



# Indian Auto Industry - Preserving and nurturing value in uncertain times

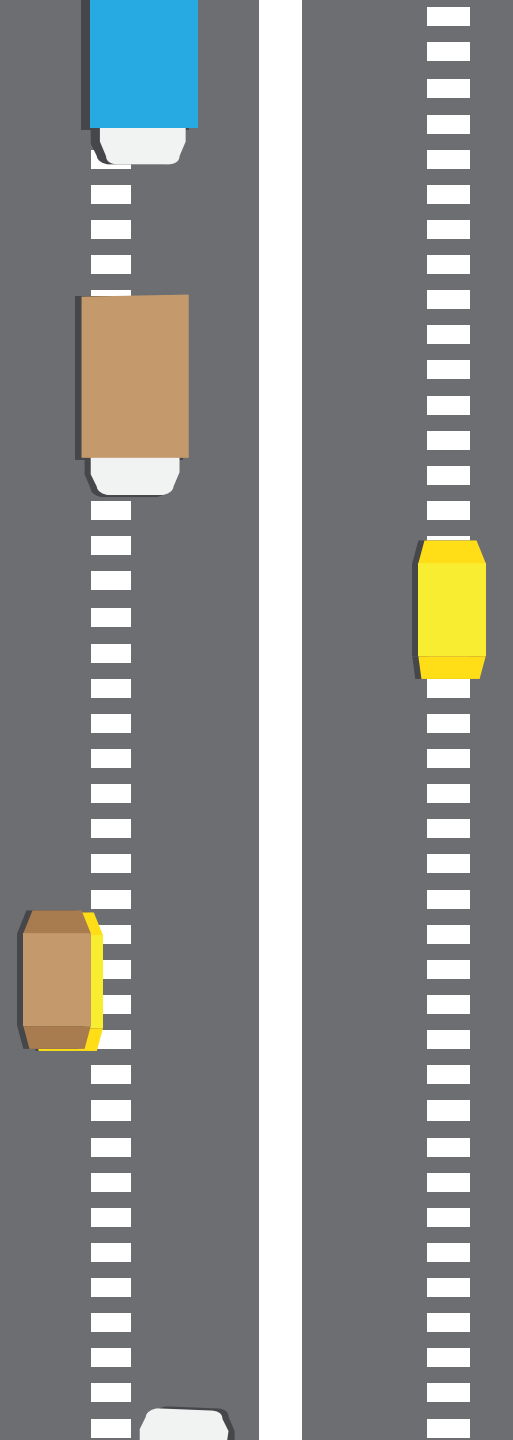
**KPMG India**

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# Impact of Covid-19 on the global and domestic auto industry

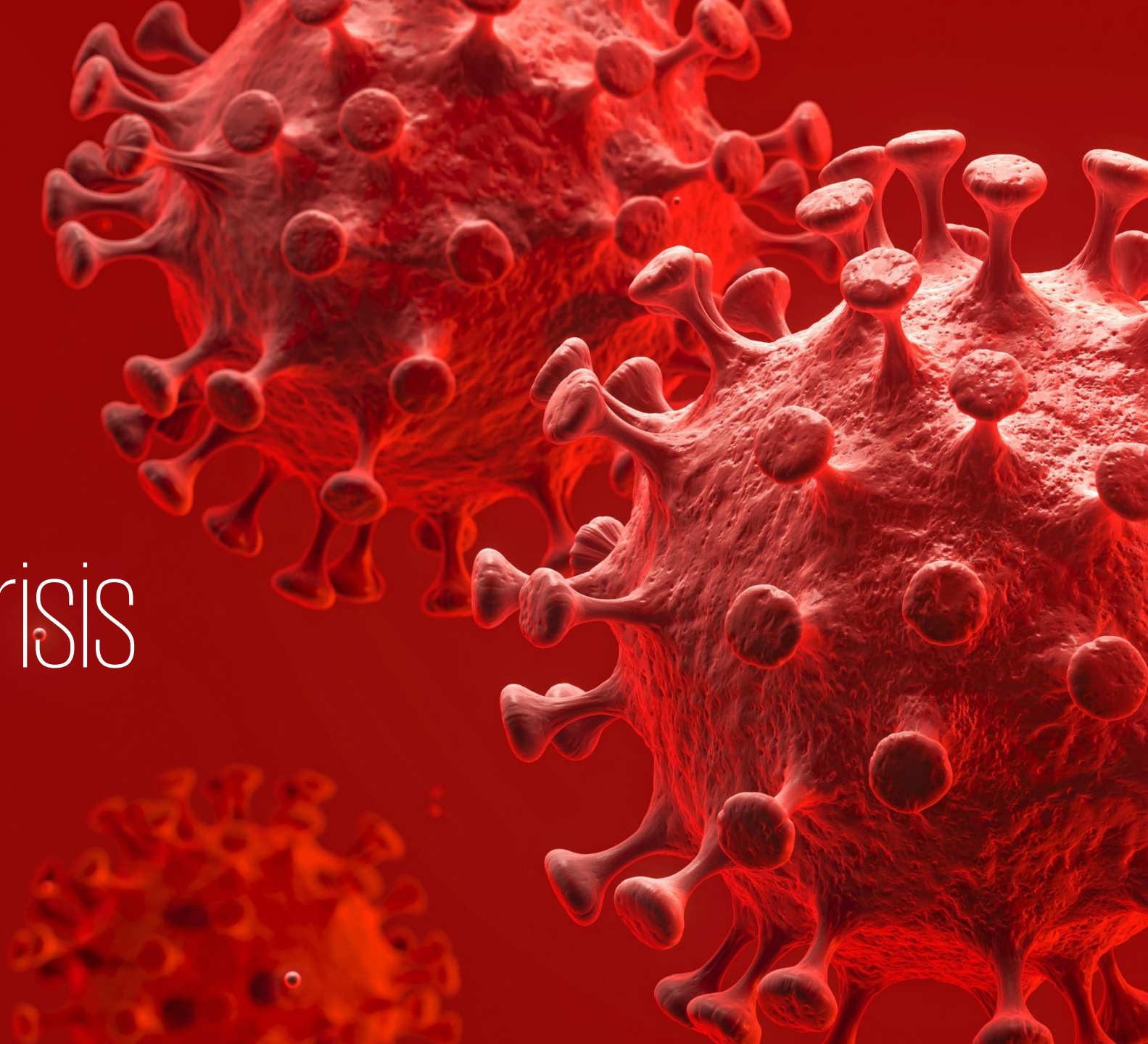


# Industry objectives post COVID-19 stabilization

## Key Objectives

- How should organizations respond to business challenges around cash, cost & employee safety post lockdown?
- What preparations should be undertaken before re-starting operations?
  - Preparations before day 0 & activities to be implemented on day 1
- What are the operational, behavioral & social changes that need to be implemented once operations are restarted?
- What are the longer term changes that need to be institutionalized?
- How will the new practices be integrated with existing BCP & safety protocols?
- What are the enablers to ensure safety of the workforce?

COVID-19: Key  
focus areas to  
tide over the crisis



# Important for clients to Respond, not react

## Market environment

The current environment has created uncertainties in customer demand, supply shortages across industries and has rapidly exposed risks to the overall supply chain leading to:

**Demand shocks:** Impacting customer purchasing power, sentiment

**Supply shocks:** Disruptions from closure, travel ban

**Reduced cash flow:** Payment delay cascade

**Capex collapse:** Ability to invest

Critical for companies to respond quickly and decisively through 3 steps:

### Immediate focus

01

**Value preservation and protection**– immediate focus on preserving value, protection of the workforce, stakeholder communication and short term cash flow, cost levers

### 1-2 months

02

**Value creation** – actions can also be taken at this time to drive value creation, putting the foundations in place to maximize value as and when the effects of the virus stabilizes

### 2 quarters

03

**Value realisation strategy** – today's pandemic will have a lasting impact on us leading to new consumer behaviors, operating models. Important to re-look at fundamental assumptions

# Rapid and comprehensive COVID impact assessment

## Cash

- Liquidity and optimum cash required to manage crisis
- Implement a 13-week rolling cash flow forecasting, (STCFF) as well as tactical working capital actions (AR, AP, inventory) that will optimise cash flow for the business
- Scenario analysis, cash needs during crisis

## Customer and employees

- Determine impact on demand by customer behavior and end-market
- Assess impact of new normal post COVID 19 – e.g., more digital interventions
- Ensure employee safety and prevention of potential ‘hotspots’ within factories / office premises



## Cost & Supply Chain

- Identify discretionary expenses for cost control/delay actions
- Forecast revenues under various scenarios to develop cost models and optimize costs
- Sustained cost reduction through optimization
- Supply chain aligned to new normal post COVID-19

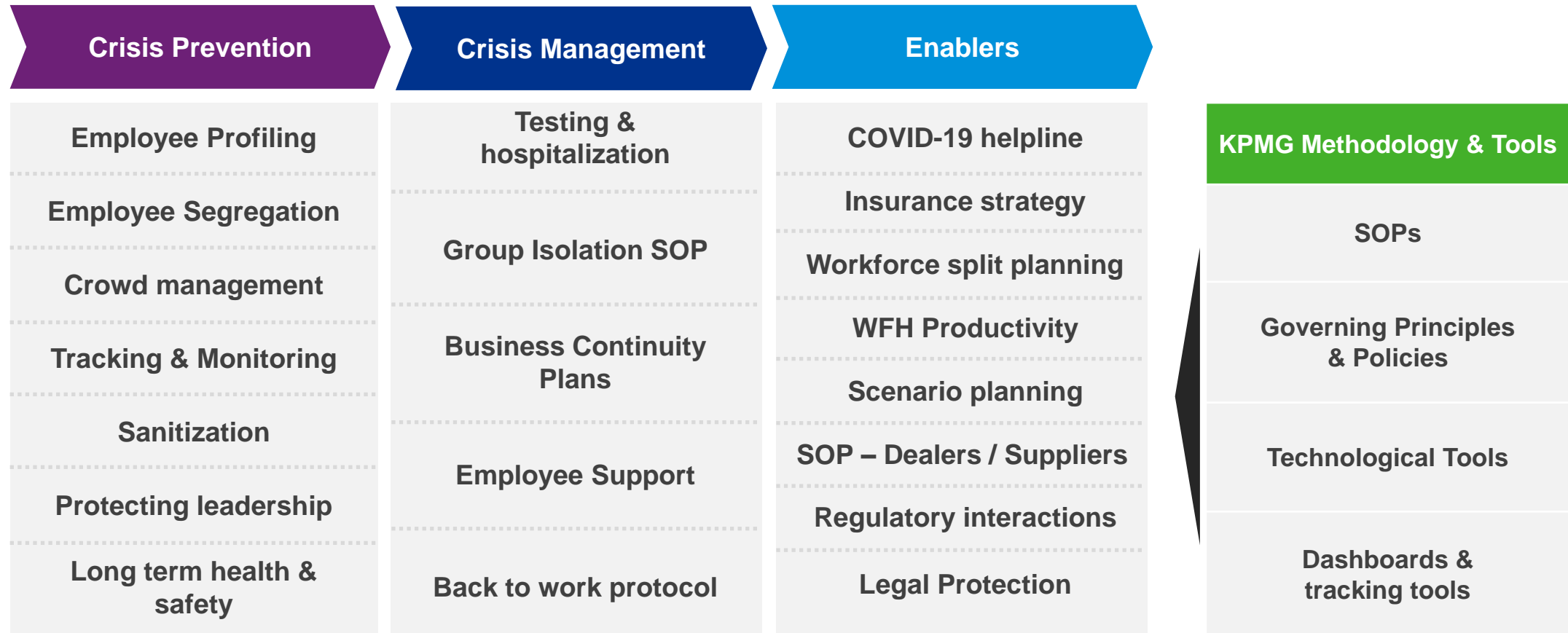
## Capital

- Ensure adequate headroom for debt serviceability
- Align debt facilities with revised operating plan including financing terms and covenants, FX exposures and interest rates
- Optimize capex and arrange additional funding

# Consumer purchasing behavior has also changed as a result - and is here to stay



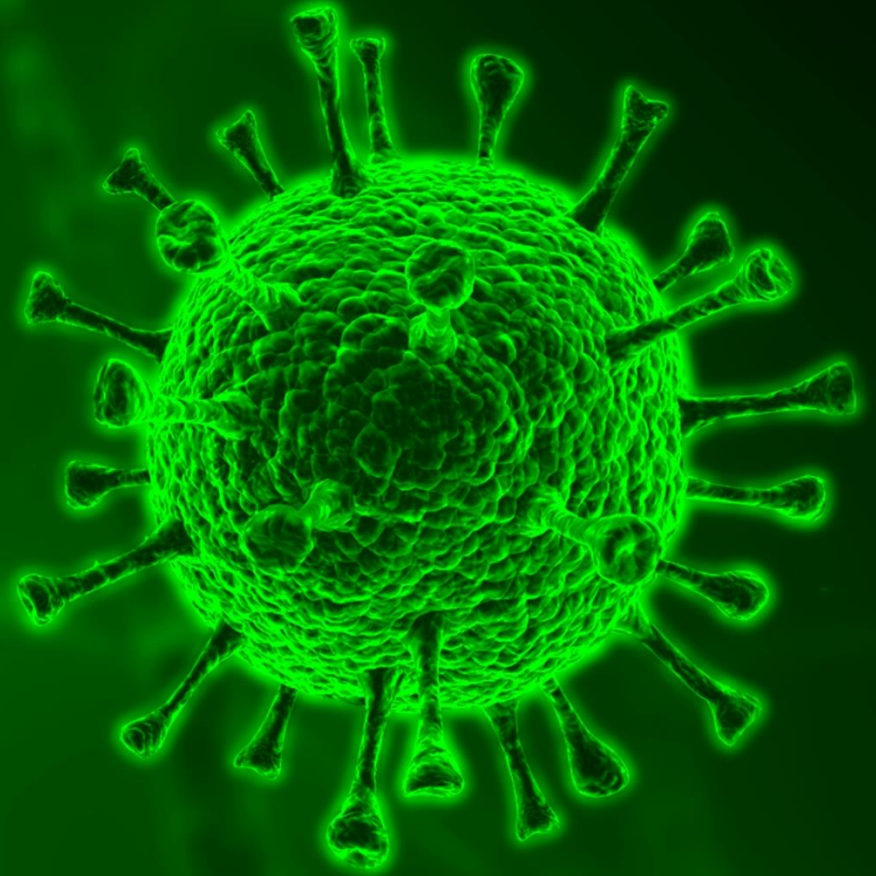
# A comprehensive framework covering different dimensions of Employee Safety will be critical when Re-starting factory operations post lockdown



Crisis in current situation signifies an employee getting infected with COVID-19 virus



COVID-19:  
Restarting operations

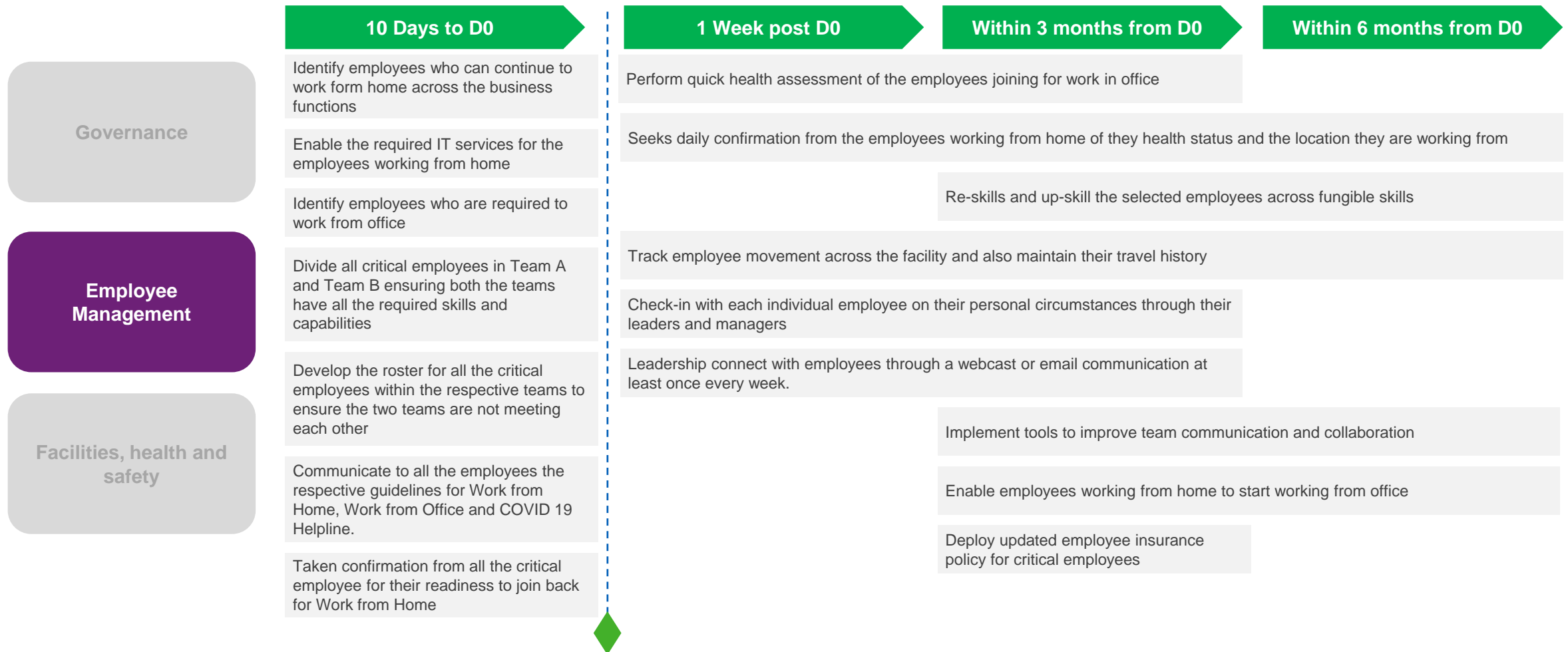


# Time-bound and well-defined activities that need to be carried out after re-starting factory operations (1/3)



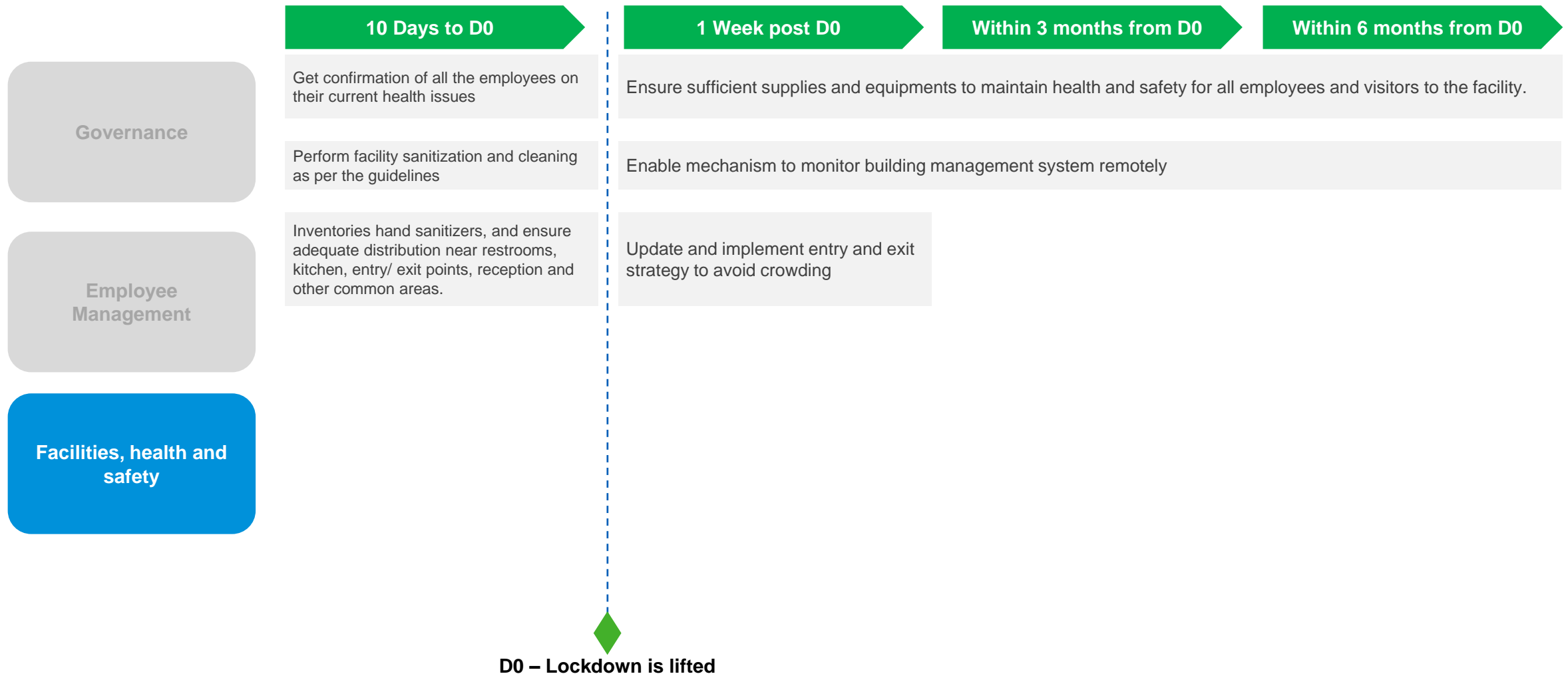
**D0 – Lockdown is lifted**

# Time-bound and well-defined activities that need to be carried out after re-starting factory operations (2/3)



**D0 – Lockdown is lifted**

# Time-bound and well-defined activities that need to be carried out after re-starting factory operations (3/3)



# Dashboard - Employee Profiling and Segregation

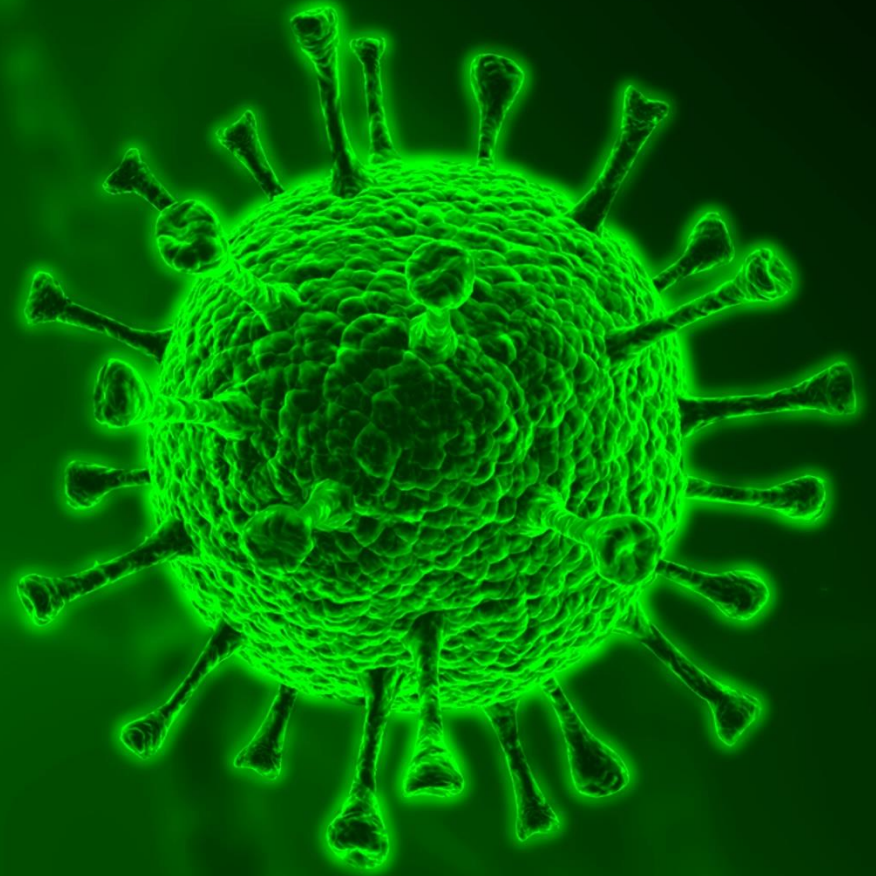
## Overview of COLLEAGUES dashboard



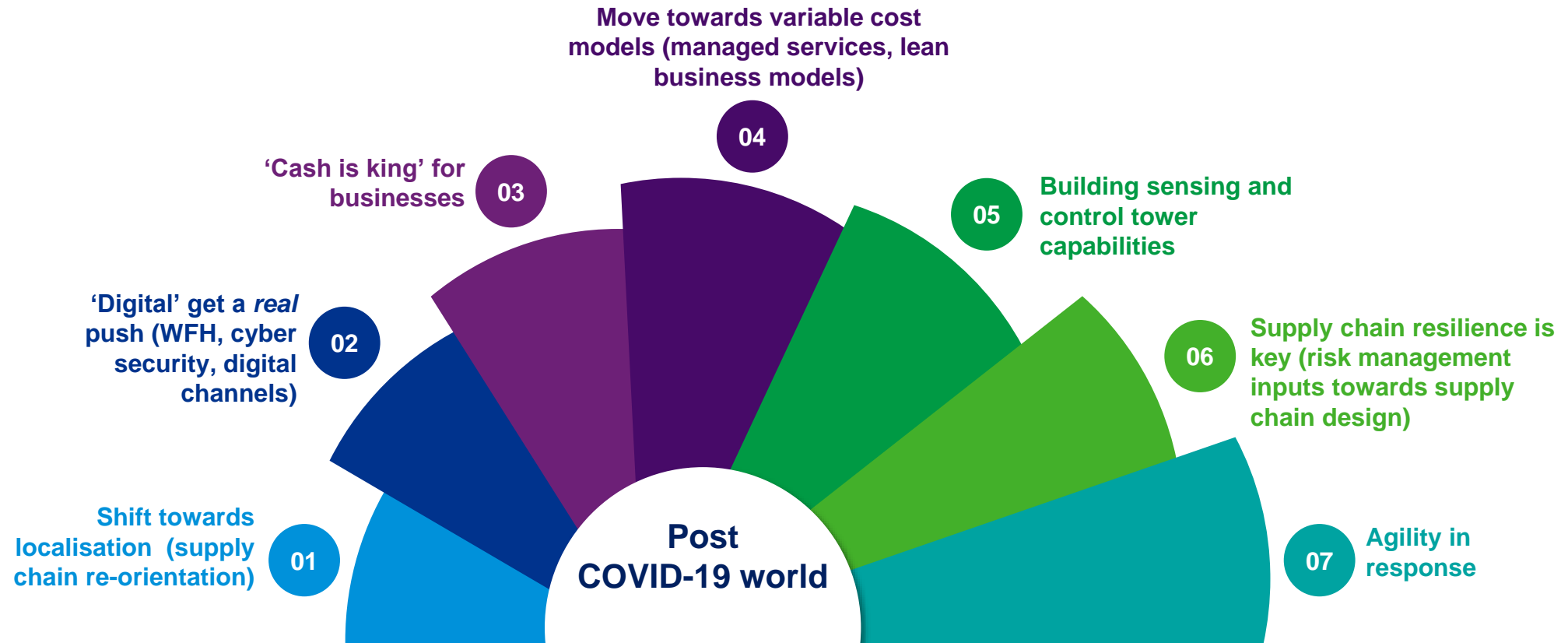
## Key Benefits

- Identify critical employees by BU / Level
- Employee Risk Profiling based on
  - Age
  - Co-morbidity
  - Quarantine status
  - Location wrt hotspots
- Health and Fitness monitoring through employee questionnaire responses
- Testing and Hospitalization of Infected Worker
- Employee Grouping through Level and BU tagging
- Regular sentiment tracking of employees to identify and provide support employees with low morale
- Capturing of Learning aspiration and identifying
- Key focus areas for Learning & Development

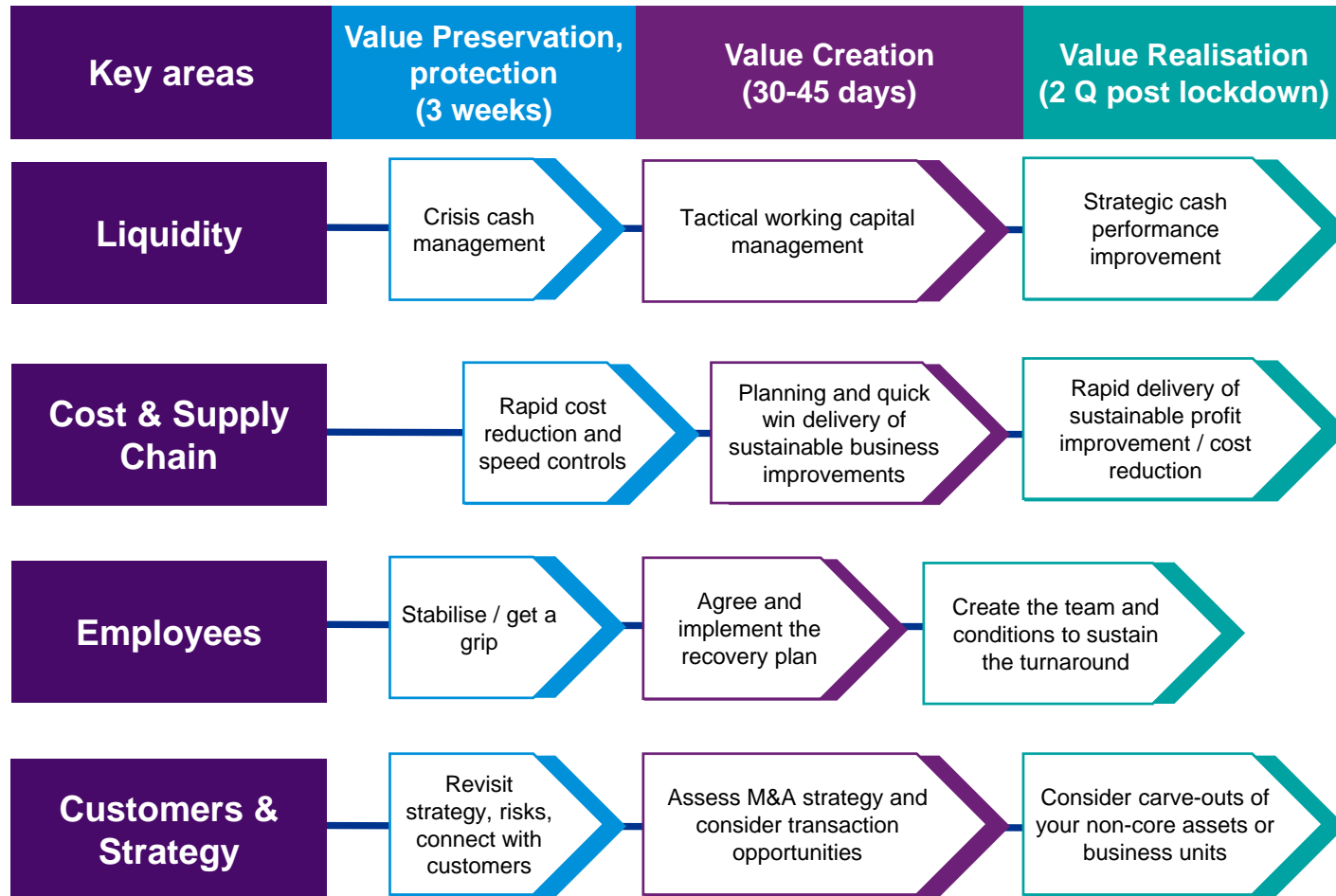
# COVID-19: Response Strategies



# Important to consider these while planning for long term



# Preserve, Protect, Create and Realise value



## KPMG's rapid stress test outcomes

Across 3 weeks, we can undertake a rapid review of your company comprising:

- Assessment of liquidity impact, cash control and visibility
- Implementation of Control Tower to drive cash preservation, creation activities, manage end to end activities
- Identification of quick wins across cash, cost, customer and capital structure initiatives
- Identification of strategy refresh areas
- Work at pace and stand by results, rapidly moving the dial on cash and costs



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# Q & A





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