



# COVID-19 India Perspective 3.0

11 APRIL 2020

# Executive summary (I/II)

Update as of  
11 April, 2020

## Evolving situation in India

- COVID-19 cases in India have increased by 2.5x in the last week to reach ~7,500 cases, with majority of cases (~88%) concentrated in 11 states
- India has adopted a two pronged approach for mitigation: (1) early lockdown (21 days lockdown initiated at ~500 cases) and (2) ramp up of testing & healthcare facilities
- District level analysis indicates that currently ~290 of the 700+ districts in India have exposure to COVID-19 (as of 7 Apr)
- Out of these ~290 districts, 18 districts are at high exposure with >1% of pan India cases each (as of 7 Apr); these 18 districts contribute to ~21% of India's GDP
- Impact of COVID-19 has started to reflect on the Indian economy, as evident from select early indicators
  - Economic outlook (*impact observed in March-2020*)
    - Global outlook on the Indian manufacturing and services sector experienced a decline post COVID-19 impact, as reflected in the drop in PMI scores
    - GST collections saw a decline of 8% in March 2020, as against the overall 4% increase for FY20 vs. FY19
    - India GDP growth forecast for FY21 was further reduced by rating agencies
  - To mitigate the COVID-19 impact on the economy, the Indian government and the Reserve Bank of India have announced measures to help the state governments, businesses, individual workers as well as households
    - Economic stimulus package worth \$22.5Bn (0.8% of GDP) announced
    - Monetary relief measures by RBI to infuse \$48.4Bn (1.7% of GDP) liquidity in the economic system

# Executive summary (II/II)

Update as of  
11 April, 2020

## Evolving situation in India (contd.)

- Impact of COVID-19 has started to reflect on the Indian economy, as evident from select early indicators (*contd. from last page*)
  - Effect on ecosystem (*impact observed as of 9 Apr*)
    - 25-70% y-o-y improvement in air quality observed in metros, owing to reduced movement of vehicles, locked down industrial & commercial activity
    - 27% reduction in power consumption in the country post lockdown as compared to same time last year; level of decline varies across states

## Learnings from Indian industry

Indian companies facing a significant disruption in normal operations on commencement of lockdown period as announced by Indian Govt. to tackle COVID-19 spread

Some companies have pro-actively stepped up to tackle the situation; industry efforts are captured along 3 dimensions -

- Mobilize "war" room, protect employees
  - Companies are swiftly mobilizing to create central leadership teams, ensuring sound IT infra for remote work and ensuring employee safety and support
- Ensure business continuity
  - Essential goods & service providers are utilizing stop-gap measures, digital tools, omni-channels to ensure continuity of supply
  - Other companies are using downtime to upskill & get back to action in post-lockdown period
- Fortify liquidity & profitability
  - Companies are focusing on expediting collections & cutting discretionary spends, non-key costs in the short term

# Focus of this document



Evolving situation in India

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Learnings from Indian Industry



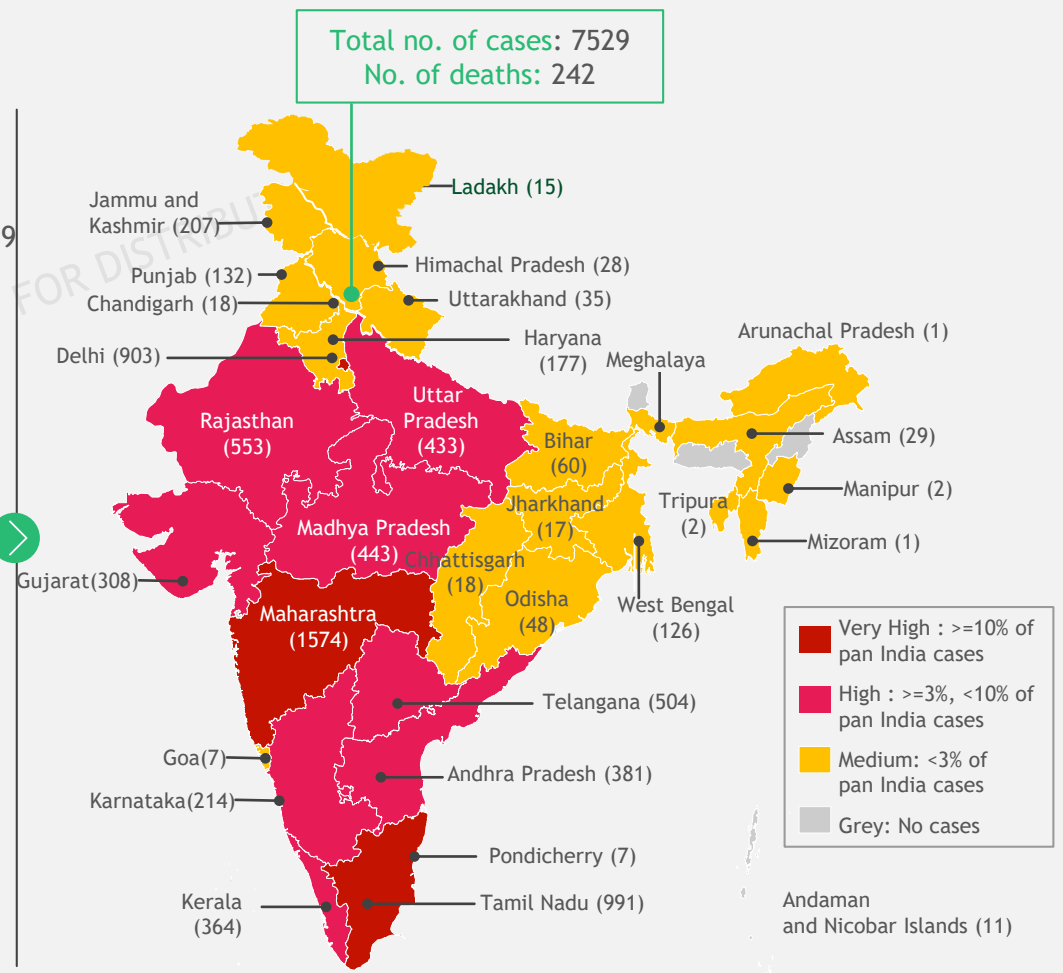
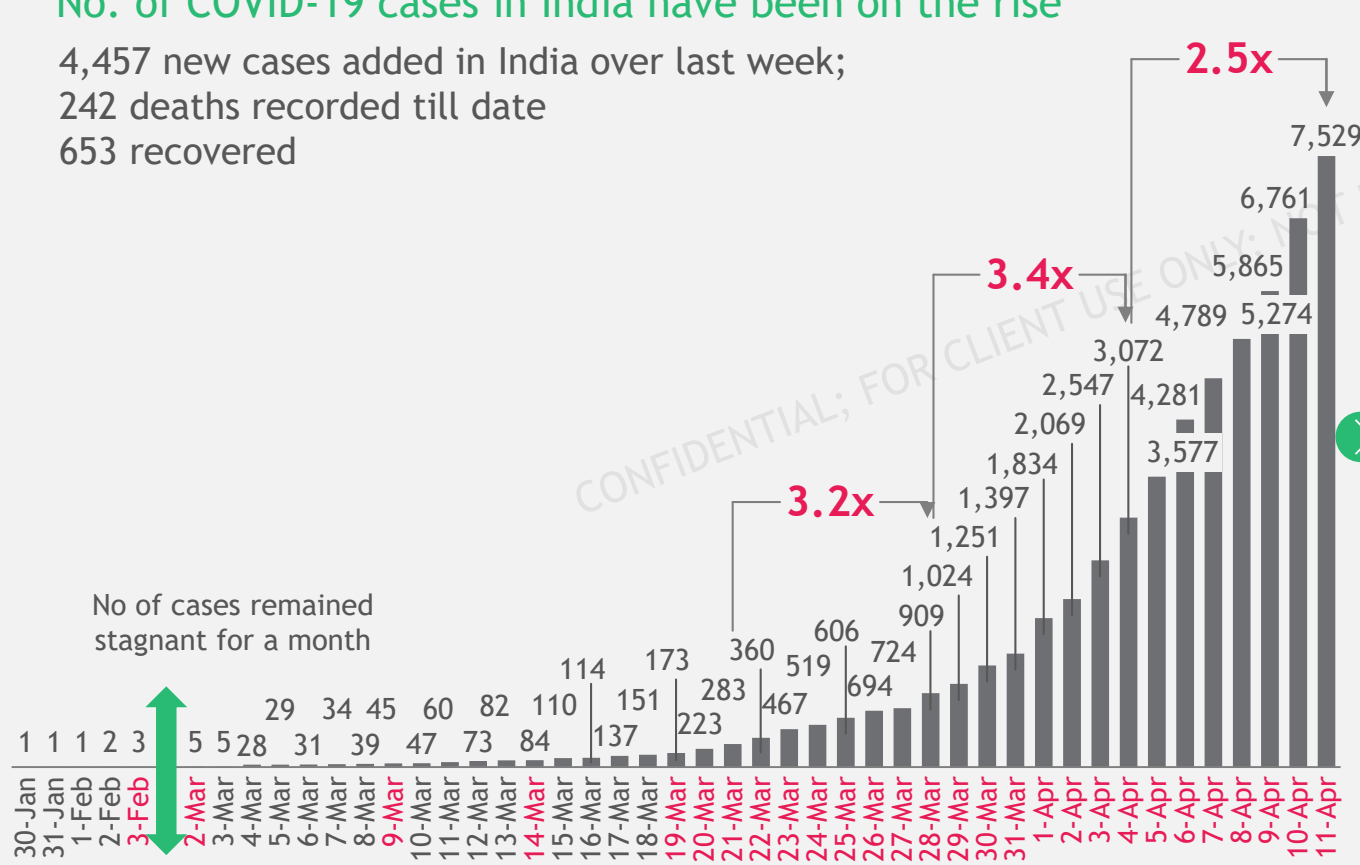


# Evolving situation in India

# COVID-19 cases in India have increased by 2.5x in the last week, with 11 states having high exposure

No. of COVID-19 cases in India have been on the rise

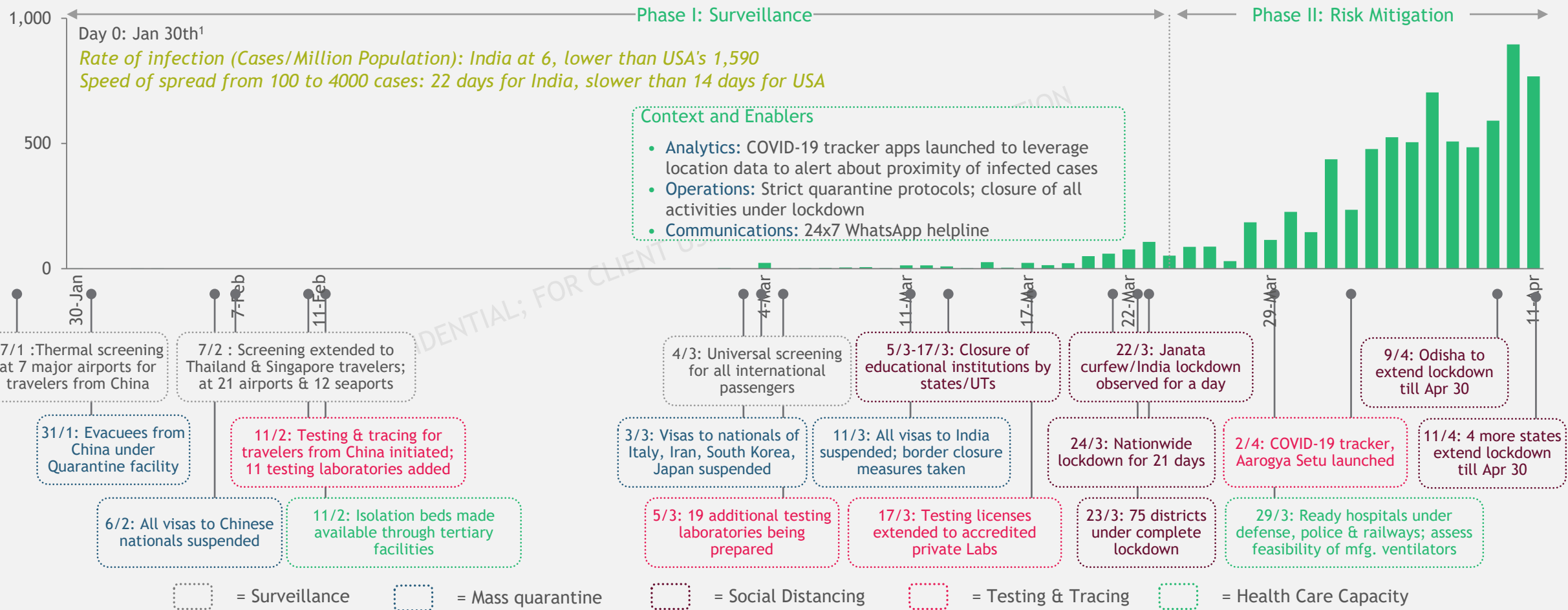
4,457 new cases added in India over last week;  
242 deaths recorded till date  
653 recovered



1. Data updated as on 11 Apr  
Source: Ministry of Health & Family welfare; BCG analysis

# India has adopted two pronged approach for mitigation; early lockdown and ramp up of testing & healthcare facilities

Confirmed cases per day

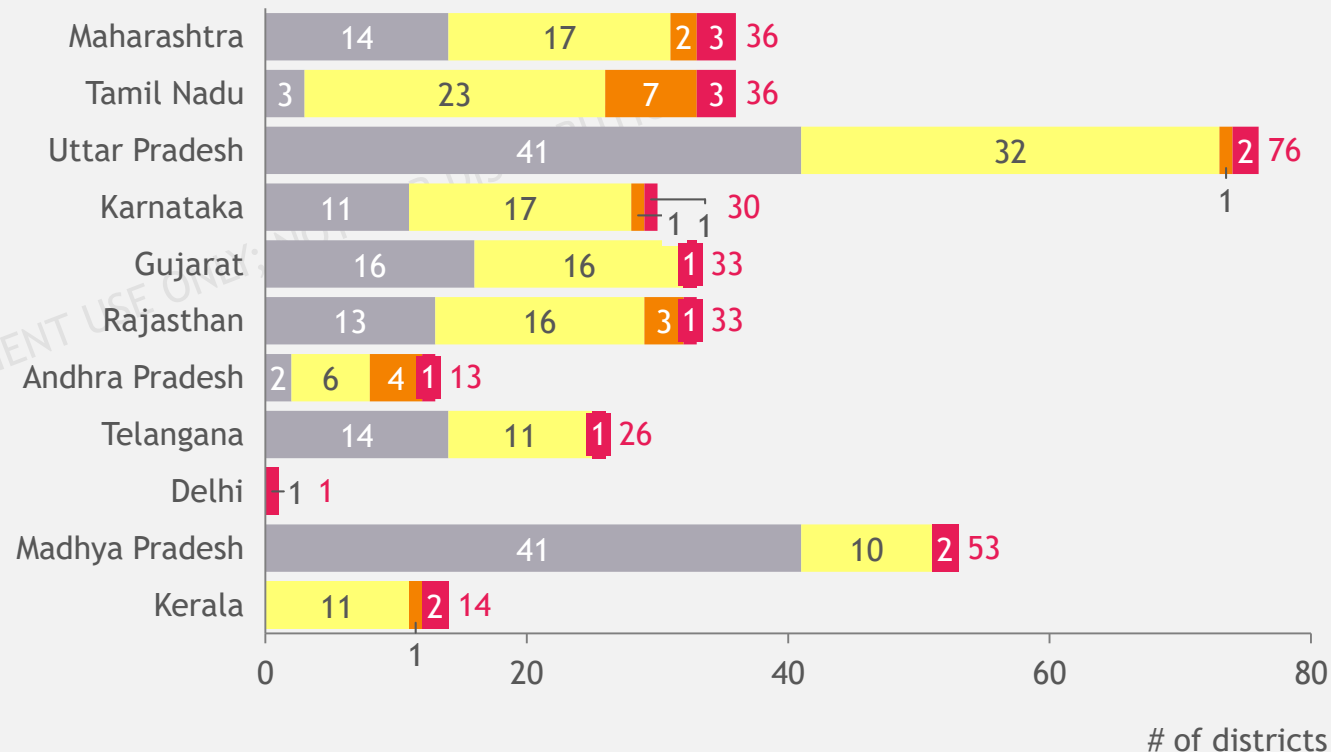
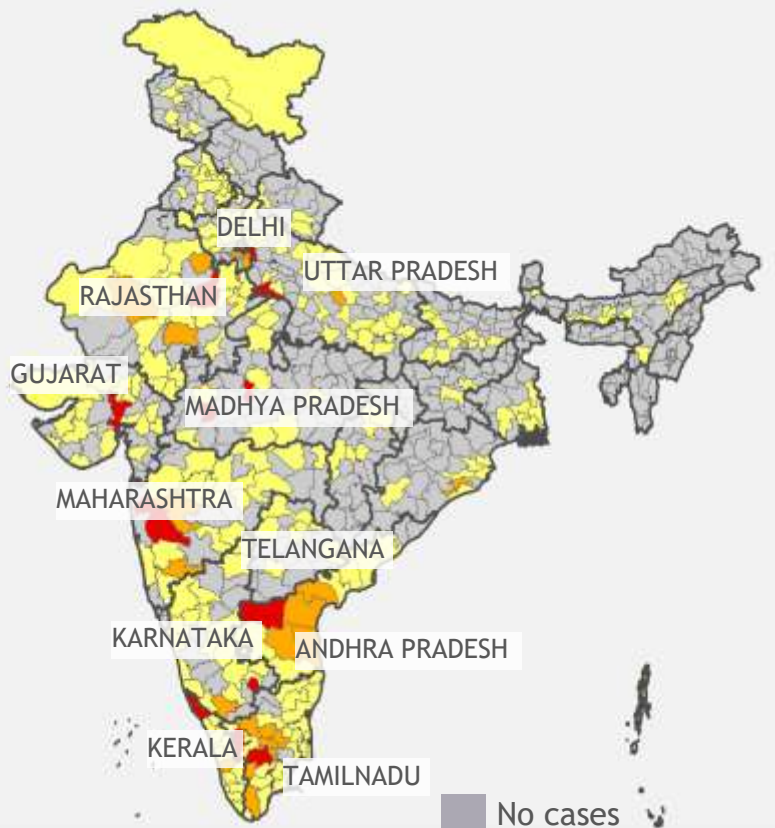


1. Day 0 based on confirmation of first case 2. Data updated as on 11 Apr  
 Source: Ministry of Health & Family welfare; Media reports; BCG analysis

# ~290 of 700+ districts are exposed to COVID-19

Exposed districts concentrated in the 11 high exposure states

18 districts have high exposure with >1% of pan India cases each



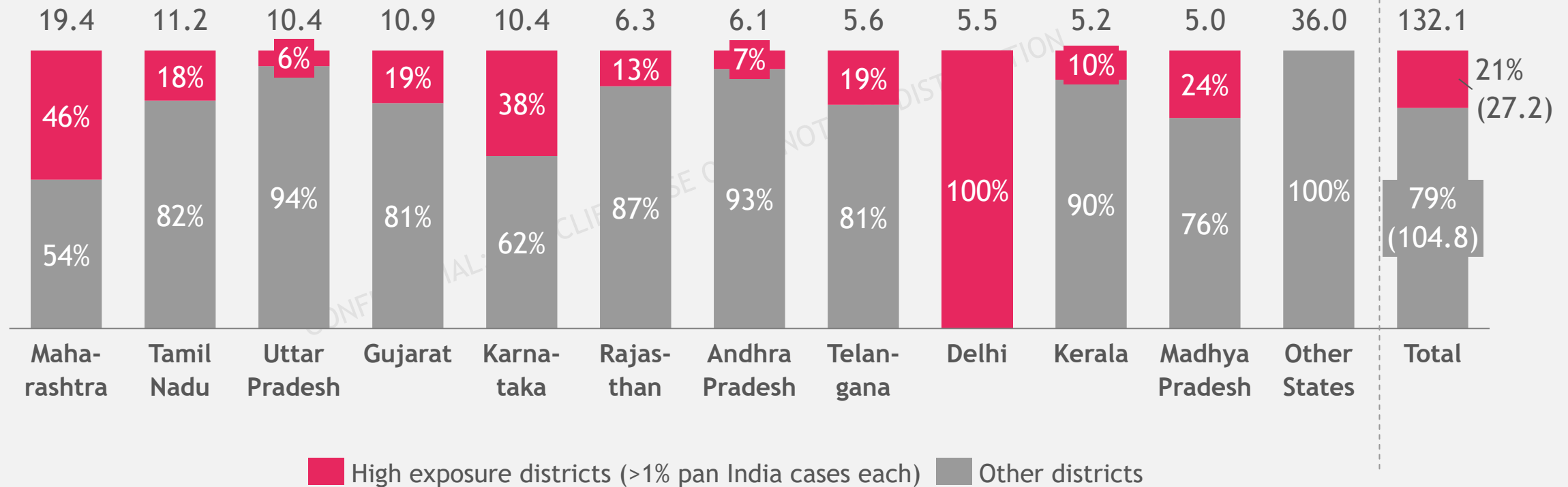
Source: Covid19india.org; Updated daily numbers at a district level directly updated from state bulletins and official handles;  
 Note: Of 4789 total cases on 7 Apr, 642 not mapped to districts due to unavailability of district information



# ~21% of India GDP contributed by high exposure districts

GDP split of high exposure districts within each high exposure state

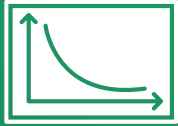
2017-18 GDP (At Constant 2011-12 Prices) (INR lakh crores)



Methodology: For each district, wherever district level GDP is not available, ratio of district GVA to overall state GVA considered to calculate district GDP

Source: Ministry of Statistical & Programme Implementation (MOSPI) reports on State GDP & GVA; RBI Handbook of Statistics of Indian Economy

Source: State governments reports referred to for district wise contribution of GDP/GVA; Economic Survey of Maharashtra 2018-19, Kerala Economic Review 2018, Economic Survey of Karnataka 2018-19, Andhra Pradesh state govt website - district dashboard, Tamil Nadu Statistical handbook of 2018, Telangana SocioEconomic Outlook 2020, Uttar Pradesh Directorate of Economic & Statistics - GDDP 2016-17, Rajasthan State Govt. GDDP -2016-17 (Advance Estimates), Gujarat & Madhya Pradesh: District wise advance estimates GDP 2011-12



# Impact of COVID-19 has started to reflect on the Indian economy



## Economic outlook

- Drop in global economic outlook (Mfg. & Services PMI)
- Decline in GST collections
- Drop in GDP forecast

*Impact observed in March'20*



*Impact as on current day*



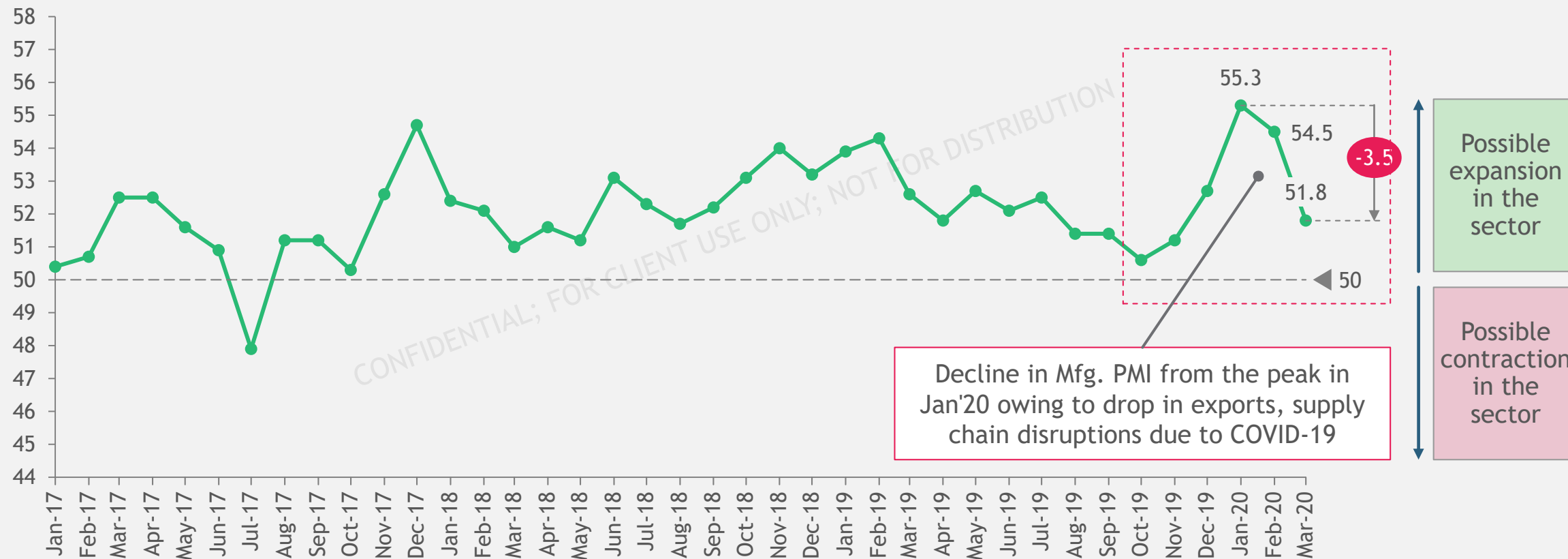
## Effects on ecosystem

- Decline in pollution levels
- Drop in mobility levels
- Decline in energy consumption



# Manufacturing PMI (Purchasing Managers' Index) on the decline post COVID-19 impact across the manufacturing value chain

Manufacturing PMI

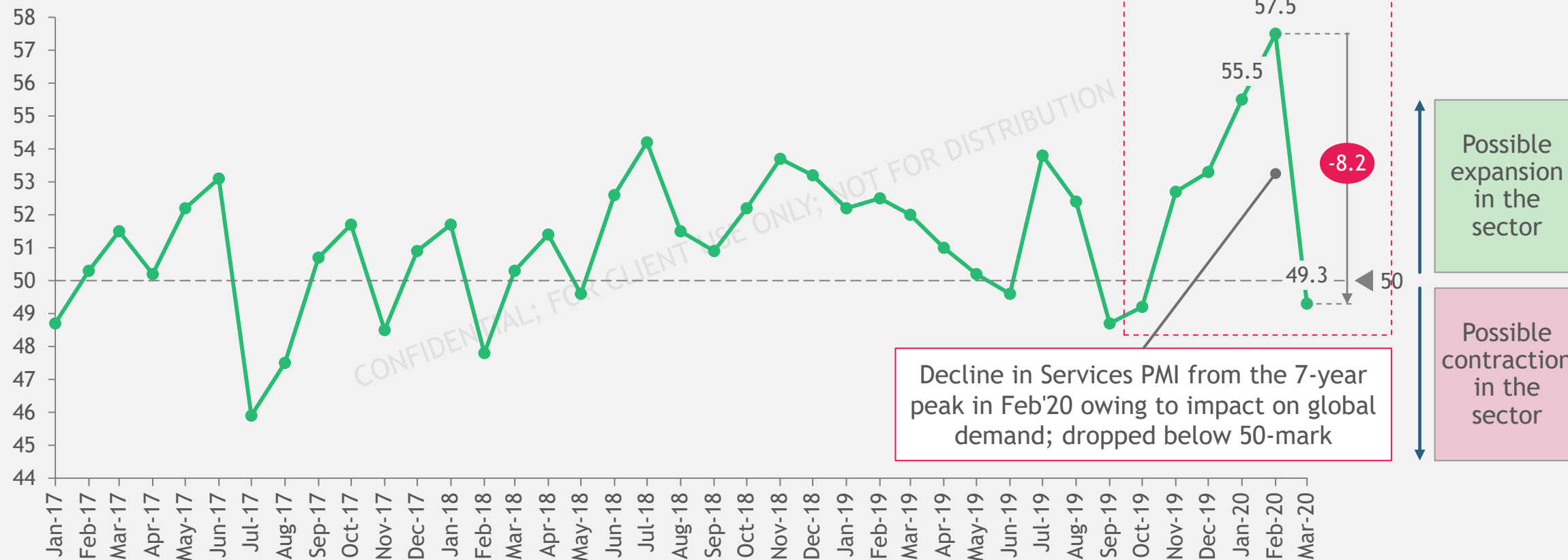


Note: The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity. Value >50 indicates possible expansion in the sector, and value <50 indicates recession.  
Source: IHS Markit, CMIE, Analyst Reports



# Services PMI dropped below the 50-mark in Mar'20 after reaching its peak in the last seven years in Feb'20

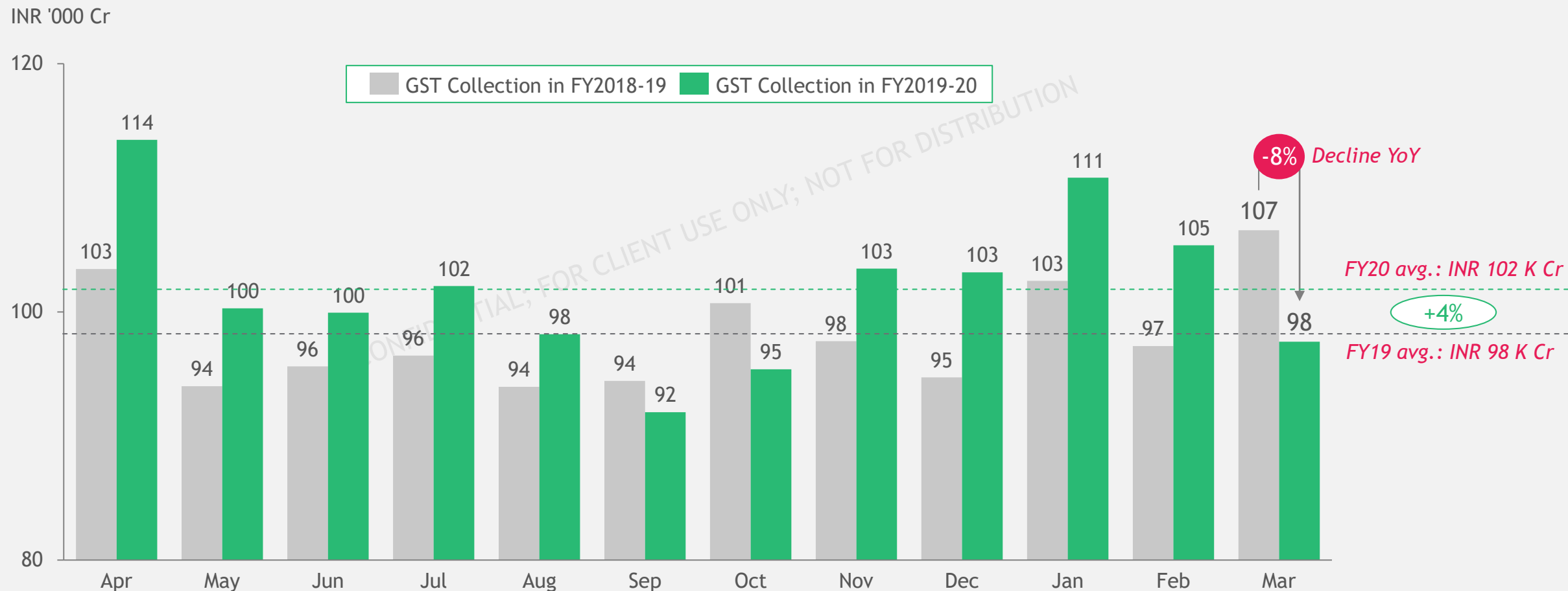
Services PMI



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Source: IHS Markit, CMIE, Analyst Reports



# GST collections declined by 8% in Mar'20 vs. Mar'19 against the overall 4% increase in collections from FY19 to FY20



Source: Press Information Bureau India

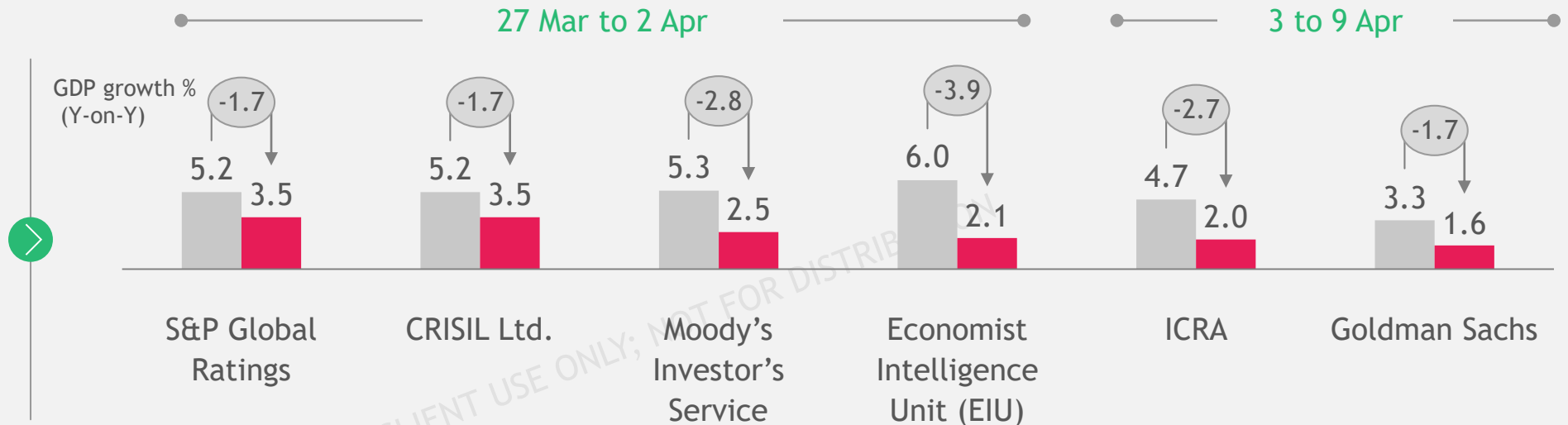




# Indian & Global GDP forecasts revised downwards over the last few weeks

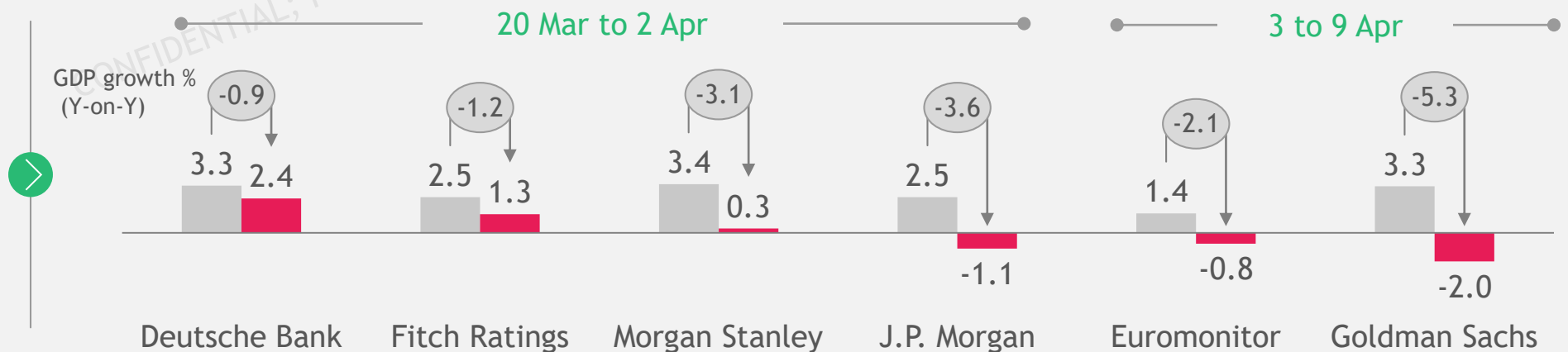
## India GDP growth forecast for 2020 / FY21

■ Pre-lockdown forecasts<sup>1</sup>  
 ■ Post-lockdown forecasts<sup>2</sup>



## World GDP growth forecast for 2020

■ Pre-COVID<sup>3</sup>  
 ■ Post-COVID<sup>4</sup>



India: 1. Pre-lockdown forecasts were made during Feb 2020 / early March 2020; 2. Post-lockdown forecasts were made from 27 March 2020 onwards; Source: Reports from Moody's Investor Service, EIU, S&P Global Ratings, CRISIL Ltd., Goldman Sachs, ICRA, Press search

World: 3. Pre-COVID forecasts were made during / before December 2019; 4. Post-COVID forecasts were made from 20 March 2020 onwards; Source: Reports from JP Morgan, Deutsche Bank, Fitch Ratings & Morgan Stanley, Euromonitor, Goldman Sachs, Press search



# Economic stimulus package worth \$22.5Bn (0.8% of GDP) announced by Finance Ministry of India

## Businesses to get compliance & tax relief in the first wave

Beneficiary	Measure	Description
State Govt.	Revenue support	<ul style="list-style-type: none"> <li>• INR 6,195 Cr released as 'revenue deficit grant' for state govts.' treasury</li> <li>• INR 11,092 Cr released under the State Disaster Risk Management Fund to set up quarantine facilities</li> </ul>
Workers	Income support	<ul style="list-style-type: none"> <li>• Daily wage increase, INR 182 to INR 202; 13.6 Cr rural families to benefit</li> <li>• Utilize state welfare fund for building and other construction workers for registered construction workers</li> </ul>
Workers, businesses	Employee security scheme	<ul style="list-style-type: none"> <li>• Govt. to pay 24% EPF Contribution for next 3 months for eligible<sup>1</sup> company</li> <li>• PF withdrawal &lt;=75% or 3 mo. wages (lower of 2) for contingency expense</li> </ul>
Businesses	Compliance relief	<ul style="list-style-type: none"> <li>• Debenture redemption reserve investment deadline extended to June 30</li> <li>• 6 more mo. to file commencement of business report for a new company</li> <li>• GST returns filing deadline extended till June 30</li> </ul>
	Tax relief	<ul style="list-style-type: none"> <li>• GST: &gt;INR 5 Cr turnover, reduced interest &amp; no late filing fee or penalty</li> <li>• GST: &lt;= INR 5 Cr turnover, no interest, late fee or penalty</li> <li>• Income Tax &amp; other taxes : Interest rate reduced to 9% for delayed payments till June 30</li> </ul>
	Fiscal relief	<ul style="list-style-type: none"> <li>• Spending of CSR funds for COVID-19 declared eligible CSR activity</li> <li>• IBC<sup>2</sup>: The existing threshold of INR 1 lakh hiked to INR 1 Cr for invoking IBC</li> </ul>
Individuals & Households	Subsidy	<ul style="list-style-type: none"> <li>• Rice and pulses free every month for the next 3 months, Free LPG for 3 months; 8 Cr poor families to benefit</li> </ul>
	Loans and Grants	<ul style="list-style-type: none"> <li>• Limit of collateral free lending to be increased from INR 10 to INR 20 lakhs; 6.85 Cr households to benefit through 63 lakhs SHGs</li> </ul>
	Income support	<ul style="list-style-type: none"> <li>• Direct cash transfer to farmers under PM Kisan Yojana, women Jan Dhan account holders poor aged widows &amp; senior citizens and disabled</li> </ul>
	Compliance Relief	<ul style="list-style-type: none"> <li>• Deadline for linking PAN card with Aadhaar extended to June 30</li> <li>• All compliances under Income Tax Act, Wealth Tax Act, Benami Transaction Act, Black Money Act, extended to June 30</li> </ul>

1. Establishments having <=100 employees & 90% employees earn less than INR 15,000 2. IBC- Insolvency & Bankruptcy code 14  
Source: Press release; BCG analysis



Monetary relief measures by RBI to infuse \$48.4Bn (1.7% of GDP) in the system

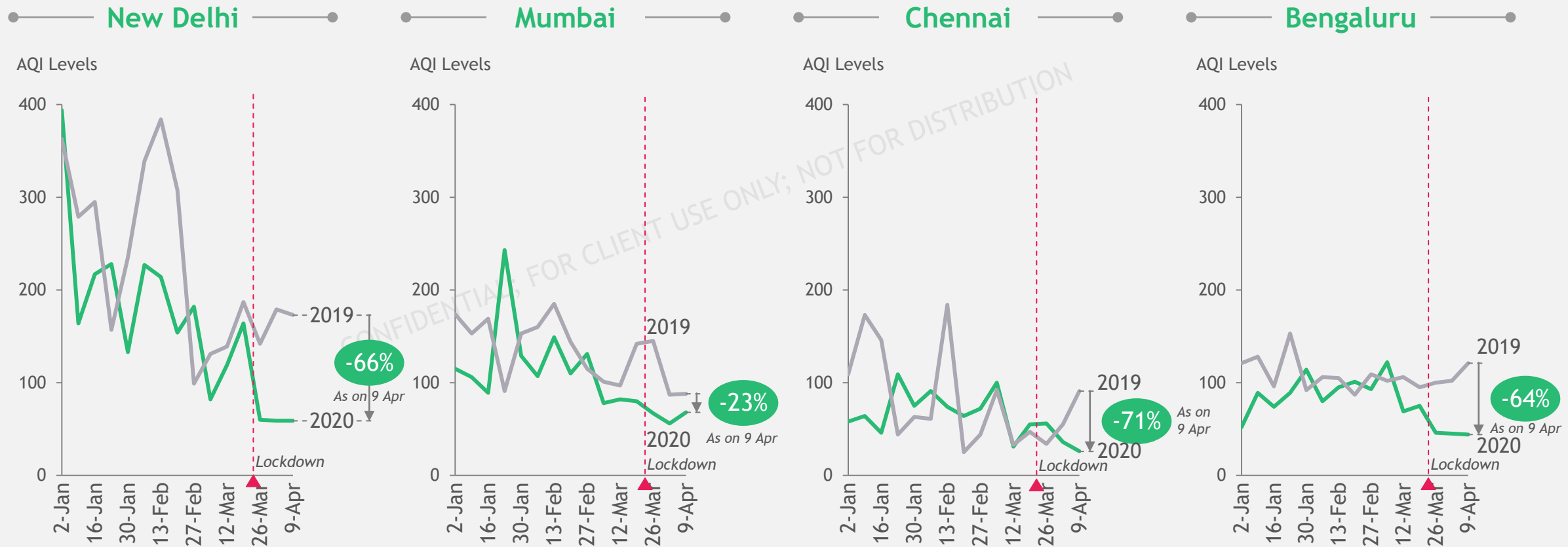
Businesses to get support through credit & liquidity stimulus measures

Beneficiary	Measure	Description
Government	Liquidity	<ul style="list-style-type: none"> <li>Increase in 'Ways &amp; Means Advances'<sup>1</sup> limit by 30% for all States/Uts from April 1 to Sept 30</li> </ul>
Businesses	Export facilitation	<ul style="list-style-type: none"> <li>Time to realize total value of exports increased to 15 months from 9 months, for all exports up to 31st July 2020</li> </ul>
Banks	Liquidity	<ul style="list-style-type: none"> <li>CRR of all banks by 100 bps to 3% with effect from March 28 for 1 year</li> <li>Increase in marginal standing facility (MSF) from 2% of the statutory liquidity ratio (SLR) to 3% with immediate effect</li> </ul>
Individuals, businesses <sup>2</sup>	Interest rate	<ul style="list-style-type: none"> <li>Reduced repo rate by 75 bps to 4.4 %, Reverse repo rate was cut by 90 bps to 4%               <ul style="list-style-type: none"> <li>Banks such as SBI, Bank of Baroda, Bank of India have reduced repo linked lending rates</li> </ul> </li> </ul>
	Liquidity & credit availability	<ul style="list-style-type: none"> <li>A moratorium of 3 months on EMI of all term loans and interest on working capital facilities<sup>3</sup> outstanding as on March 1, 2020               <ul style="list-style-type: none"> <li>Most PSU banks, HDFC, IDFC First, Federal, IndusInd have extended the moratorium in line with RBI guidelines</li> </ul> </li> </ul>
	Other measures	<ul style="list-style-type: none"> <li>Relaxation for 3 months -               <ul style="list-style-type: none"> <li>Free cash withdrawal using debit cards from any other banks' ATM for 3 months, Waiver of minimum balance fee, Reduced bank charges for digital trade transactions for all trade finance consumers</li> </ul> </li> </ul>

1. Ways and Means Advances is the temporary loan facility provided by the RBI to the center and state governments to meet mismatch in receipts & payments  
 2. It is optional for financial institutions to pass on the benefit of low interest and moratorium period to the borrowers  
 3. Working capital sanctioned in the form of cash-credit, overdraft and such  
 Source: RBI notification dated 27 March & 1 April; BCG analysis



# Improvement in the Air Quality Index observed in metros as compared to same time last year



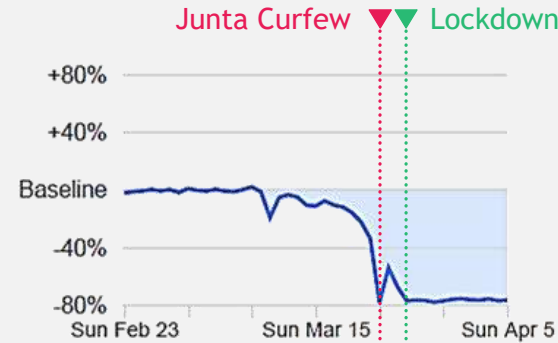
Notes: Information captured for 10:00 AM IST for the locations: 1. IGI Airport, New Delhi; 2. Bandra, Mumbai (in case of data unavailability - Vile Parle, Mumbai) ; 3. Alandur Bus Depot, Chennai; 4. Jayanagar 5th Block, Bengaluru; In case of data unavailability on a particular date, average AQI level for preceding and succeeding date has been used for the y-o-y comparison  
 Air Quality Index is calculated by measuring 8 criteria of air pollutants (Particulate Matter or PM 2.5 & 10, Sulfur Dioxide, Carbon Monoxide, Nitrogen Dioxide, Ozone, Ammonia & Lead)  
 Source: Central Pollution Control Board (CPCB)



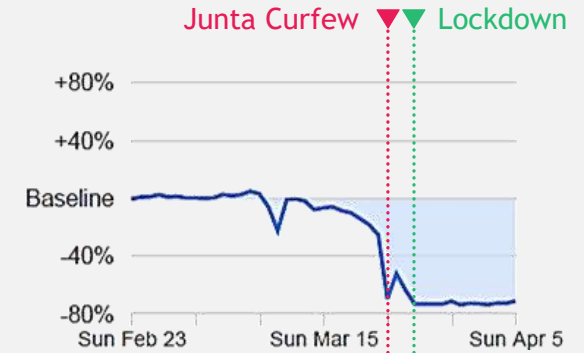
# More than ~50% reduction in number of visits to public places



**Retail & recreation**  
 – 77% compared to baseline<sup>1</sup>



**Transit stations**  
 – 71% compared to baseline<sup>1</sup>



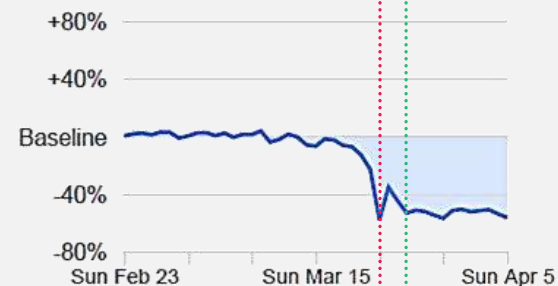
**Grocery & pharmacy**  
 – 65% compared to baseline<sup>1</sup>



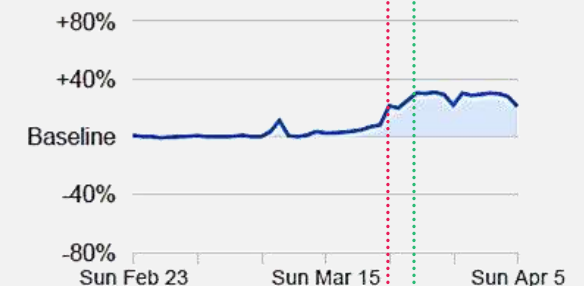
**Workplaces**  
 – 43% compared to baseline<sup>1</sup>



**Parks**  
 – 56% compared to baseline<sup>1</sup>



**Residential**  
 + 21% compared to baseline<sup>1</sup>

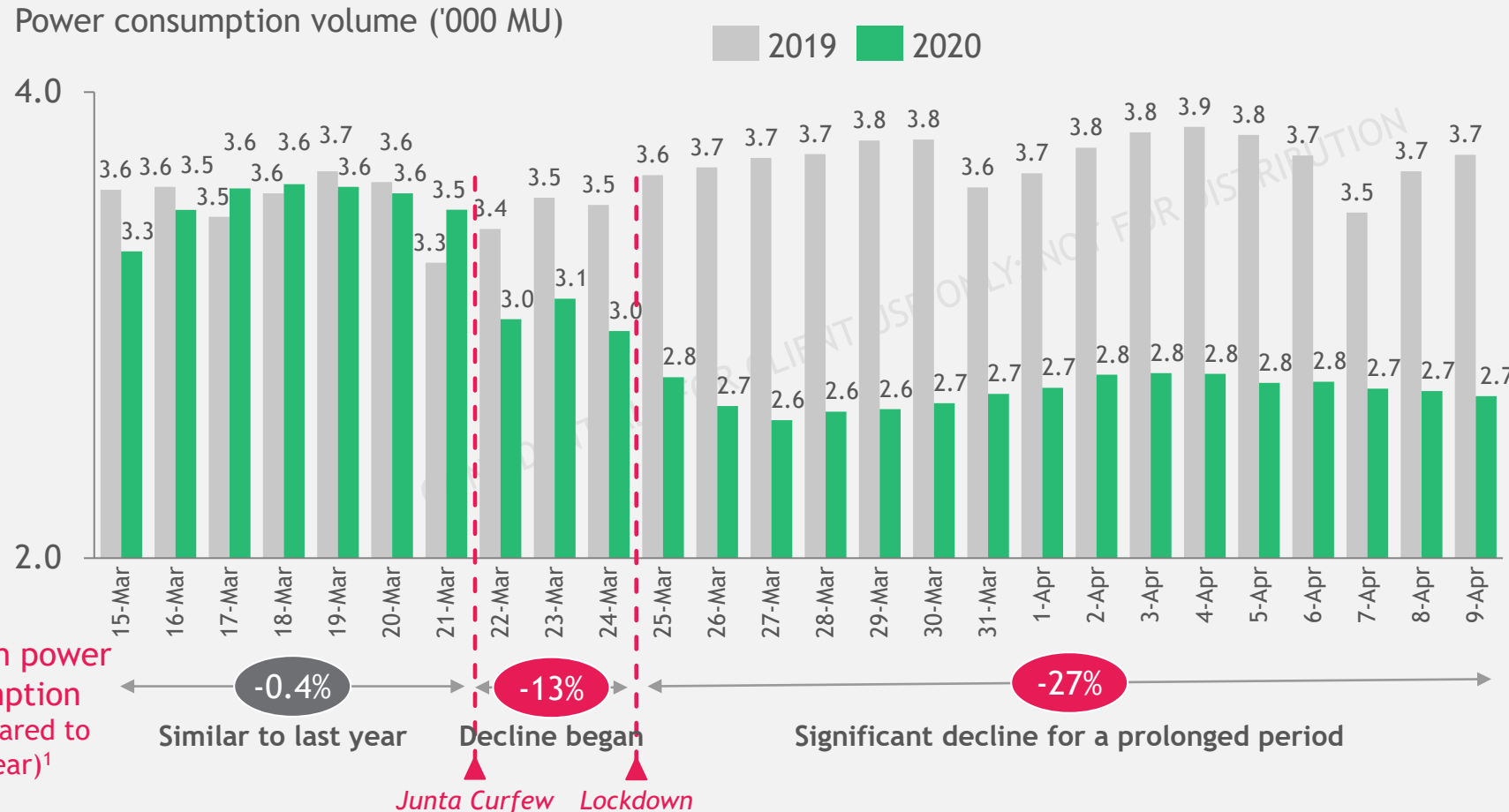


1. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3-Feb 6, 2020  
 Source: Google COVID-19 Community Mobility Report - India - Apr 5, 2020





# 27% decline in power consumption post lockdown driven by reduced demand in the industrial and commercial establishments



Typical power consumption by sectors in India<sup>2</sup>

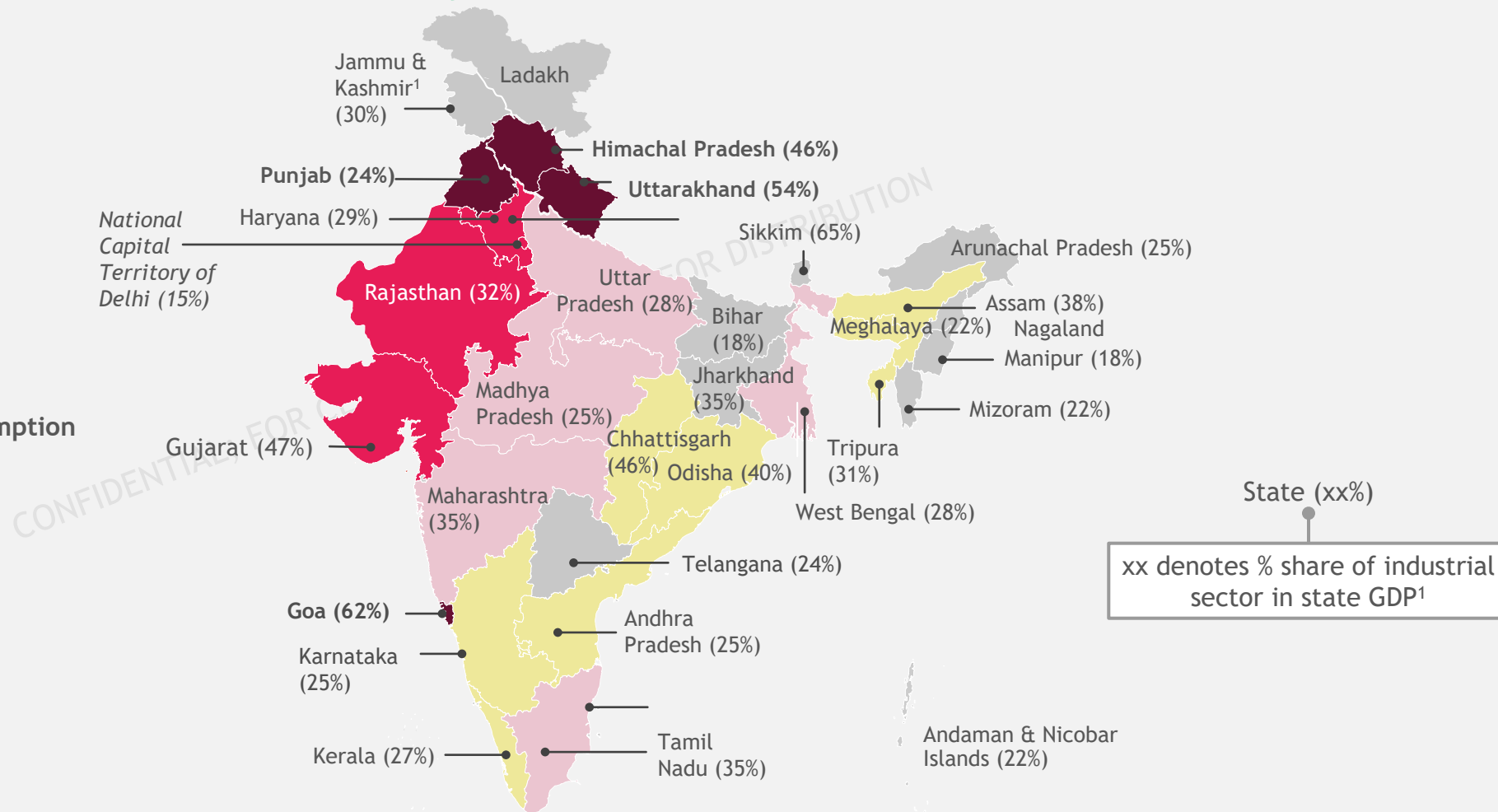
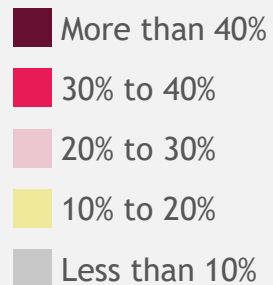
Sector	%
Industrial	42%
Domestic	24%
Agriculture	18%
Commercial	9%
Others	7%
<b>Total</b>	<b>100%</b>

Source: 1. Daily Reports on Power Consumption published by Power System Operation Corporation (POSOCO);  
 2. MOSPI Report on Energy Statistics 2019 - Consumption of Electricity by Sectors in India during 2017-18



# Level of decline in power consumption varies across states; highest decline (>40%) observed in Punjab, Uttarakhand, HP and Goa

Y-o-y decline in power consumption (compared for last week of March 2019 vs. 2020)<sup>2</sup>



1. Approximate figures based on latest GDP contribution share by sectors; Industrial sector includes mining & quarrying, manufacturing, construction, electricity, gas, water supply & other utility services; J&K industrial GDP % indicated for the former state data available | Source: RBI Handbook of Statistics of Indian Economy  
2. Year-on-year power consumption compared for last week of March (22-28 Mar'20 vs. 25-31 Mar'19) | Source: POSOCO




# Learnings from the Indian Industry


# Multiple Indian companies have risen to the crisis with quick, decisive actions along 3 dimensions



**Now:** Tackle immediate priorities

Max 2-3 weeks<sup>1</sup>

 **Mobilize "war room"**  
Protect employees and customers, control the narrative

 **Ensure business continuity**  
Stop gap measures as necessary (e.g. sourcing, mfg., distribution)


 **Establish visibility**  
Setup a digital control tower, track critical KPIs, monitor disruptions




**Near-term:** Prepare for the rebound, Seek advantage in adversity

3-6 months<sup>1</sup>

 **Fortify liquidity & profitability**  
Manage cash; Rationalize costs for resilience

 **Reinforce supply**  
Re-establish availability, strengthen supply network

 **Seize demand recovery**  
Protect customer base; maintain or grow wallet share


 **Re-strategize FY20-21**  
Build agile scenario-based plans; re-configure workforce to deal with uncertainty


 **Accelerate digital transformation**  
Sales, service & fulfilment; Ways of working



**Medium-term:** Plan for the new reality post crisis

Beyond 3-6 months<sup>1</sup>

 **Reinvent self: 'Win in the new reality'**  
Re-define purpose, act to win

**Reimagine business possibilities**  
Identify behavior shifts - Adapt offerings & fulfilment models; Accelerate digital  
 Capture new white spaces; Consider inorganic moves ...and more

 **Restructure: Build resilience**  
Protect against future shocks; Build 'firm of the future'; Scale new ways of working

1. Timelines indicative: Linked to stage of crisis in each market and level of impact on each industry



# Indian companies have taken several measures to create a centralized response team, ensuring employee safety & support



Major transport service operator created a war room for emergency response, contingencies, safety

Set up taskforce and control tower to manage daily status of infection, people and operations, created new working norms

- Created **contingency plan for Senior Leadership** for business continuity
- Setup **two separate leadership squads** with representatives from critical departments, teams; Alternate days onsite to ensure no overlap,
- Not allowed to meet same set of people
- Every dept. second in command identified for contingencies
- Empowered all signing authority to one team, allowed only digital signing
- Defined **strategy for on-site manpower to be reduced to ~15-20%** of overall employee count
- Identified primary, secondary and tertiary departments basis their roles - defined teaming norms for onsite / offsite operations
- Shifted secondary/ tertiary offsite teams to remote locations
- Defined **rotational rosters** for secondary/ tertiary onsite teams
- Defined clear protocols b/w shift handovers to minimize risk and segregate workspaces b/w on site employees

Implemented safety, hygiene practices in operations

- Conducting exhaustive sanitation of primary onsite workstations
- Coordinating with government to ensure PPE and other supplies
- Setup **24x7 helpline for employees** for any issues



Large Indian equipment manufacturer PSU shifted to unprecedented remote working norms amidst lockdown

Swiftly setup IT infrastructure to support remote working

- Installed **1000+ digital VPN & Video Conferencing licenses within 1 week** of lockdown to enable remote working
- **Enhanced cybersecurity:** End-point security, increased assessment of access and activity logs, limited the access to sensitive data
- Shifted from a **heavy paperwork practice to e-office to sign all files**
- Best practices of remote working norms shared with larger organization

Prioritized steps to boost morale & motivation of employees

- Significantly enhanced communication to all employees from various levels of management, keep the team motivated and connected
- Set up groups for shared hobbies, e.g. book club, yoga etc.
- Initiated **crowdsourcing of cost reduction, quality and product improvement ideas** from employees to keep them engaged



Large IT/IT Services MNC initiated employee wellbeing measures

- Introduced **Quarantine Leave** and Special Paid Leave policies
- Trained internal chat-bots with latest information on advisories, FAQs
- Broadcasted specially designed self-care communications and care blogs
- Included treatment of **COVID-19 under internal health insurance policy**





# Companies in the Tech Services space ensuring resilience in offshore services and operations

## Setting-up operational war room to prepare for potential future scenarios

- Defined norms for ensuring employee health and safety including protocols to be followed for any situation
- Multiple **Mission critical support teams across People, Tech, Leadership and Facilities** identified early on (2<sup>nd</sup> week March) enabled to take a call on operational wellbeing
- Started 'Work From Home' planning early March post experience in China
- **Enabling BYOD through secure solutions** to ensure readiness for staff who do not have office provided desktop/laptop
- One of the companies created a **one-time allowance to help employees set-up required infrastructure at home** (furniture, broadband)

## Ensuring required infrastructure and security to enable work from home

- Proactively worked with different **secured connectivity providers to enable static IP requirements**
- Companies actively looking at solutions e.g. Teramind to **mitigate cyber security risks** e.g. analytics based solutions to predict potential threats, suspicious behavior in a remote environment
- Companies deploying secure solutions and devising policies to enable BYOD e.g. MDM, SSL certificates, right to wipe devices in case of loss

## Ensuring productivity and engagement through workforce re-allocation & re-writing SOPs

- Reprioritization of demand, important calls being given preference
- **Workforce redeployed from low demand to high demand processes**
- Maximizing available capacity by providing **incentive for employees** to connect WFH
- **Rewriting operating manuals to describe SOPs for WFH** e.g. role of quality team, team leaders, protocol for check-ins and team stand-ups & debriefs
- Ensuring engagement and motivation by regular informal coffee over video calls

## Working closely with Government through industry bodies e.g. NASSCOM to address regulatory constraints

- **Pro-actively worked with Govt. to ease regulations temporarily** allowing work from home e.g. security deposit and PPVPN requirements waived
- Swiftly issued legal passes, made agreements with local authorities for **seamless transfer of IT assets to employees' homes**
- Industry players worked closely throughout the initial days with almost daily calls to share best practices and learn from each other



# Companies utilizing temporary stop-gap measures, digital tools to ensure continuity



Large Pharmaceutical company using temporary stop-gap measures to ensure production & supply of medicines

- **Multi-tasking by employees** to ensure seamless functioning of factories with the existing manpower constraints
- Maintaining safety and **minimum workforce interaction** through longer breaks and no overlaps in shift changes; Leveraging **written notes for shift changes**
- **Eliminating non critical activities** e.g., engineering activities being conducted on need basis
- **Localized purchasing of alternate materials** like packaging where regulatory approval isn't needed



Large Consumer Goods company working with 3<sup>rd</sup> party manufacturers to manage spikes in demand of essentials

- Pro-actively worked with Govt. to expand essential categories to include soaps, shampoos etc.
- Swiftly **issued legal passes, made agreements with local authorities** for seamless salesforce movement in rural areas
- **Managed sudden demand spike** for sanitizers by hiring 3<sup>rd</sup> party manufacturers and utilizing other SKU bottles for packaging
- Leveraging brand name to **drive long term negotiations** amidst current high truck logistics prices



Large Agrochem MNC dynamically managing scheduling & safeguarding their employees for smooth plant operations

- Dynamically updating demand / supply changes by **running weekly instead of monthly** supply chain executive meets
- Worked with govt. agencies and arranged right documents in a short period
- **Modified plant working norms** to avoid shift overlaps, thermal screening, canteen social distancing, documents left in open, isolate person in contact with external truck vendors
- **Built confidence on safety measures being adopted** e.g. hotline number for families to get in touch in working hours, provided transport
- **Supporting community safety** - providing sanitizers, disinfectant spraying equipment, food, safety awareness, etc.

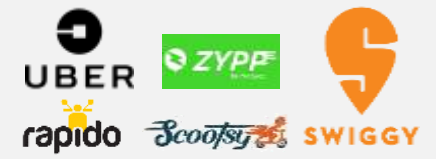


Indian agri-input player shifting to digital operations & building backup teams for continuity

- Leveraging opportunity to **migrate to digital operations** e.g. taking orders on phone, appointing POC in villages, exploring tie-ups with e-commerce firms, establishing direct delivery
- Exploring **bundling of products to minimize frequency of purchase** for farmers and limit exposure to virus outbreak
- Creating **backup for each critical role/team** both in plant & field; temporary replacement for critical migrant workers with local labor also planned



# Case Study: Food & Grocery Retailer has innovated to fulfill ~85% demand, with 90%+ stores in 40+ cities operational...



Improved staff attendance from ~15% initially to 60%+ in 2 weeks, ensuring in-store operations continuity

### Motivated & Incentivized employees

- Arranged curfew passes for staff
- Hired **vehicles to commute staff**

### Ensured safety for employees & customers

- Trained staff for social distancing, safety norms for in-store and deliveries
- Utilizing thermal guns for all staff, customers in-store; **free mask if customer not wearing one in-store**

### Optimized workforce & digital hiring

- Re-allocated staff from low footfall stores to higher ones within same cities
- Ramped-up **hiring through social media, WhatsApp** & employee referral channels

Safeguarded supply side continuity with pro-active as well as stop-gap measures

### Established early communication with manufacturers & distributors

- **War Room established supply teams of top 10 FMCG companies** for stock movement availability & visibility
- **Pre-blocked inventory for high velocity SKUs**, utilized self vehicles to move goods stuck at supplier warehouses

### Actively managed truck delivery operations

- Identified truck movement restrictions
- Resolved truck border movement issues by **working with local govt officials, police forces, municipalities** to allow movement

Solved for home delivery fulfillment with win-win partnerships

### Created quick partnerships within 3-4 days

- Actively sought assistance from retail ecosystem to solve labor shortages
- **Tied up with range of partners** from car sharing services to 2-wheeler delivery companies - Uber, Swiggy, Rapido, Zypp, Scootsy
- **Utilized currently dormant resources** (delivery personnel and existing transport infra) of these players

### Re-allocated staff post partnerships

- Trained these delivery personnel for contactless delivery norms
- Shifted focus of majority of staff on in-store operations

Source: Company leadership interviews



# ...leveraging omni-channel, growing it from a low single digit to a high double digit



Utilized omni-channel presence to ease ordering & demand fulfillment

- Capitalized on contactless ordering channels
  - Phone delivery, a nascent channel at that stage, being leveraged actively now
  - Drop boxes with Resident Welfare Associations, innovatively established in 4-5 major cities; enabled bulk ordering
  - Ramped-up online website channel & WhatsApp channel
  - Partnered with Flipkart to sell private label staples, FMCGs

Modified stores to become dark stores overnight, focusing only on deliveries, where no permission to keep store open available



Modified back end operations to improve efficiency, response times

- Optimized operations at the warehouse & Distribution Centers
  - Shifted from pieces to case size receiving
  - Eliminated bottlenecks by connecting inbound & outbound, increasing inventory holding

- Maximized vehicle utilization
  - Optimized no. of vehicles to be unloaded; **Reduced TAT: 12 to 2 hours**
  - Ran milk runs directly to stores
  - Reduced lead time through **direct delivery from suppliers** to high throughput flagship stores



Enhanced outreach to potential customers/employees via WhatsApp, social media messages

- Created customized short snippets easily shareable on social media channels
- Clearly outlined helpful, **actionable messages for easy understanding**







# Companies also leveraging downtime<sup>1</sup>, working remotely to prepare and get back to action post-lockdown



## Large building materials supplier improving digital penetration of sales operations during downtime

- **Leveraging digital actively to continue sales touchpoints**
  - Existing salesforce app enhanced to capture physical visit logs and call logs; helping frontline staff to update all interactions
- **Promoting / leveraging downtime** to get more dealers on-boarded onto the dealer management system for order placement
- Leveraging downtime to plan annual budgeting process effectively and in detail
- Leveraging downtime to refine schemes for higher pay for performance, remove inefficiencies
- **Acted early (pre-lockdown) to identify & tackle supply bottlenecks**
  - Swiftly moved to increase frequency and size of shipments of semi finished goods from feeder plant to the second plant with the objective of building sufficient inventory to ensure production continuity
- **Modified inventory holding norms at depots** to push materials closer to the market; increased inventory days stock by ~2x
- **Redefined market mapping with source plant** to prioritize material availability over logistics costs
- **To support the key influencers** who are typically migrant workers, encouraged them to convert part of loyalty points to cash



## Conglomerate leveraging downtime for upskilling & implementing strategic initiatives

- **Actively leveraging downtime to revamp sales & marketing teams**
  - Focus on upskilling salesforce in the downtime - remote personalized training programs for 300+ salesforce
  - **Implementing strategic initiatives** on tour planning, territory deployment etc.
- **Identified action plan for short term**
  - Scenario planning to estimate demand
  - Manufacturing plan to ensure steady ramp up to get back to pre-COVID normal



## Large auto components supplier prioritizing salvaging of perishable raw material stranded at transport hubs

- **Efforts to get special permissions** to bring perishable stranded raw material, finished goods in transit on roads, ports etc. back to factories
- Marketing team supporting dealers despite no business being conducted
- Ramping up online website/channel for sales post lockdown period
- **Ensuring contractual labor ready to work post lockdown** through regular payment of salaries, distribution of food packets at plants as well as stranded truck driver hubs in partnership with AITA

1. Downtime due to current shutdown of operations, restricted to operate in lockdown period  
Source: Expert interviews, CII Newsletters, Press Search





# Companies expediting collections, cutting discretionary spends in the short term, exploring margin improvement opportunities

## Major transport service operator identifying short term cost cutting necessities to be operational

- **Identified significant cost cutting measures for short term period**
  - Determined key vs. non-key costs
  - Created strategy to **optimize operational zones** to reduce operational costs such as electricity, security and housekeeping
  - Identified contracts basis non-key costs to cancel on priority on force majeure rules
- Q1 capex plans and manpower recruitment kept on hold
- Financial modeling to seek bailout measures from government

## Large auto components supplier actively supporting dealers & vendors, cutting discretionary spends

- **Actively supporting suppliers by ensuring on-time payments**
- Favorably dealing with dealers by allowing no penalties on non-payment, requesting payments to be made faster or on-time
- May borrow to manage working capital since only partial receivables maybe collected in near term
- **Executing cash, cost control measures**; cutting all discretionary spends in marketing, advertisement, sports tournament sponsorships

## Conglomerate focusing on collections through digital means and discretionary spend cuts

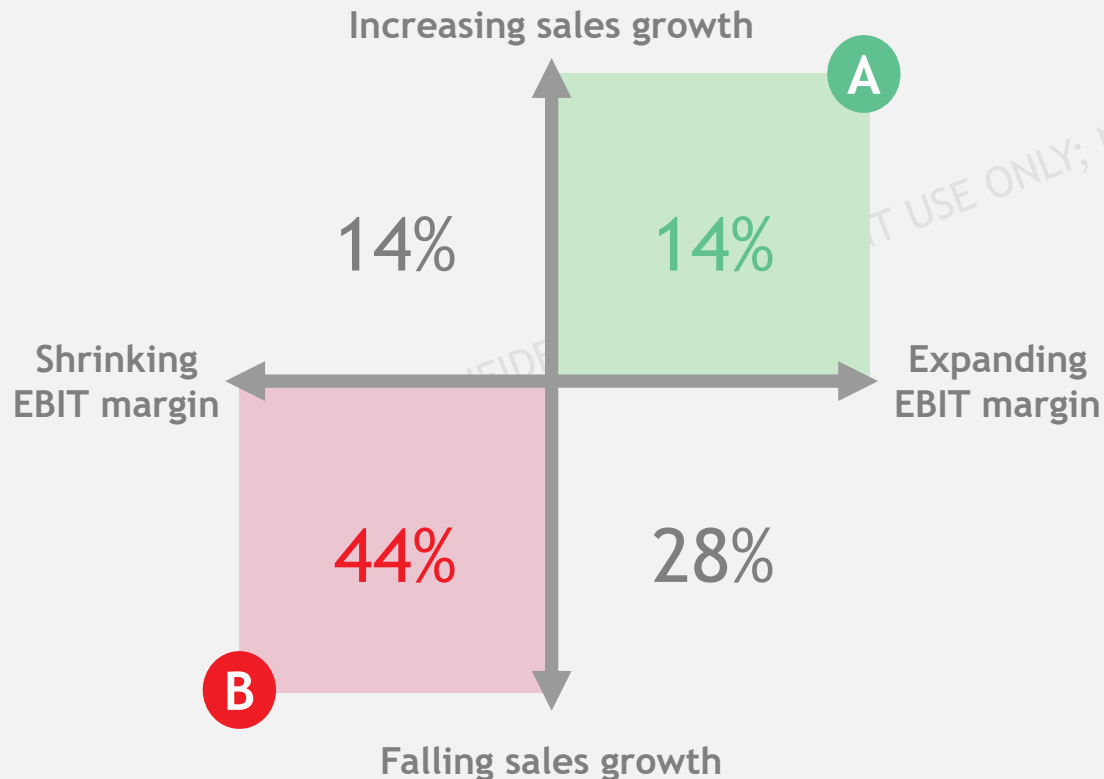
- Prioritized receivables collection basis a **national / BU level tracker**
- **Leveraged remote techniques & educated distributors** to enable digital payments
- Payments for April postponed for all except people related vendors and MSMEs
- **Executing cash, cost control measures** across BUs such as
  - Travelling budget cut, no new capex, no ads & sales promotions for next 3 months
  - Mfg. related to new product development postponed

## Major oil & gas company identifying opportunities to improve contractual terms & margins

- **Identifying negotiation opportunities** based on current disruptions in entire value chain to improve favorability of contract terms
- **Doubling down on asset-backed commodity trading capabilities** to gain additional arbitrage based margins
- **Exploring new revenue opportunities** by capitalizing on the opportunities e.g., to enable less manpower intensive processes of energy generation

# Advantage in Adversity - some firms flourish in downturns

14% of companies improve growth and margin in downturns, while 44% decline in both...



Note: Average across last four U.S. downturns since 1986; based on performance compared to three-year pre-downturn baseline for U.S. companies with at least \$50M sales; Source: S&P Compustat and Capital IQ, BCG Henderson Institute analysis



Time to Act...

Re-strategize for FY20-21

Emerge a winner...

# How can BCG help you?

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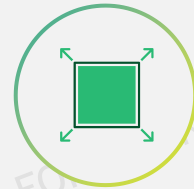
## Engage as a partner

We will partner with you in getting the rapid response team kick-started with an agile working model



## Plan for the unknown

We will drive a scenario wise assessment of company's exposure & outline mitigation roadmap



## Support on immediate priorities

We will work with you to deep-dive on critical priorities to layout a detailed action plan



## Capitalize on emerging opportunities

We will work with you to scan for emerging new opportunities (M&A, diversification) to enable acting early



## Bringing best-practices to you

We will bring in the latest learnings and best-practices from around the world

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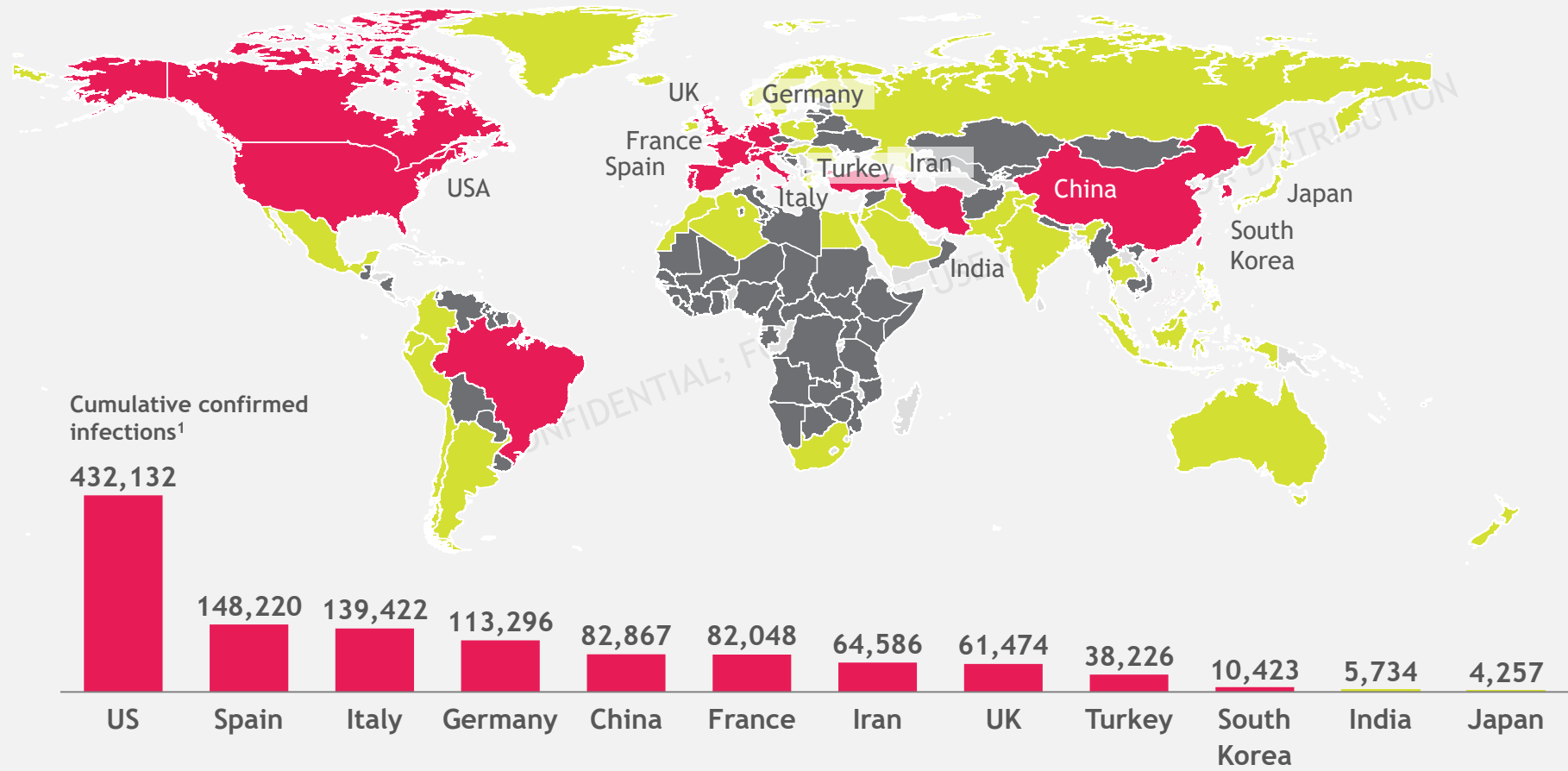


# Global Overview

# COVID-19: ~1.5M cases confirmed across 184 countries

US & Spain with highest no. of confirmed infections

...As of Apr. 9, 184 of 195 countries/regions have been affected














Countries/regions reported infections

# 184

	World	India
Total cases	1.48M	5734
Total deaths	88k	166
Fatality rate (%)	6%	3%
Recovery rate (%)	22%	8%

1. No. of infections considered based on confirmed medical tests  
 2. Data updated as of 9 April 8 am  
 Sources: Johns Hopkins CSSE; Government of France (France data), Ministry of Health & Family welfare (India data); BCG analysis

# Countries continue to enforce social distancing norms; China and Denmark lifting restrictions in a phased approach

	School closure	Restricted assembly	Non-essential business closure	International travel restrictions	Domestic travel restrictions <sup>2</sup>	Non-essential local mvmt. restrictions
China 	✓	✓	✗	✓	✗	✓
Spain 	✓	✓	✓	✓	✓	✓
France 	✓	✓	✓	✓	✓	✓
Switzerland 	✓	✓	✓	✓	✓	✓
Italy 	✓	✓	✓	✓	✓	✓
Iran 	✓	✓	✓	✓	✓	✓
Denmark 	✓	✓	✓	✓		
Germany 	✓	✓	✓	✓	✓	✓
US 	✓	✓	✓	✓		✓
South Korea 	✓	✓				
Japan 	✓	✓	✓	✓		
UK 	✓	✓	✓		✓	✓
Turkey 	✓	✓		✓	✓	✓
India 	✓	✓	✓	✓	✓	✓



Stricter social distancing norms imposed in hard hit areas of USA; New York, New Jersey, Connecticut





Denmark announces concrete plan to lift restrictions; primary schools to reopen from 15 April



Turkey extended the partial curfew to include youth. It also shut borders of 31 cities



China lifted the lockdown restrictions on Hubei allowing people movement subject to green code classification

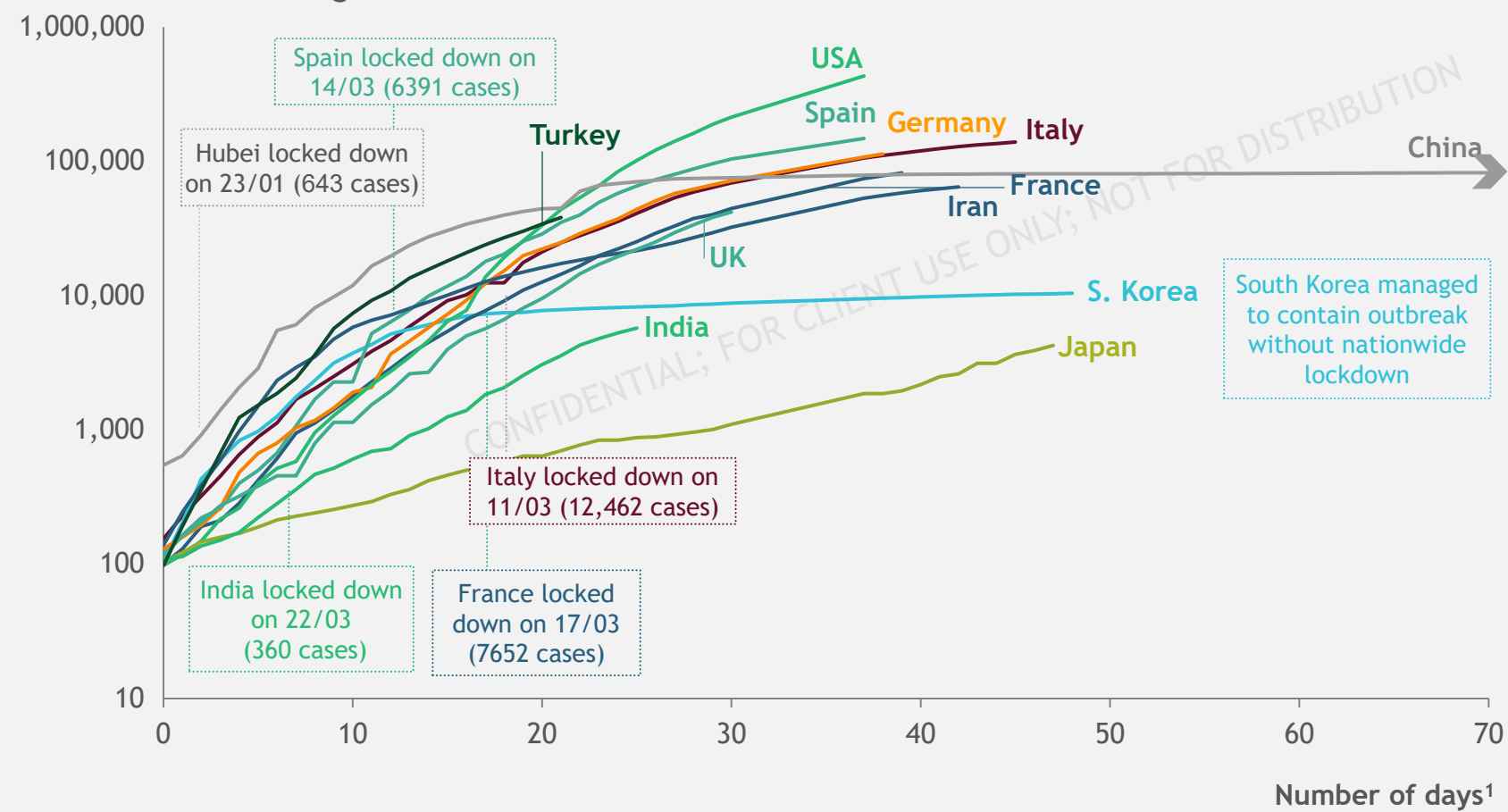
 New interventions post 30 Mar 
  Continuing interventions

1. Includes nationwide actions and actions taken by major local or regional governments. 2 Some German + US rail services are being reduced but not through government mandate  
International travel restrictions flagged if any bans put in place or limits in place; Internal travel restriction includes reductions in public transport, or restricted access; Non-essential businesses include at least restaurants, entertainment venues; School closures are any mandatory state closures; Assembly restrictions include mandatory and advised restrictions on large groups, restrictions on e.g. faith based gatherings; Non-essential local mvmt includes stated restrictions on being outside or curfews | Source: Government and media reports

# Growth trajectories flattening for countries accounting for ~80% of global cases

## Total cumulative number of confirmed cases (Log scale)

Countries contributing ~80% of the total cases



Sustained period of risk mitigation & containment measures has slowed down the growth for countries

- After China, Korea and Italy, growth curve of other countries too is flattening
- India seeing a gradual slow down in growth over last 5 days
- Given early mitigation measures, India's overall growth slower than most other countries

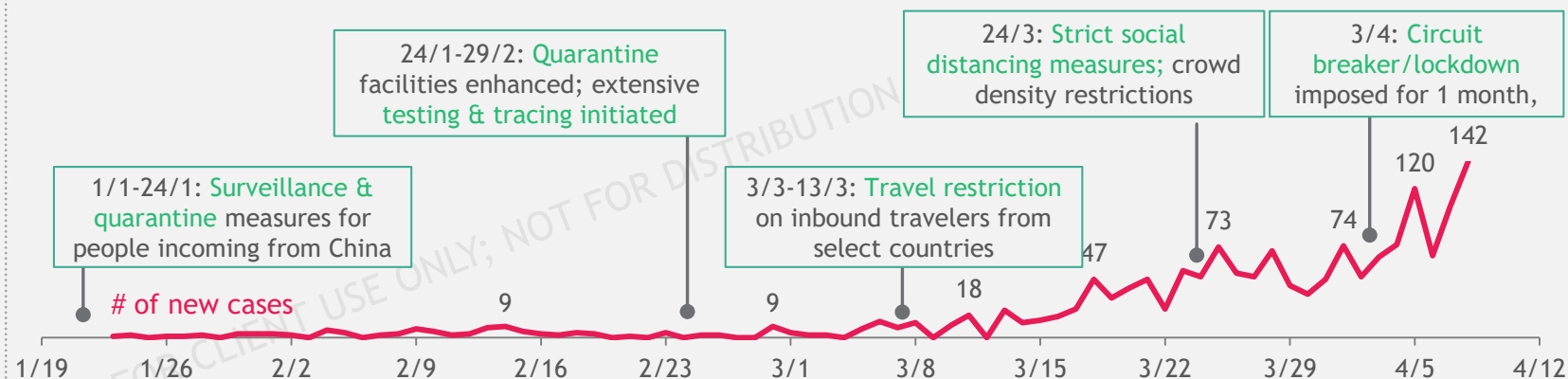
1. No. of days after exceeding 100 confirmed cases 2. Data updated as of 9 April 8 am  
Sources: Johns Hopkins CSSE; Government of France (France data), Ministry of Health & Family welfare (India data); BCG analysis

# Singapore imposed stricter measures to contain second wave of infections; Hubei returned to normalcy with cautionary measures

## Singapore:



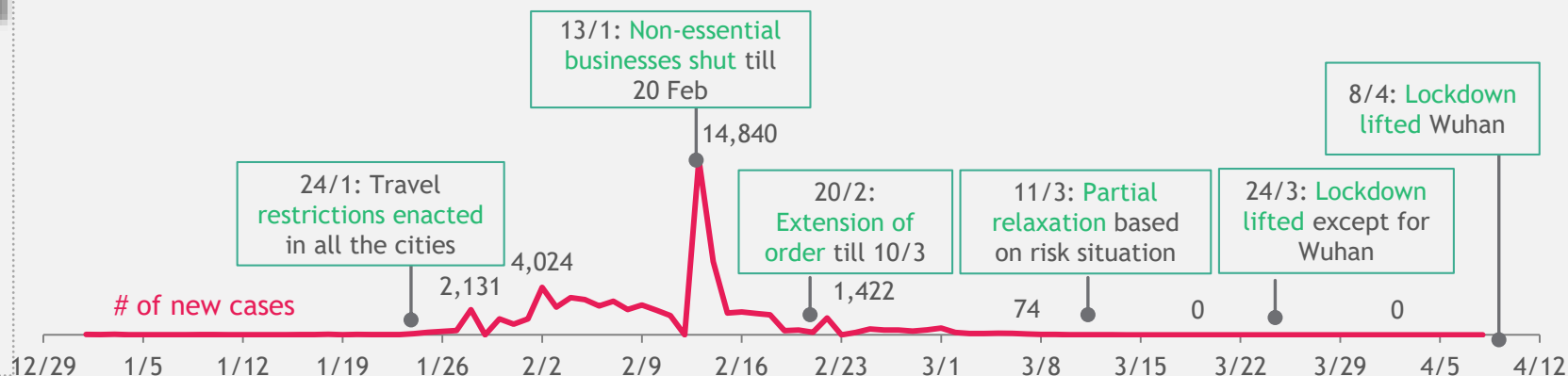
- Early implementation of strong surveillance, quarantine & advanced testing & tracing measures for travelers from China
- Reactionary social distancing measures taken after initial spikes in new cases; 40%+ being imported cases
- Border control measures being taken light of global disease spread



## Hubei, China:

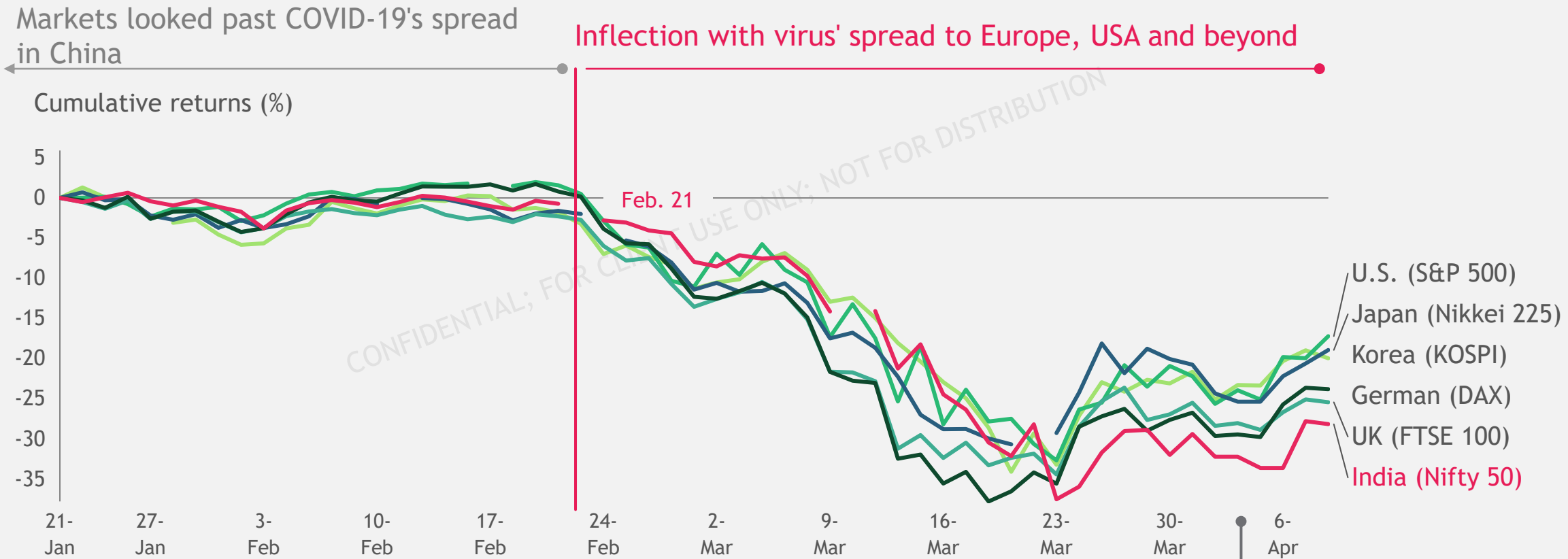


- Adopted a staggered approach to release restrictions based on risk assessment
- City of Wuhan to be out of the lockdown after ~2.5 months on 8 April
- Continues to observe cautionary measures through 'Green code' health classification (Alipay monitoring system)



1. Data as of 9 April 8 am  
Source: Johns Hopkins CSSE, Media reports, BCG analysis

# Global equity markets seem to stabilize following gradual slow down in COVID-19 new cases and death toll



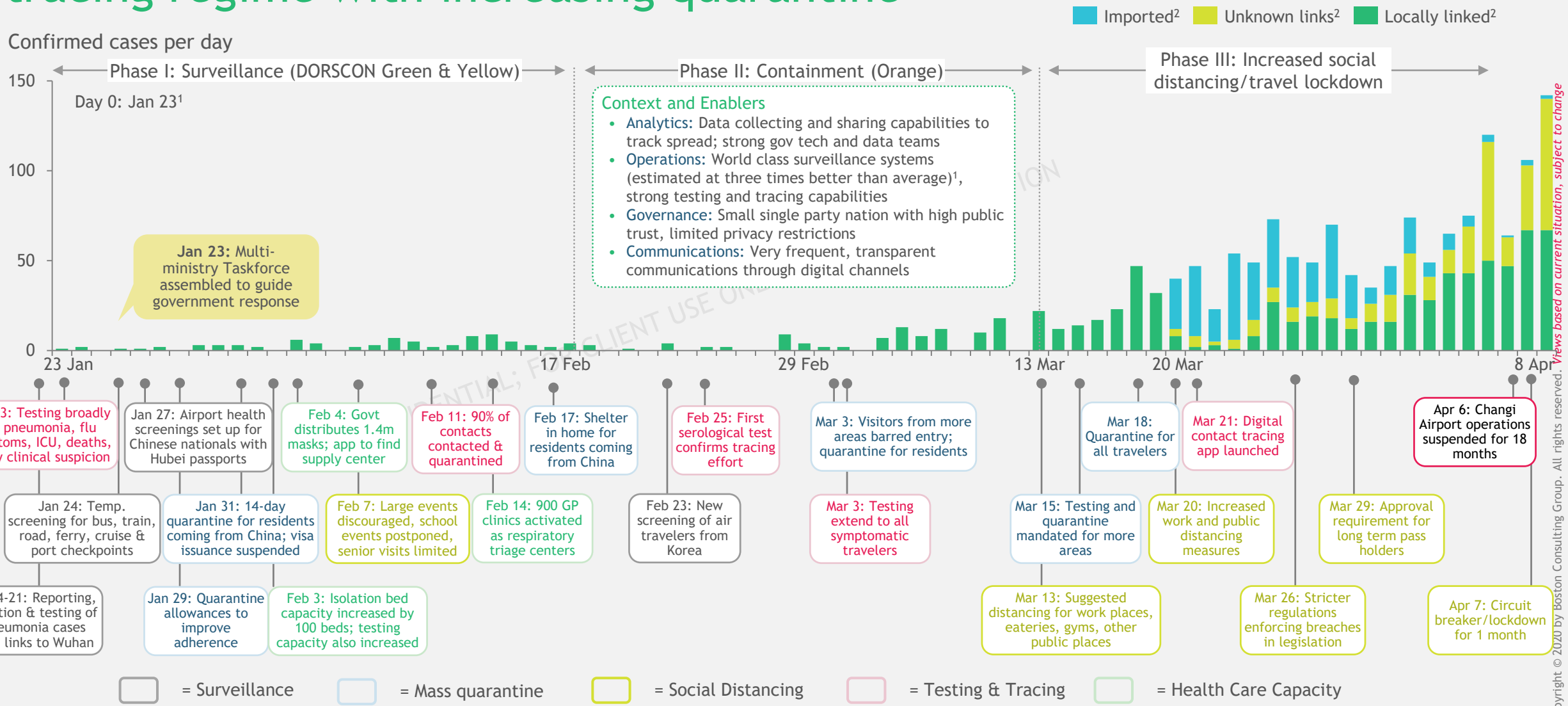
1. Indian markets were closed on April 2 and 6  
Source: Bloomberg; BCG Center for Macroeconomics analysis

Nifty curve appears to be flattening:

- Following global indices led by flattening global COVID-19 curve
- Driven by expectation of stimulus package 2.0



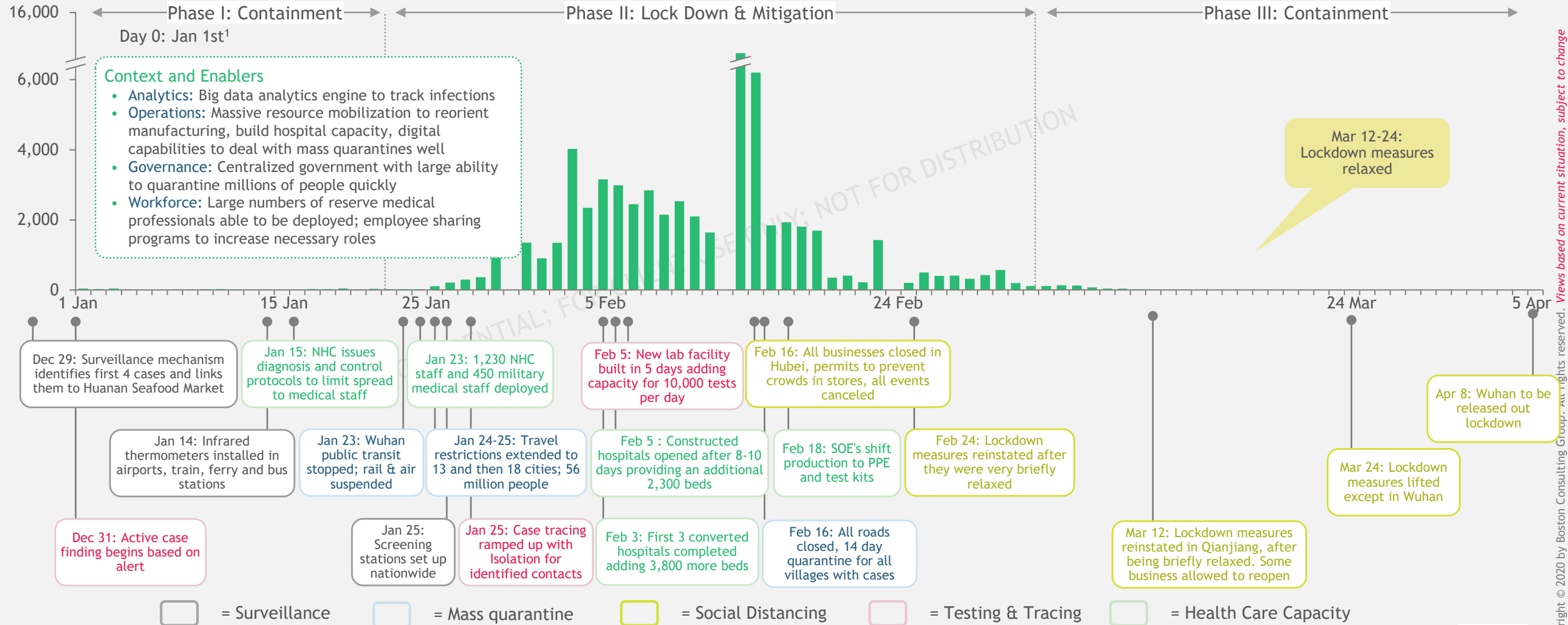
# Singapore focused early on sophisticated surveillance, testing and tracing regime with increasing quarantine



1. Day 0 based on confirmation of first case 2. Data available only from 20 Mar to 8 Apr  
 Source: Johns Hopkins University, Singapore MOH, Periodicals, BCG analysis

# Hubei's response characterized by a pronounced acceleration in measures across the board to lower transmission rates

Confirmed cases per day



1. Day 0 based on confirmation of first case (recent analyses list cases from Nov but comparable daily data sets available from Jan) 2. Hubei recorded 0 new cases from 5-8 April  
 Source: Johns Hopkins University, Media reports, BCG analysis