said that they have decreased their budget due to the global pandemic, out of which, 50% said that they will be purchasing pre-owned cars once the lockdown is over.

In another interesting finding, 22.5% of the consumers who were planning to buy a new car last year would now prefer to buy a pre-owned car because of their limited budgets.

In addition to the reduction in the budget of the buyers due to the global pandemic, family requirements and the risk of Infection have emerged as the major reasons for buying a car amongst the consumers. The report further revealed that while 42% feel that they now need to buy a car for the family, 53% of the consumers think of buying one within the next six months.







The research study was conducted using various digital platforms, over 3600 respondents from 11 metros and 37 non-metro were a part of it. Around 59% of the respondents were from the metro cities and 41% of respondents of them were from the non-metro cities, 30% of them interestingly, did not own a car and were interested in purchasing a pre-owned car. The report comprised 83% male responders and 27% female responders.

However, unlike metros where consumers intend to buy cars increased by 41%, respondents from non-metro cities feel that they would like to switch to two-wheelers instead. The analysis further revealed that 55% of the consumers who were using cabs as their primary mode to commute before COVID would now like to shift to private cars while 15% said that they will switch to 2-wheelers.

This survey gives a pleasant surprise to the industry and similar reaction was experienced in China when the lock down was lifted. However such increase in demand can be expected less in India due to the conservative mind set of the people.

## CONCLUSION

There is no doubt that this pandemic has hit the industry very hard. Especially the Q1 of F.Y. 2020 – 21 has faced serious down fall due to the consecutive lock downs in India and China. This is the first time ever in a decade that such low sales are recorded in the industry.

However as the saying goes “Storms never last long”, the industry and the government has to undertake serious measures to sustain the pandemic and keep the industry vibrant and alive.



**Arun  
Ravichandran**  
Article Assistant

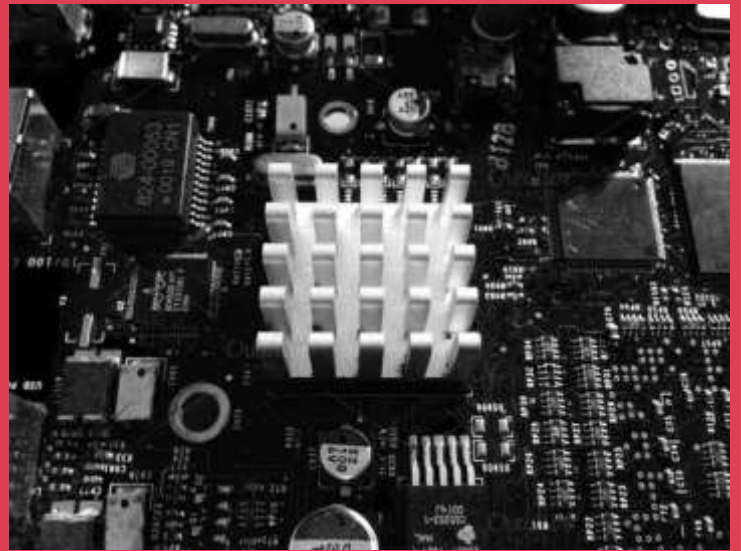


**Aditya  
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## Coronavirus: IT sector looks staggered

The COVID-19 pandemic is the defining global health crisis of our time and the greatest global humanitarian challenge the world has faced since World War II. The virus has spread widely, and the number of cases is rising daily as governments work to slow its spread. India has moved quickly, implementing a proactive, nationwide, 21-day lockdown, with the goal of flattening the curve and using the time to plan and resource responses adequately.

Along with an unprecedented human toll, COVID-19 has triggered a deep economic crisis. The global economic impact could be broader than any that we have seen since the Great Depression.



## Impact of COVID 19 on Indian IT & ITES Industry

One of the major operational issues that is faced by all businesses during the Covid-19 pandemic and the resulting Lockdown enforced by the State is primarily - running operations. The Information Technology Industry is no exception to this.

The IT and ITES services accounts for 5% of India's GDP all the while. India's IT industry is expected to start working from offices only in phases, with the initial focus on delivering mission critical projects and contract work that cannot be serviced from home due to client confidentiality agreements.

Despite the fact that IT companies have been known to adopt Work-from-home mode for sustaining operations, there seems to be limits to how effective it truly is. Both Informal Sources and Industry Veterans state that more crucial projects

and assignments which involve higher revenue billing are not possible to be done with Work-from-home mode of operations as they would involve work to be done On-Site.

Former NASSCOM President, R Chandrasekhar, had also recently commented that an extended period of Lockdown (say 2 - 2.5 months) would likely result in Job Cuts in the Industry. Though big and established IT Companies are less likely to trim employees, IT-Startups will be ones that will feel the pressure for Job Cuts.

As the sector looks to counter the impact of the Covid-19 virus outbreak and the resultant ongoing nationwide lockdown, industry lobby group National Association of Software and Services Companies (Nasscom) has advised members to restart operations in phases to cut the risk of infections spreading further.

The Indian IT industry employs over 4.3 million, and Nasscom has advised that 10-15% of staff return to offices till April 30, 30% by May 15 and 50% by June 30.

## Psychological and Cultural Impact

This coronavirus has forced us to change faster than we were changing. the work-from-home culture may become a positive development in the long run as it opens up newer avenues and save investments by IT firms. Bureaucrats also says that start-ups which are surviving on funds infused by venture capitalists may face tougher situations if the present scenario deteriorates.



The larger companies may not be actually cutting jobs for two reasons. One is that they do not want to lose their employees and they have money to pay.

Many of them (big companies), even if they do shed some jobs it might be at the most people who are on temporary or intern type and all. But they would not want regular and permanent employees to go.

So as long as they have sufficient flexibility in their books, they would continue. But beyond a point that it goes on, for let us say, two months or three months, then even for them, they will feel the pressure. They may not just keep on providing subsidies to the employees.

The work-from-home culture, in the long run results in savings in terms of employee productivity, logistics cost and office space. He said client companies offering contracts to Indian IT firms, which are also undergoing similar experiences, may not object to work remotely.

## Scenario in the sector

Based on the Inputs from experts and policy makers in India, McKinsey and Company, an American consulting firm modelled estimates for economic scenario in India.



- Lockdown continues until mid-may 2020; moderate relaxation after April 15,2020 (end of 21-day deadline. Re-starting supply chains and normalizing production and consumption takes 3-4 months. Stabilization and stimulus packages.

Considering the above scenario, Q1 FY 2021 vs Q4 FY 2020, the IT and ITES

industry's output will fall about 10-15%.

Former chairman of NASSCOM, B V R Mohan Reddy said a clear picture as to what is going to happen has not yet emerged as the situation with all respects is still evolving. He said there will be a demand shrinkage for the IT industry as the entire world is under stress.

## Conclusion

- There is no economy in this world that is going to do well in this situation. All of them are in some form of stress. Therefore, there will be a demand shrinkage, indicating tougher times of the industry ahead. Indian technology outsourcing companies have largely held up better in the coronavirus pandemic than other industries in the nation.
- Let us hope for the better future of country's economy as a whole.





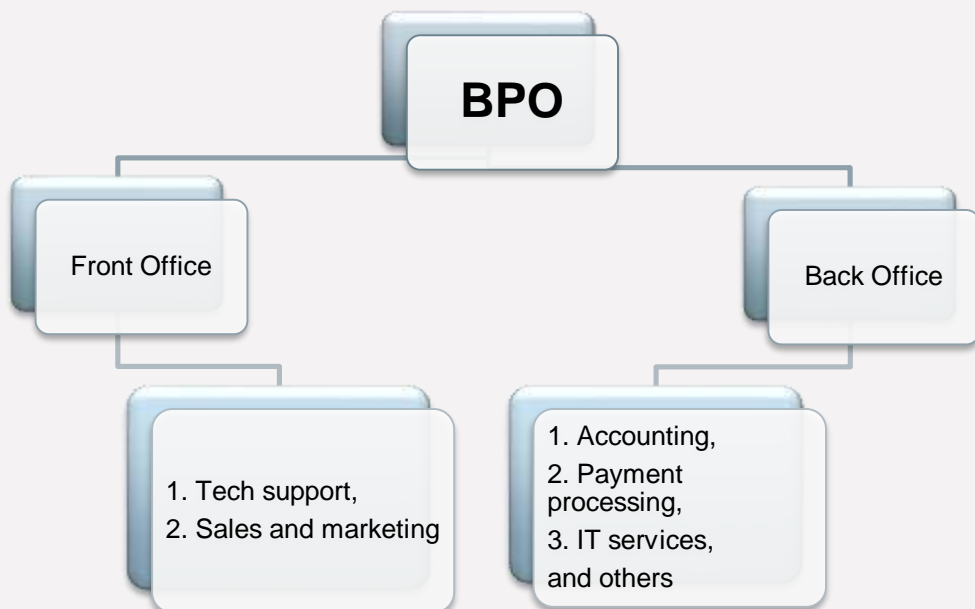
**Praveen**  
**Article Assistant**

## BPO Industry

### About the Industry

Business Process Outsourcing (BPO) is a subset of outsourcing that involves contracting the operations and responsibilities for a particular business process to a third-party service provider.

Broadly speaking, companies adopt BPO practices in the two main areas of back office and front office operations.





## Impact in the BPO Industry

Experts are of the view that the Indian BPO industry faces significant challenges in the **short and medium term** due to the Covid-19 related restrictions. The business process outsourcing services in the outsourcing industry in India, catering mainly to Western operations of multinational corporations (MNCs). Projected fall in the growth rates of the US and the European Union would have a direct bearing on the Indian IT industry, as those markets contribute over 80 per cent of their export revenues.

About 50% work has stopped, a significant portion of the work also requires employees to access **private customer data, this cannot be shifted.**

Travel, hospitality and retail will be impacted as people will travel less and restrict spending to essentials.

Impact on the industry to which the BPO serves will have a direct bearing on the company since, revenue system of BPO industry is based on the volume of work done.

Now let us see how the government measures to control the spread of COVID-19 impacts the industry

<b>Containment Measure</b>	<b>Impact on the Hospitality industry</b>
Quarantines	Demand for the products other than essentials is reduced, due to loss of confidence.
Travel banes and restrictions	Business and tourism travels to different states and countries were not allowed.
Closure of Public places	Supply chain disruption and entertainment services were closed

## Recovery Measures

Recovery measure should not be stopped only to the companies also to individuals so that every industry will regain its position

People	Company	Macro Policy
Increase resources to the health sector	Reduce or delay tax payments for most affected sectors	Expand liquidity to banks
Step up temporary cash transfers to vulnerable households	Expand liquidity and availability of credit to firms	Ensure monetary policy responds to extreme market conditions
Expand short-time work schemes	Reduce public sector arrears to firms	

## Monetary Policy response to extreme market condition

The additional headwinds and uncertainty related to the coronavirus outbreak make it essential for monetary policies to remain supportive in all economies to ensure that **long-term interest rates remain low** through widespread cuts in interest rates.

Last week, the ministry of electronics and information technology (MeitY) classified the IT and BPO industry that supports government, health services and financial industries as essential services.



## Impact of COVID-19 on Stock Market



**Niteesh**  
**Article Assistant**

### Introduction

The stock markets across the world have remained highly volatile in the last many days. In India, the 30-share BSE barometer and the 50-share NSE barometer impacted drastically.

“The markets would continue to track the global indices which are under stress as Coronavirus is expected to adversely impact global supply chains. There are reports that US GDP growth will slow down, while fears of a recession are impacting European markets”

**-Bloomberg Portal**



Even as the Indian economy strives to recover from a slowdown, the Coronavirus outbreak has further hit the possibility of revival given the negative impact on the various sectors of the economy. As the economy battles a new scare, stock markets are witnessing fresh volatility negatively impacting investors. With the cases of Coronavirus getting detected in India,

the sentiment is expected to further go down. Impact of Coronavirus's impact on the domestic economy, industry, stock and currency market.

The Covid-19 outbreak remains a risk, but the fall in oil prices, coupled with higher rural incomes should work as mitigating factors to the negative global shocks.

"We believe a weaker China and global growth, and disruptions along the supply chain are likely to have some adverse impact on India's growth. For instance, sectors such as electronics, pharma, automobiles, etc, could see supply disruptions in the value chain"

**-Bloomberg Portal**

Amid the current carnage, observing the index can help in gauging the damage the coronavirus is inflicting on portfolios, and whether the downturn is a short-term consequence of disrupted supply chains and skittish consumer demand.

**To better understand the differing aspects of the economy and the signals they are flashing, have grouped the stocks into eight broad economic sectors such as:**

## 1) Consumer Staples (-7.7%\*)

- These consumer products are those that remain in family budgets regardless of financial problems in the larger economy, and are expectedly doing relatively better than the rest of the index.
- Walmart's stock is seen as a place to hide amid the looming threat of a recession, while grocery sales overall are surging as consumers stock up and get ready to wait out the pandemic basic materials.
- India imports 45% of completely built units of consumer durables from China. In addition, India also imports bulk of consumer durable components from there. Besides, 70-80% of mobile phone components/CKD kits are supplied by China
- Supply disruptions from China have led to depleted inventories for Indian consumer durable firms in categories like mobile phones, air-conditioners and electronic components, as well as TVs. These segments saw price hikes of 3-7% in March 2020

## 2) Health Care (-13.6%\*)

- Pharmaceutical and biotechnology drug developers have done well amid the widespread panic, as several companies unveiled plans to combat Covid-19.
- At the same time, investors soured on the nation's hospitals, which already saddled with debt, may feel an increased pressure as elective surgeries are delayed. Also, if the economy slides into a recession, it might mean the hospitals would get more patients that are covered by Medicare and Medicaid, which are less profitable, as well as see an increase in unpaid bills.
- India is a net importer of pharma bulk drugs from China. The country accounted for 68% of Indian imports by value last fiscal.

## 3) Communication Services (-20.4%\*)

- While the Dow includes just two companies from this group-Walt Disney and Verizon-overall, the sector's stocks have done better than the broader market given a mixed exposure to the virus spread.

The crisis has led to a drastic drop in ticket sales at movie theaters, yet, another part of the sector-like wireless service provider Verizon-remains largely insulated from any coronavirus impact, though equipment sales could see some declines due to supply constraints and store closings.

## 4) Information Technology (-25.5%\*)

Technology companies—be it IBM, Apple or Microsoft—are being seen as reasonably defensive as patient investors look ahead to key tailwinds in 5G technologies, cloud computing products and artificial intelligence, even though strained global supply chains may have put a dent in near-term optimism.

## 5) Consumer Discretionary (-30.8%\*)

Discretionary spends, such as buying new shoes, clothes, furnitures or cars, or even eating out, are expected to go down, reflected in the sharp decline seen in the stocks of Nike and McDonald's. Restaurant stocks have continued to slide, as more companies shifted to takeout only, either by choice or state/city mandate, while cruise-line operators' stocks are in a freefall.



## 6) Financials (-32.4%\*)

- Financial companies have been among the hardest hit as the virus threatened to tip the economy into a recession, with the KBW index of top U.S. banks falling nearly 40% since mid-February when the broader virus-fueled selloff began.
- But many financial sector entities rated by CRISIL have strengthened their balance sheets in the past few years with higher capitalisation and on-balance sheet liquidity. These entities are expected to manage the current situation, if temporary, without material impact on credit profiles as capital buffers should be able to absorb asset-side risks.

## 7) Industrials (-37.6%\*)

- With the virus outbreak forcing social distancing, and keeping people from buying cars or taking flights, the impact is rippling through the manufacturing industry and its supply chain.
- Factories and plants across the globe are being forced to shut down. Boeing, which was already struggling to sort out its

- troubles related to the 737 Max aircraft that was grounded last year after two fatal crashes, is now facing a double whammy as the airline industry sees an unprecedented drop in demand.
- That may, in turn, force airlines to defer their aircraft orders, or even cancel some if the situation does not improve in a few more months.
- The overall investor nervousness is also reflected in the shares of Caterpillar and United Technologies, two stocks that can be seen as bellwethers of the global industrial economy.

## 8) Energy (-38.4%\*)

- Energy stocks are taking a beating as the sector faces demand headwinds from coronavirus, while the ongoing price war between Saudi Arabia and Russia isn't helping anyone's cause.
- Energy is the worst-performing group in the S&P 500 this year, down 54%. Meanwhile, U.S. shale drillers are responding by slashing their capital budgets and dividends in a bid to weather the downturn.

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- While the ongoing price war between Saudi Arabia and Russia isn't helping anyone's cause.
- Existing challenges in terms of fuel supply, weak financial risk profile of state distribution companies and stressed power assets would continue to play a role in the credit quality of these players.

## Note:

\*Percentage Drop by Industry Sectors, Best to Worst Performing.

## Conclusion

Industrial activity in China plunged in February, though it may nose up

in March. In many parts of that country, businesses were set to resume after the Chinese New Year. However, data indicates slow progress. But industrial activity in the month of march, had much effected than the month of February.

Our industry interactions, especially in sectors such as automobiles and auto components, suggest that while some factories/ industrial activities have resumed partially, utilisation remains low and will take time to reach normalcy. In addition, while production has resumed, port despatches have not. So supply chain normalisation may be possible only by the end of May – provided the rate of new Covid-19 cases continues to fall in China.

## Shares which touched their 52 weak high and low as follows

IPRU NF100 ETF NSE: Apr 30, 15:45	107.32 Vol: 20.07k	5.85 -5.17%
ANI Integrated NSE: Apr 30, 15:49	15.80 Vol: 1.20k	0.80 -4.97%
Ashiana Housing NSE: Apr 30, 15:54	42.30 Vol: 229.57k	1.70 -3.96%
Mohit Ind NSE: Apr 30, 15:19	3.15 Vol: 300	0.10 -3.08%
Silver Touch Te NSE: Apr 30, 15:40	100.25 Vol: 3.00k	1.75 -1.77%
Sanghui Forging NSE: Apr 30, 15:32	13.15 Vol: 6.25k	0.10 -0.75%
Jcilt NSE: Apr 30, 15:59	224.80 Vol: 281.58k	20.20 -8.97%
Mangalam Drugs NSE: Apr 30, 15:56	72.45 Vol: 22.08k	3.45 -5.00%
Ruchi Soya NSE: Apr 30, 15:59	413.55 Vol: 6.31k	19.65 -4.98%
Venus Remedies NSE: Apr 30, 15:55	51.30 Vol: 23.21k	2.40 -4.91%
Alchemist NSE: Apr 30, 15:56	2.20 Vol: 13.79k	0.10 -4.76%
Ruchinfra NSE: Apr 30, 15:58	3.60 Vol: 37.01k	0.15 -4.15%

Due to Covid-19 one of the most effected sector is stock market. As on 12 Feb 2020 SENSEX is with 41709.3 points but due to the covid pandemic SENSEX as on 03-05-2020 is with 33717.62 points, which is affected by nearly 20%



**Harthik Reddy**  
*Article Assistant*



## Introduction

A Work from Home Policy is an agreement between employer and employee that clearly defines the expectations and responsibilities for employees who work from home. It may also define who is eligible to work from home, the process for requesting work from home privileges, as well as the approval process.

During mandatory Work From Home situations (such as a health or safety crisis like COVID-19), it helps ensure that employees are set up for success and that they can continue to remain healthy and productive.

## Potential Risks from Working from Home

Working remotely is not without potential downsides. Be sure to guard against the risks we've laid out below as you create your Work From Home Policy.

### a) It can be hard to establish boundaries:

Not having to commute (or shower) is great, but one thing we hear again and again is that it can be hard to turn off your work brain and relax. Some employees find themselves working or checking email from the time they wake up to the time their head hits the pillow. That's a sure fire recipe for burnout.

### b) It can be isolating:

Being around people is good for us. Our bodies release the feel-good chemicals oxytocin and serotonin when we see people we care about – like friends, coworkers, and family members. Too much time spent alone can lead to a depressed mood. Additionally, being away from the office can also erode the bonds between an employee and the company itself. An office – especially one with a thoughtfully designed Workplace Experience – gives your employees a sense of

identity and connection to your company and its values. This declines when you spend too much time away from it.

### **c) It eliminates serendipitous encounters:**

One of the biggest benefits of an office – especially one with an amazing breakroom – is that it provides opportunities for spontaneous interaction between people from different organizations.

### **d) It may come with other distractions:**

While working from home eliminates typical office distractions (like chatty co-workers), the fact is that employee homes are rarely optimized for work. Often, remote employees end up working on a couch or bed because they simply don't have a suitable desk or table. Or they may turn on a TV for background noise... and end up watching it throughout the day. Companies with amenities like meal, snack, or coffee programs might see employees running out for lunch or coffee multiple times throughout the day because employees are unaccustomed to planning for meals, snacks and coffee.

## **Measures to reduce Potential Risks for work from Home**

a) Providing information about mental health and other support services available to your workers (Beyondblue has set up a freely available mental health support website or you may have an existing employee assistance programs you can refer workers to).

b) Maintaining regular communication with your workers and encouraging workers to stay in contact with each other .

d) Offering your workers flexibility, such as with their work hours, where possible.

e) Making sure workers are effectively disengaging from their work and logging off at the end of the day.

f) Responding appropriately to signs a worker may be struggling, e.g. changed behaviour

g) Informing workers about their entitlements if they become unfit for work or have caring responsibilities.



## Cyber-Security Risks working from Home

Unprecedented numbers of people are working from home for the foreseeable future, and we're dealing with everything from childcare to simply trying to find a quiet space for a call or to get work done. Our homes have become our offices, and in the rush to keep things going, we're using new systems and adhering to security policies in a way that's spotty at best.



At the same time, the boundaries between work and private life are breaking down: Business is being done over home ISPs, with unmanaged routers and printers, home automation systems in the background and even partners and children listening in on conversations or sharing machines while working for different organizations.

### a) Hackers can manipulate VPNs without a view of the whole

Virtual private networks, or VPNs, have become the new lifeline for many businesses, extending encrypted networks to our homes. However, many home networks are already infected with malware or compromised hardware that can be exploited for staging attacks through machines with VPN termini. A compromised identity or a machine, especially when behavioural base lining on the backend is in flux, can allow hackers to piggyback through the VPN. It's critical to have endpoint integrity checking and strong authentication in place at this stage once the VPN is in place and active.





### **b) Information can be weaponized :**

In the past few weeks, attackers have started taking advantage of human weaknesses. For example, hackers developed a malicious mobile application posing as a legitimate one developed by the World Health Organization. A vulnerable person could easily mistake this malicious app for a real WHO app. Once installed, the application downloads the Cerberus banking trojan to steal sensitive data. These types of attacks essentially weaponize tools and information, because they can easily be done with applications that provide legitimate benefits, too. Before, attackers had to plan their cons for diverse interests and lures, but right now the entire world has a shared crisis. COVID-19 has become our common watering hole, but with the right awareness and education, we will be able to defend ourselves.

### **c) Home Setups are Often Insecure**

In most cases, a home setup that features a network connection and devices used to access confidential corporate data may have insufficient security. For instance, it may lack a defense indepth approach such as the use of VPNs, antivirus solutions, firewalls, and intrusion prevention systems which are certainly used to secure an organization. Rarely will an

enterprise enforce such security measures to protect important data and provide basic security in residential environments where employees might be working from remotely. In effect, there is an increased possibility of a breach occurrence or compromise of authentications needed to access the company's systems from home.

### **d) Employees tend to uses several devices**

Employees frequently use more than one device when working from home to access important information or for other work-related reasons. This complicates the implemented efforts for protecting data as every device used is a potential entry for system threats. For instance, the employee's laptop may have sufficient security controls but using an insecure smartphone may enable cybercriminals to compromise the organization's cybersecurity posture. It is imperative for users to observe predetermined security policies governing the use of personal devices to handle work-related tasks. If the policies are non-existent, an organization should put effort to create employee awareness to help them ensure that every device has some form of

protection, including basic security measures like password mechanism.

### Measures to Enhance Cyber-security for work from Home:

- ❑ Create a policy that requires remote workers to use company-issued devices
- ❑ In case employees are permitted to use their personal devices, ensure that the hardware is equipped with efficient security controls.
- ❑ Reduce the internet cyber risks through VPN use.
- ❑ Train employee on basic security practices – protecting their devices, using complex passwords that should be changed regularly.
- ❑ Develop and implement a disaster recovery and business continuity plan that will guide in recovery efforts in case of a data breach on a remote workstation.
- ❑ Purchase a cybersecurity liability insurance to help in recovery in case of an incident.



## Working with display screen equipment: A brief summary on office ergonomics

The office workspace has undergone numerous changes over the past few years with employers reconsidering and changing the very fabric of the meaning of what offices are. Gone are the days when the only motive of an organization was profit and it therefore behaved in the same manner discarding all other necessities to the wind. The modern employer acknowledges that without the people working under him/her, the organization in question, is nothing. Therefore, keeping aside the aim of keeping your customers happy, ideals of keeping the people who work for you happy (and in this case, healthy) have developed in the minds of management around the globe. Terms such as “Ergonomics”, “Functional Design”, “User-friendly systems’ and “workplace efficiency” have begun to be used with increasing frequency of late.

It may seem ludicrous, but the position of various work equipment such as one’s monitor, mouse, keyboard, writing instruments, telephones etc. play a major role in determining the effect working sitting down in front of a screen, has on a person. The office workplace has



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unique challenges resulting from the use of common office tools including computers, laptops and phones (and now tablets and smartphones, too). Increasing your awareness of existing and potential ergonomic issues in the office, knowing how to adjust the office workstation to fit the office worker, using proper work practices and following a proven ergonomic improvement process within your organization can improve overall comfort and productivity at work. Improving ergonomics in the office is not difficult, and provides great benefits: An increase in employee comfort and productivity equals a lower risk for work-related injuries. The following five steps may be adopted in improving office ergonomics:

- Understand office ergonomics
- Understand ergonomic injuries
- Identify ergonomic challenges
- Set up a regulated workstation
- Select the appropriate equipment

# Display Screen Equipment

The United Kingdom in particular has been a forerunner in this regard. In January 1992, the first 'DSE Regulations' were published by the UK Health & Safety Executive as part of the so-called 'Six Pack', a set of six Regulations that spelled out the necessary actions of a responsible employer. The DSE Regulations were updated in 2002 and the full name of what are now known colloquially as the 'DSE Regs' is the Health and Safety (Display Screen Equipment) Regulations 1992 as amended by Health and Safety (Miscellaneous Amendments ) Regulations 2002. These Regulations relate to the risk management of those using 'any alphanumeric or graphic display, regardless of the display process involved'. When the Regulations first came into force, they related principally to people using desktop computers although, today, the scope obviously includes laptops, tablets, smartphones and all similar devices.

The Display Screen Equipment regulations address employers and require them to address the health of their employees who work with display screen equipment (DSE), such as PCs, laptops, tablets and smartphones. Due to the various advancements in technology, the modern office now finds itself with different types of workers such as:

- Fixed workstation workers
- Mobile Workers
- Home Workers
- Hot desking workers

As most employees today in order to do their job, will inevitably find themselves seated in front of a piece of display screen equipment, the UK DSE regulations require employer to:

- Perform DSE workstation assessment
- Reduce risks, including making sure workers take breaks from DSE work or do something different
- Provide an eye test if a worker asks for one
- Provide training and information for workers

To elaborate, If workers use display screen equipment (DSE) daily, as part of their normal work, continuously for an hour or more, employers must do a workstation assessment.

## **Employers should look at:**

- the whole workstation, including equipment, furniture, and work conditions
- the job being done
- any special requirements of a member of staff, for example a user with a disability
- Where there are risks, they should take steps to reduce them.



## **Employers must also do an assessment when:**

- a new workstation is set up
- a new user starts work
- a change is made to an existing workstation or the way it's used
- users complain of pain or discomfort
- Use this DSE workstation checklist to help make an assessment.

The act of taking a small break in between work hours can have far reaching benefits. There is no legal guidance about how long and how often breaks should be for DSE work. It depends on the kind of work you are doing. Take short breaks often, rather than longer ones less often. For example 5 to 10 minutes every hour is better than 20 minutes every 2 hours. Ideally, users should be able to choose when to take breaks. In most jobs it is possible to stop DSE work to do other tasks, such as going to meetings or making phone calls. If there are no natural changes of activity in a job, employers should plan rest breaks. Breaks or changes of activity should allow users to get up from their workstations and move around, or at least stretch and change posture. A simple act of getting up and moving about, taking a small walk or a breath of fresh air are a few

examples of how one can ensure that the body receives a break from constant DSE-related strain.

## **DSE work does not cause permanent damage to eyes. But long spells of DSE work can lead to:**

- tired eyes
- discomfort
- temporary short-sightedness
- Headaches

DSE work is visually demanding, so it can make someone aware of eyesight problems they have not noticed before (including changes in eyesight that happen with age). Employees can help their eyes by:

- checking the screen is well positioned and properly adjusted
- making sure lighting conditions are suitable
- taking regular breaks from screen work

UK DSE regulations require employers to pay for and arrange eye tests for their employees if they ask for it. Although such conditions aren't yet prevalent in India, the same will be very common soon.

Further adding to the employer's responsibilities, health and safety training and information must be

# Display Screen Equipment

provided for display screen equipment (DSE) users. Training should be about the risks in DSE work and how to avoid these by safe working practices. It should include:

- good posture
- adjusting chairs and other furniture
- arranging desk space
- adjusting screens and lighting to avoid reflections and glare
- breaks and changes of activity
- risk assessments
- how to report problems

Employers should also inform users about the general arrangements they have made for health and safety in their DSE work environment. Incorrect use of DSE or poorly designed workstations or work environments can lead to pain in necks, shoulders, backs, arms, wrists and hands as well as fatigue and eye strain. The causes may not always be obvious.

A little goes a long way and taking small, corrective steps now will ultimately assist in the prevention of dangerous diseases and ailments, later in life. Although no such regulations exist in India, the model employer must to the extent possible adopt the ideals presented by these regulations and adapt them to their workplaces accordingly. Awareness

needs to be brought about in more organizations to ensure that more employees benefit from these ideals and so that the probability and magnitude of ailments caused in this regard may be curbed. As always prevention is better than cure and in this case we won't need a cure if issues related to ergonomics and display system equipment at the workplace, are nipped in the bud.



### INCOME TAX

#### ***Submission of certificate for claiming deductions u/s 80G of the Income tax Act, 1961 in respect of donation made by an employee to the “Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES FUND)”***

The donations made to the “Prime Minister’s Citizen Assistance and Relief in Emergency Situation Fund (PM CARES FUND)” are eligible for deduction u/s 80G of the Income tax Act, 1961(the Act). In cases where donation is made to the Fund by an employee through his/her employer, the Fund may not be able to issue separate certificate to every such employee in respect of the donation so made, as the contributions made to the Fund are in the form of a consolidated payment. It is hereby, clarified that the deduction in respect of such donations as indicated above will be admissible u/s 80G of the Act on the basis of the Form 16/Certificate issued by the Drawing and Disbursing Officer (DDO)/Employer in this regard.



### GOODS AND SERVICE TAX

#### ***Notification No. 36/2020 – Central Tax***

In exercise of the powers conferred by section 168 of the Central Goods and Services Tax Act, 2017 (12 of 2017), read with sub-rule (5) of rule 61 of the Central Goods and Services Tax Rules, 2017 (hereafter in this notification referred to as the said Rules), the Commissioner, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 29/2020 – Central Tax, dated the 23rd March, 2020, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 212 (E), dated the 23rd March, 2020, namely:

In the said notification, in the first paragraph, after the second proviso, the following provisos shall be inserted, namely: –

“Provided also that, for taxpayers having an aggregate turnover of more than rupees 5 crore rupees in the previous financial year, the return in FORM GSTR-3B of the said rules for the month of May, 2020 shall be furnished electronically through the common portal, on or before the 27th June, 2020:

Provided also that, for taxpayers having an aggregate turnover of up to rupees five crore rupees in the previous financial year, whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep, the return in FORM GSTR-3B of the said rules

for the month of May, 2020 shall be furnished electronically through the common portal, on or before the 12th day of July, 2020:

Provided also that, for taxpayers having an aggregate turnover of up to rupees five crore rupees in the previous financial year, whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi, the return in FORM GSTR-3B of the said rules for the month of May, 2020 shall be furnished electronically through the common portal, on or before the 14th day of July, 2020.”.





## **Contribution to PM CARES Fund and State Disaster Management Authority will qualify as CSR Expenditure**

The PM-CARES Fund has been set up to provide relief to those affected by any kind of emergency or distress situation. Accordingly, any contribution made to the PM CARES Fund shall qualify as CSR expenditure under the Companies Act 2013. Contribution made to State Disaster Management Authority to combat COVID-19 shall qualify as CSR expenditure.

## **MCA Clarification on passing of Ordinary and Special Resolutions by Companies under the Companies Act, 2013 on account of threat posed by COVID-19.**

Companies are requested to take decisions of urgent nature requiring approval of members through the mechanism of postal ballot/e-voting without their physical presence at a

common venue. For conducting EGM on or before 30th June 2020 through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) detailed procedure to be adopted have been provided.

## **Relaxation of holding physical board meeting until June 30th 2020 for approving financial statement and Board report for FY Ending 2019-20**

As a precautionary step to overcome the outbreak of the coronavirus (Covid-19), the Government has in-principle decided to relax the requirement of holding Board meetings with physical presence of directors for approval of the annual financial statements, Board's report, etc. Such meetings may till 30th June, 2020 be held through Video Conferencing (VC) or Other Audio-Visual Means (OAVM).

## **Deferment of CARO 2020 to next financial year.**

The Companies (Auditor's Report) Order, 2020 shall be made applicable from FY 2020-21 instead of FY 2019-20 as notified earlier.

## **Gap between 2 consecutive Board Meetings extended to 180 days.**

The mandatory requirement of holding meetings of the Board of the companies within 120 days stands extended by a period of 60 days till next two quarters i.e., till 30th September. Accordingly, as a one-time relaxation the gap between two consecutive meetings of the Board may extend to 180 days till the next two quarters, instead of 120 days as required in the CA-13.

## **Relaxation on the Meeting of Independent Directors.**

Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non-independent directors and members of management.. For FY 2019-20, if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. The IDs, however, may share their views amongst themselves through telephone or e-mail or any other

mode of communication, if they deem it to be necessary.

## **Declaration on the Commencement of Business for the Newly Incorporated Companies.**

An additional period of 180 more days is allowed for the newly incorporated companies to file a declaration for the Commencement of Business in addition to the existing limit of 180 days.

## **Relaxation on the Director Residency requirement**

Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the CA-13 shall not be treated as a non-compliance for FY 2019-20.

## **EPFO / ESI Returns for the Companies incorporated under SPICE+**

New companies incorporated through SPICE+ who thereby have obtained EPFO/ESI numbers will have to file statutory returns only when they cross thresholds prescribed under the relevant Acts.

## **Nidhi Company forms acceptable only through e-Forms Submissions (w.e.f. 11th Feb 2020)**

Nidhi Company related Forms NDH-1, NDH-2 and NDH-3 shall have to be filed only as e-Forms and the submission through GNL-1/RD-1 shall not be processed by ROCs/RDs and the same shall be rejected.



## **Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020 (w.e.f. 01st April 2020)**

Applicability of Secretarial Audit to every company having outstanding loans or borrowings from banks or public financial institutions of Rs.100 crore or more.

## **Filing of MCA Forms by Insolvency Professional (IRP/RP/Liquidator) appointed under IBC 2016**

To enable compliance of companies under CIRP or Liquidation process, IRP/RP/Liquidator shall file the NCLT order of approving him as IRP/RP/Liquidator in Form INC 28. Once it gets approved, other forms would be enabled for filing by IRP/RP/Liquidator in the role of Designated CEO.

## **Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020 (w.e.f. 01st April 2020)**

Every private company which has a paid up share capital of Rs. 10 crore rupees or more shall have a whole - time company secretary (Earlier the limit was Rs.5 Crore)

### ***General Circular No. 18/2020 Holding of annual general meetings by companies whose financial year has ended on 31st December, 2019.***

Several representations have been received from stakeholders with regard to difficulty in holding annual general meetings (AGMs) for companies whose financial year ended on 31st December, 2019 due to COVID-19 related social distancing norms and consequential restrictions linked thereto. These representations have been examined and it is noted that the Companies Act, 2013 (Act) allows a company to hold its AGM within a period of six months (nine months in case of first AGM) from the closure of the financial year and not later than a period of 15 months from the date of last AGM

On account of the difficulties highlighted above, it is hereby clarified that if the companies whose financial year (other than first financial year) has ended on 31st December, 2019, hold their AGM for such financial year within a period of nine months from the closure of the financial year (i.e. by 30th September,

2020), the same shall not be viewed as a violation. The references to due date of AGM or the date by which the AGM should have been held under the Act or the rules made thereunder shall be construed accordingly.

### **Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)**

Several representations have been received in the Ministry for providing relaxations in the provisions of Companies Act, 2013 (the Act) or rules made thereunder to allow companies to hold annual general meeting (AGM) through video conferencing or other audio visual means.

In view of the continuing restrictions on the movement of persons at several places in the country, it has been decided that the companies be allowed to conduct their AGM through video conferencing (VC) or other audio visual means (OAVM), during the calendar year 2020.





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