

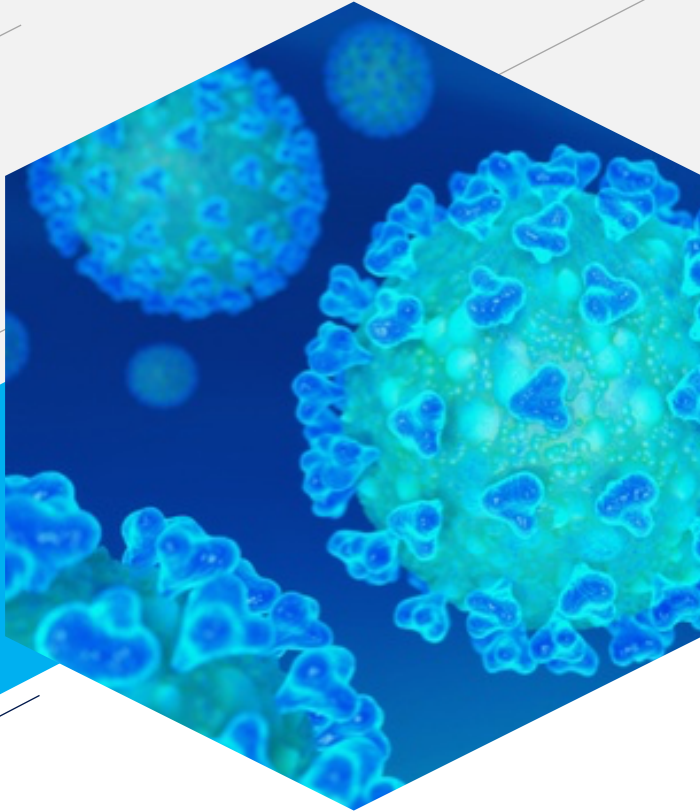


dhruva



FICCI-DHRUVA

COVID-19 BUSINESS IMPACT SURVEY



GENERAL

- 60% of the respondents expect the economy to be back to normalcy within 9 months
- 72% of the respondents believe COVID-19 would have a high-level or very high-level of impact on their business
- Key measures undertaken by companies on account of COVID-19 include work from home, safety measures, awareness creation

Q 1

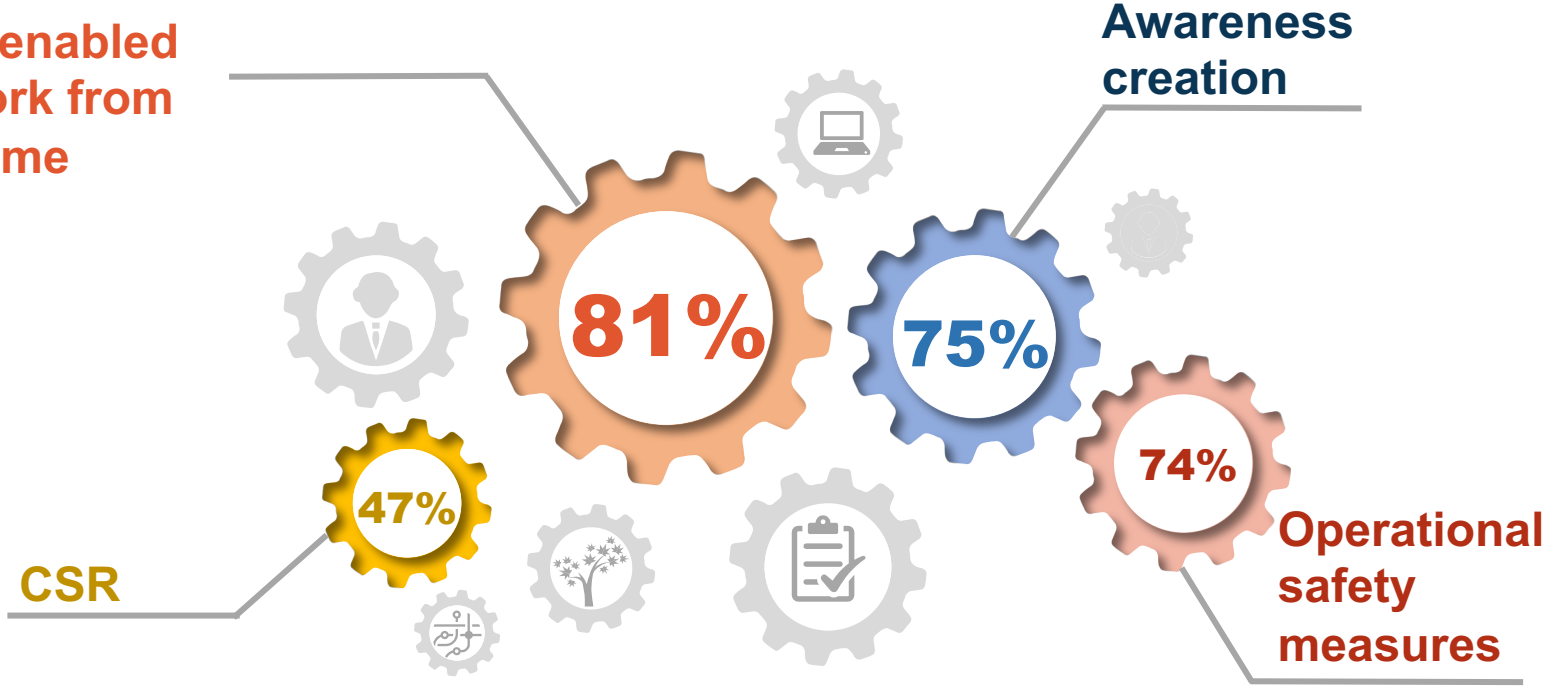
What are the initiatives undertaken by your company on account of COVID-19? (Multichoice)

IT enabled work from home

Awareness creation

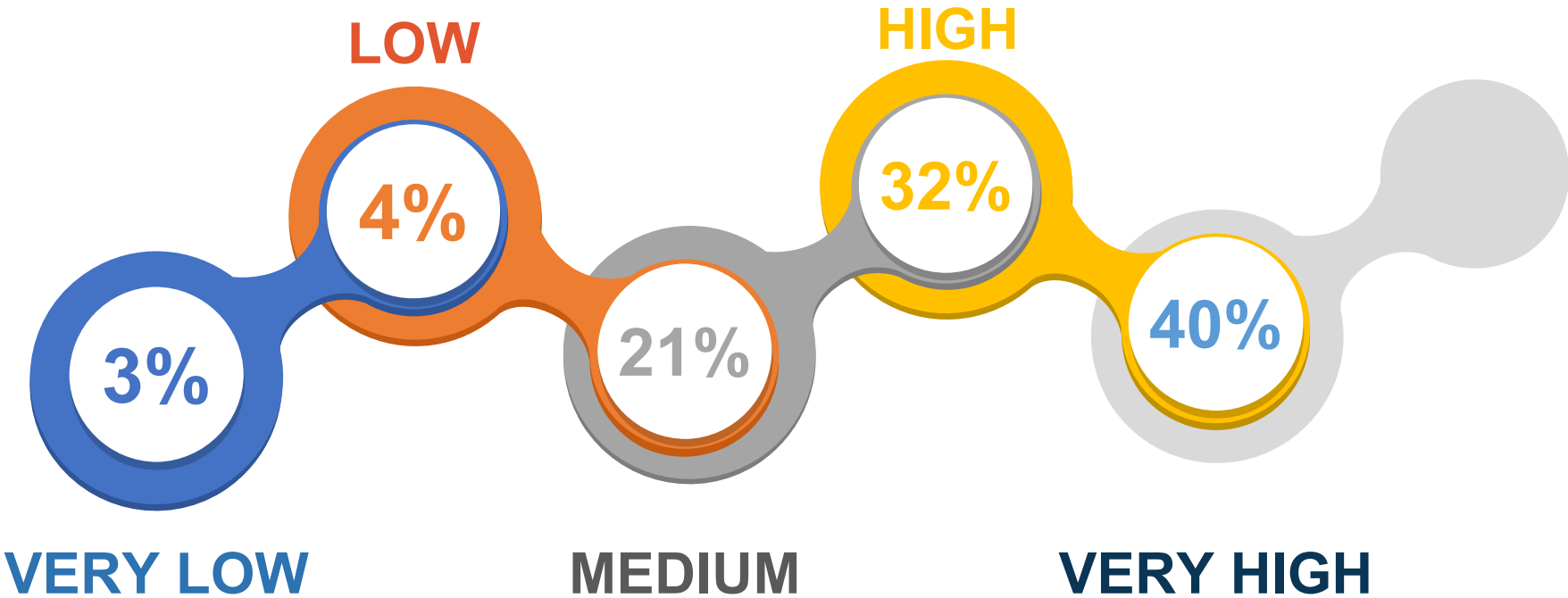
CSR

Operational safety measures

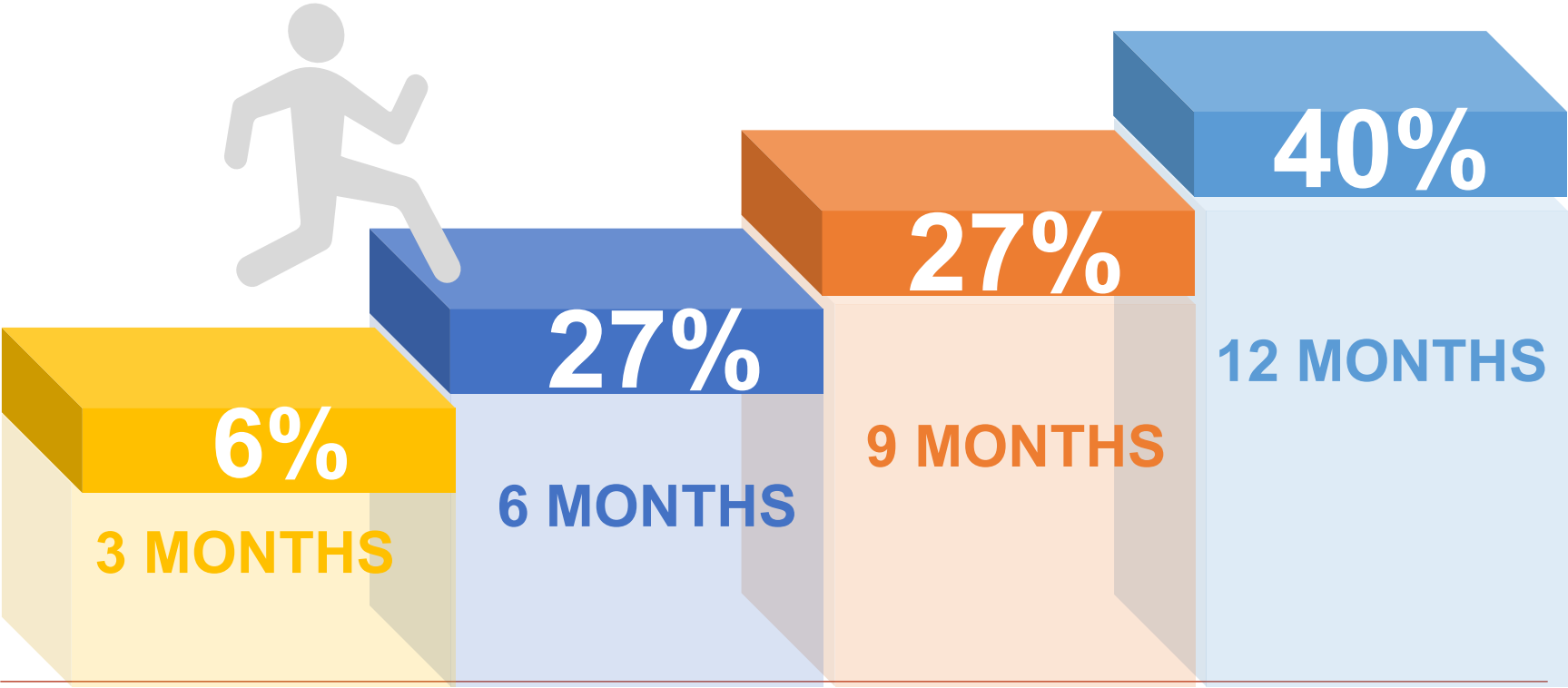


Q 2

What is the expected level of impact on your company's business operations on account of COVID-19?



Q 3 What would be the time frame you expect for the economy to be back to normalcy?





BUSINESS OUTLOOK

- In respect of mergers and acquisitions, 35% of the respondents expect there would be no impact on account of COVID-19, while 35% of the respondents expect mergers and acquisitions to be deferred for a period upto 6 or 12 months
- In respect of FDI, ODI, 51% of the respondents expect no impact on account of COVID-19, while 39% expect to defer FDI, ODI investments for a period upto 6 or 12 months
- In respect of approved expansion plans, 61% expect to defer such expansions for a period upto 6 or 12 months, while 33% percent expect to defer approved expansion plans for more than 12 months
- 15% of the respondents expect to shelve their fundraising plans in light of COVID-19, while 25% of the respondents expect there would be no impact on such fundraising plans
- 43% of the respondents expect there would be no impact on their exports on account of COVID-19, while 34% of the respondents expect a reduction of more than 10%
- 48% of the respondents are not considering salary reductions on account of COVID-19 impact, while 35% of the respondents are considering salary reduction of more than 10%. Also, in terms of company's inventory and supply chain, 38% and 26% of the respondents expect no impact on account of COVID-19

- Substantial majority of the respondents do not foresee a very positive demand outlook for their business in this fiscal, with over 29% expecting a degrowth of more than 20%. A vast majority also foresee a reduction in their business cashflows and company's order book
- Cost optimization measures being considered includes manpower rationalization, salary rationalization (especially at senior and middle management-level), appraisals/ increments/ bonuses deferral, reduction in discretionary expenses, freezing recruitments, etc.
- In respect of capacity utilization, 70% of the respondents expect to operate at a capacity of more than 50% during financial year 2020-21, while 30% of the respondents expect to operate below 50% capacity
- In respect of job creation, 25% of the respondents expect there would be no impact on account of COVID-19, while 39% of the respondents foresee a more than 10% reduction in manpower
- Managing costs, weak demand along with availability of finance and supply chain related issues have emerged as key challenges for businesses. While funding additional working capital, fixed costs, capital for expansion have emerged as key financial constraints for businesses

Q 4 How does COVID-19 impact your company’s approved expansion plans?



Q 5 How are the cashflows of your company impacted?



6%

NO IMPACT

10%

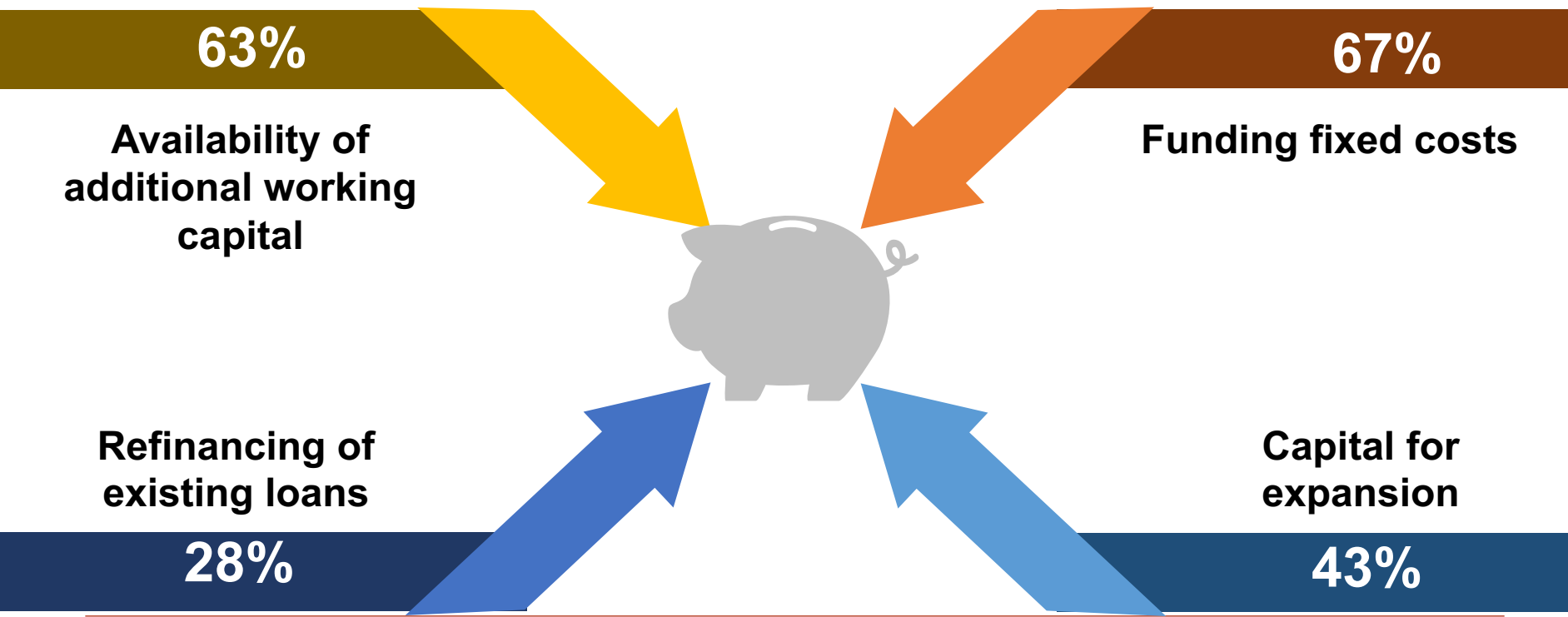
INCREASE

84%

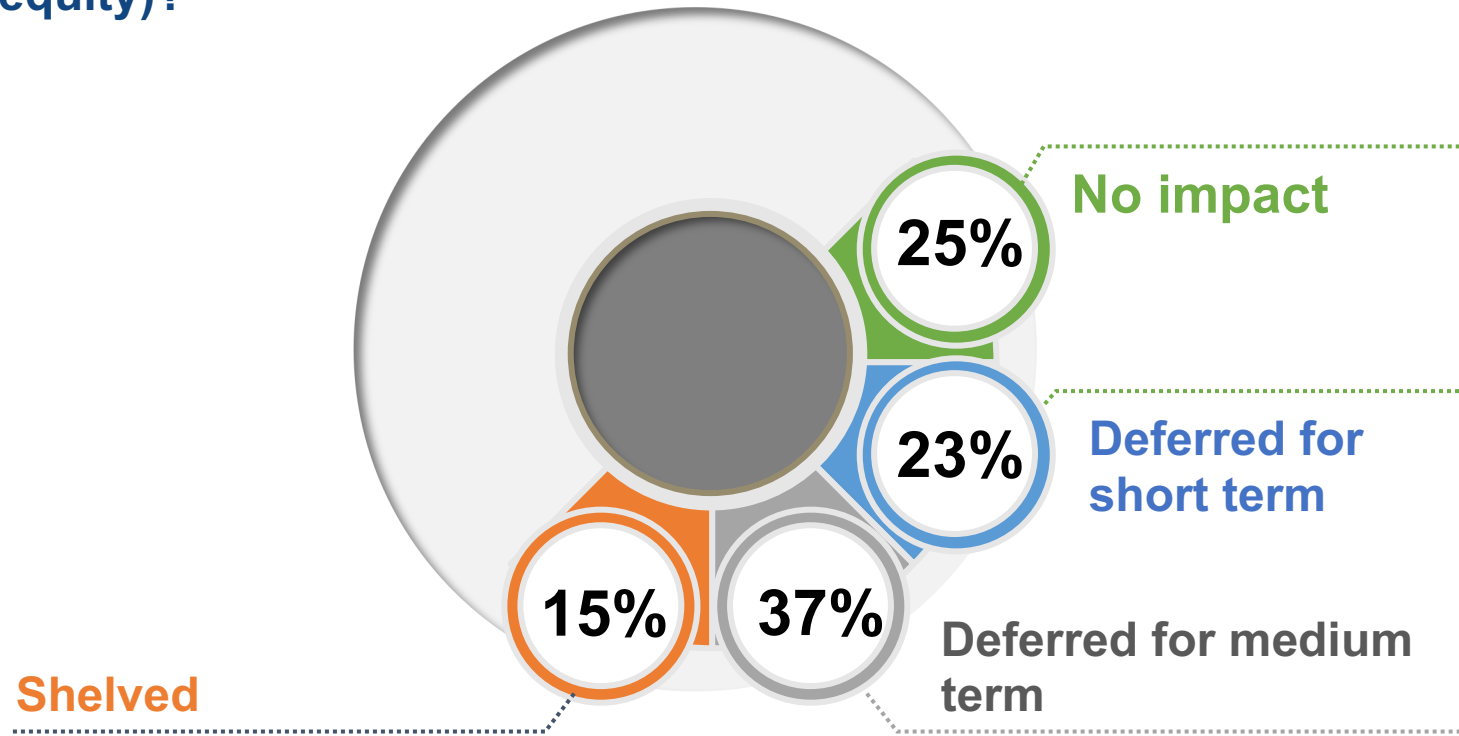
REDUCED

Q 6

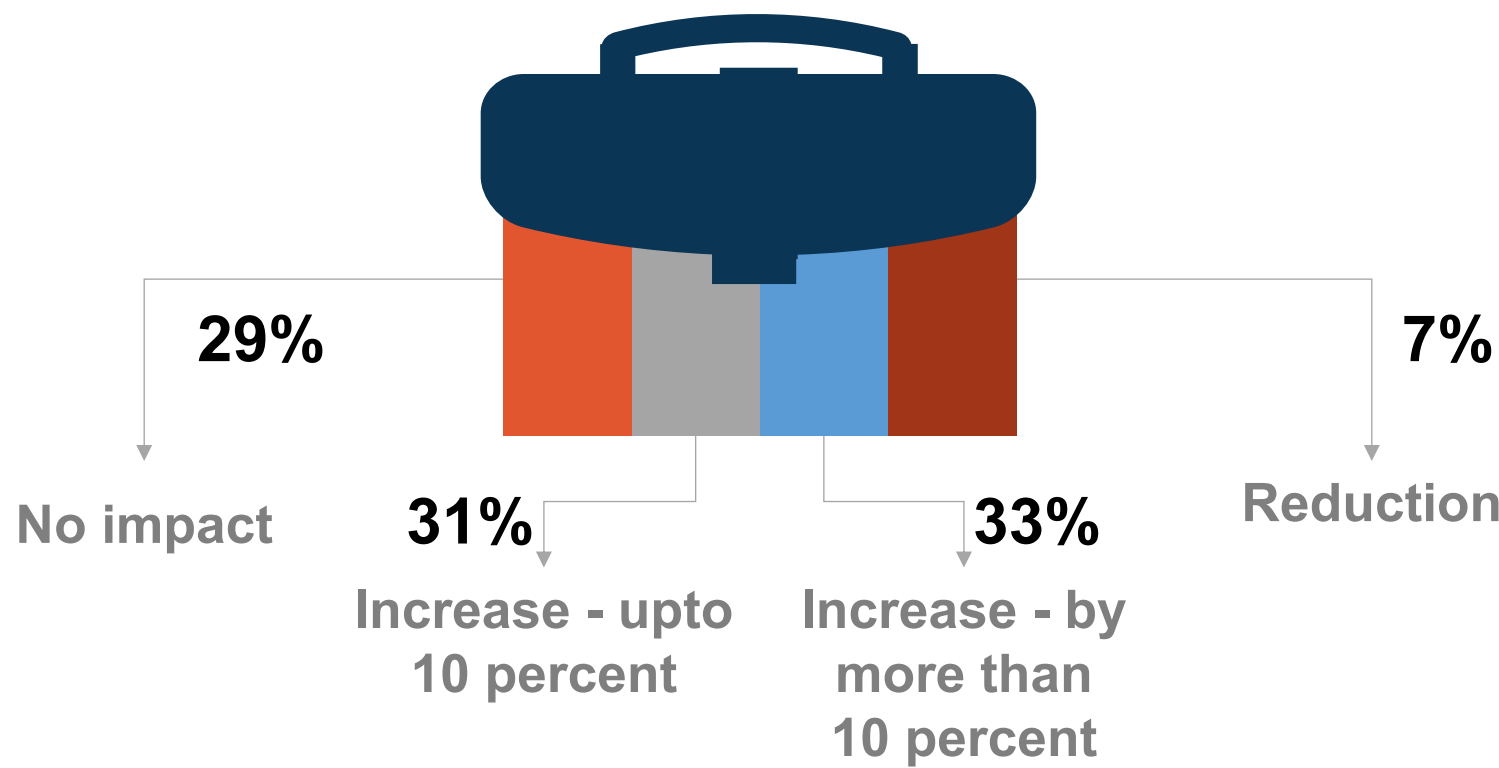
**What are the additional financial constraints your company is facing?
(Multichoice)**



Q 7 What is the impact on your company’s fundraising plans (debt and/ or equity)?

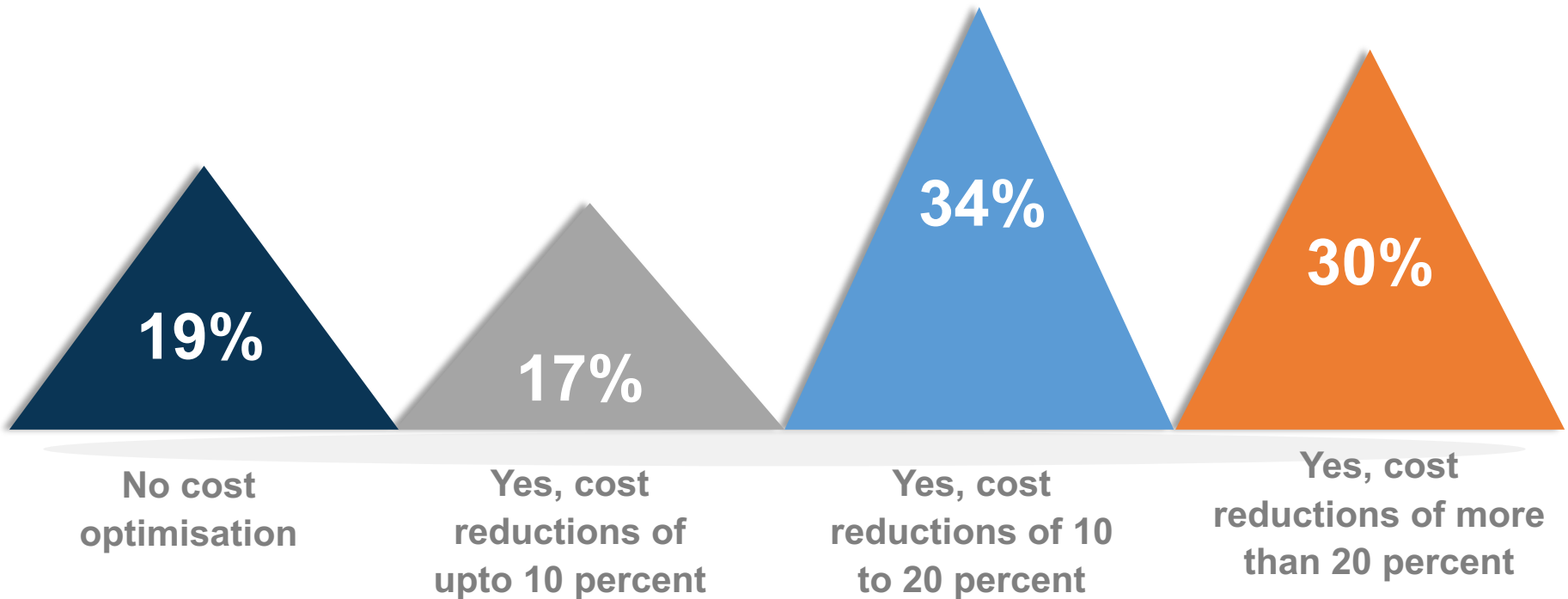


Q 8 What is the impact on your company’s finance costs?



Q 9

Would your company be looking at cost optimization strategies to balance out COVID-19 impact? (if yes, please specify measures)



Cost Optimisation Strategy

Rationalisation

- Manpower
- Salary especially at senior and middle management level
- Appraisals/ increments/ bonuses
- Discretionary expenses
- Recruitments
- Travel costs/ no travel policy post lockdown
- All meetings to be done over VC

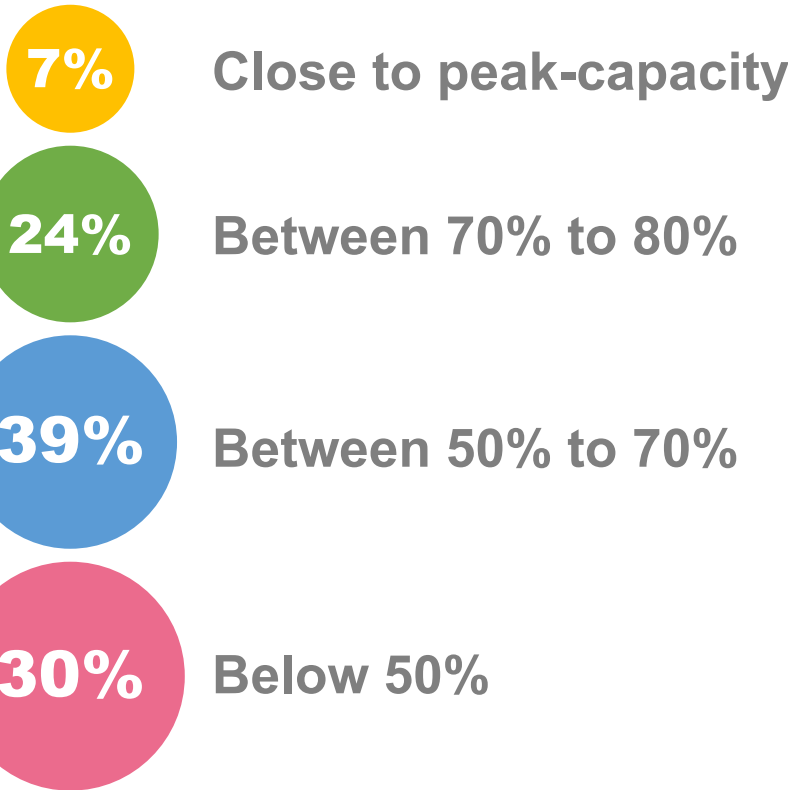
Cost Optimisation Strategy

Reduction

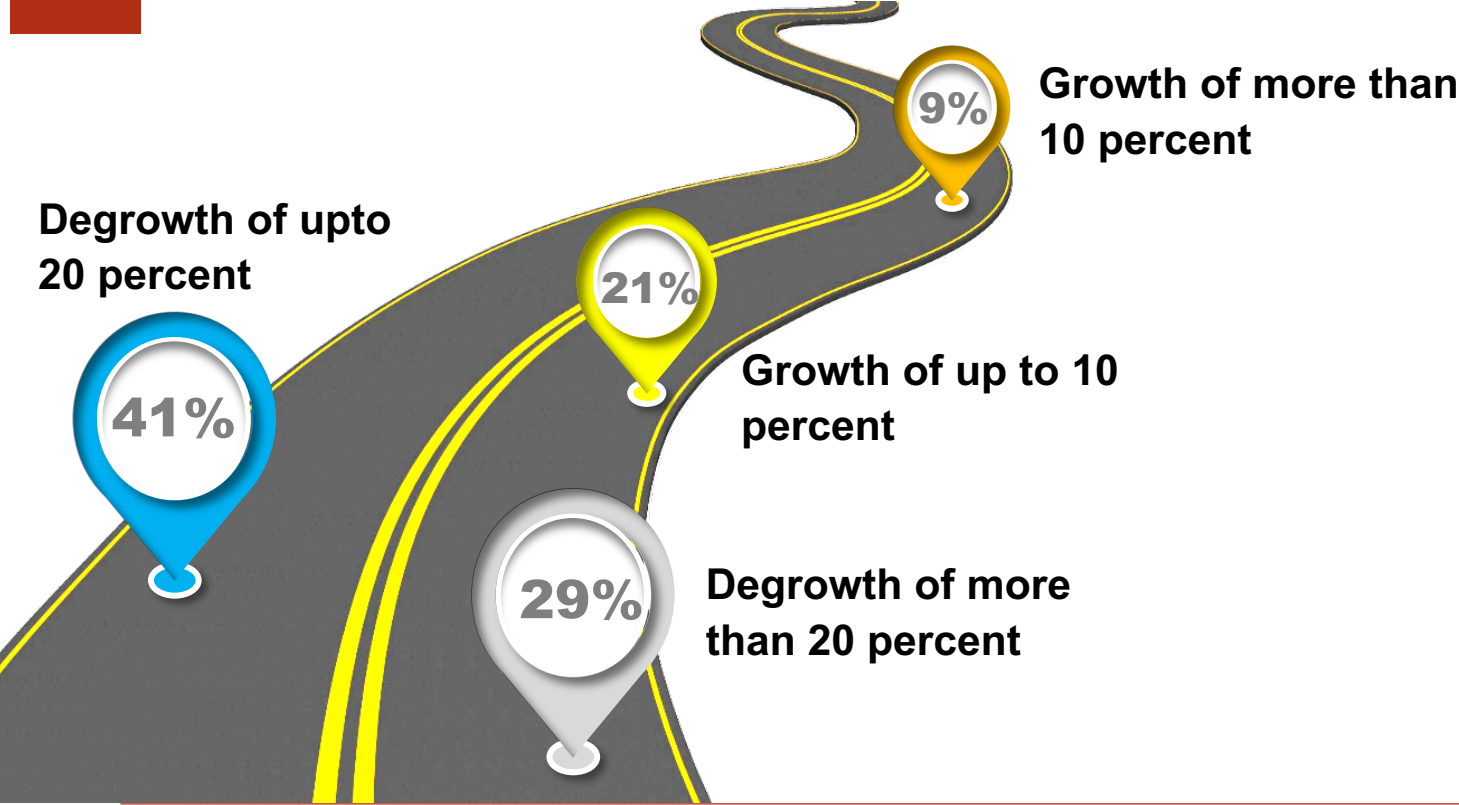
- Material purchase cost by renegotiating contracts with vendors
- Number of shifts in operation due to drop in demand
- Marketing and advertising costs
- Space/ rental costs
- Consultants/ advisors
- Fixed costs through renegotiation of contracts

Q 10

How do you view the capacity utilization for your business in financial year 2020-21?

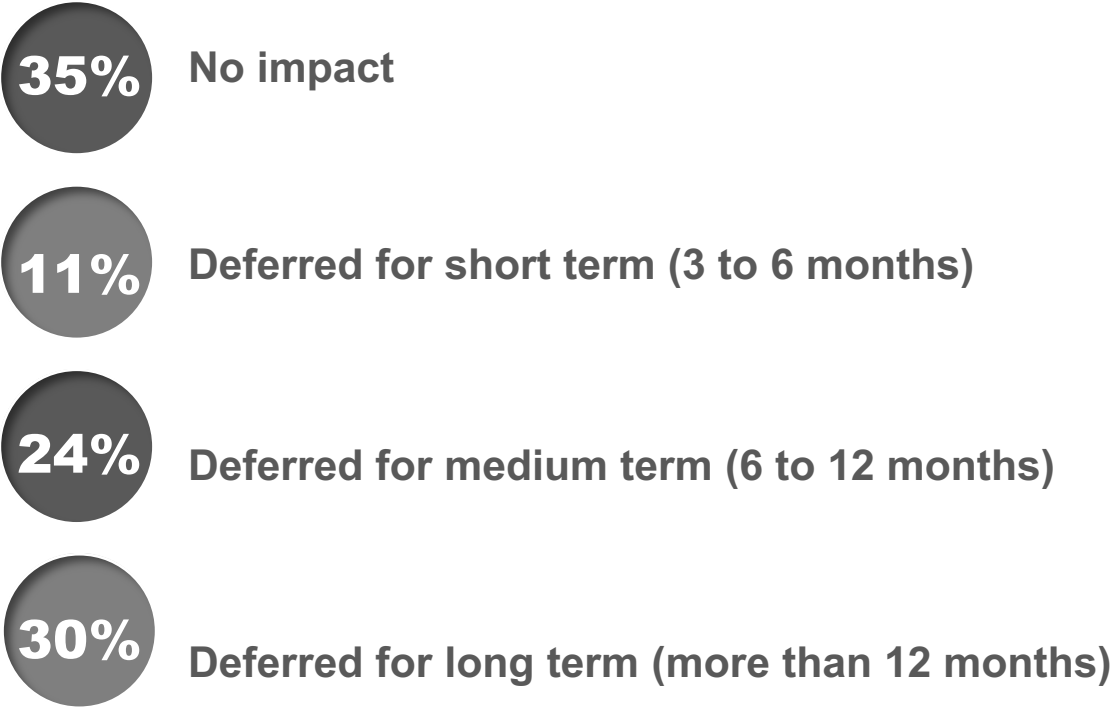


Q 11 What is your business outlook going forward for financial year 2020-21?



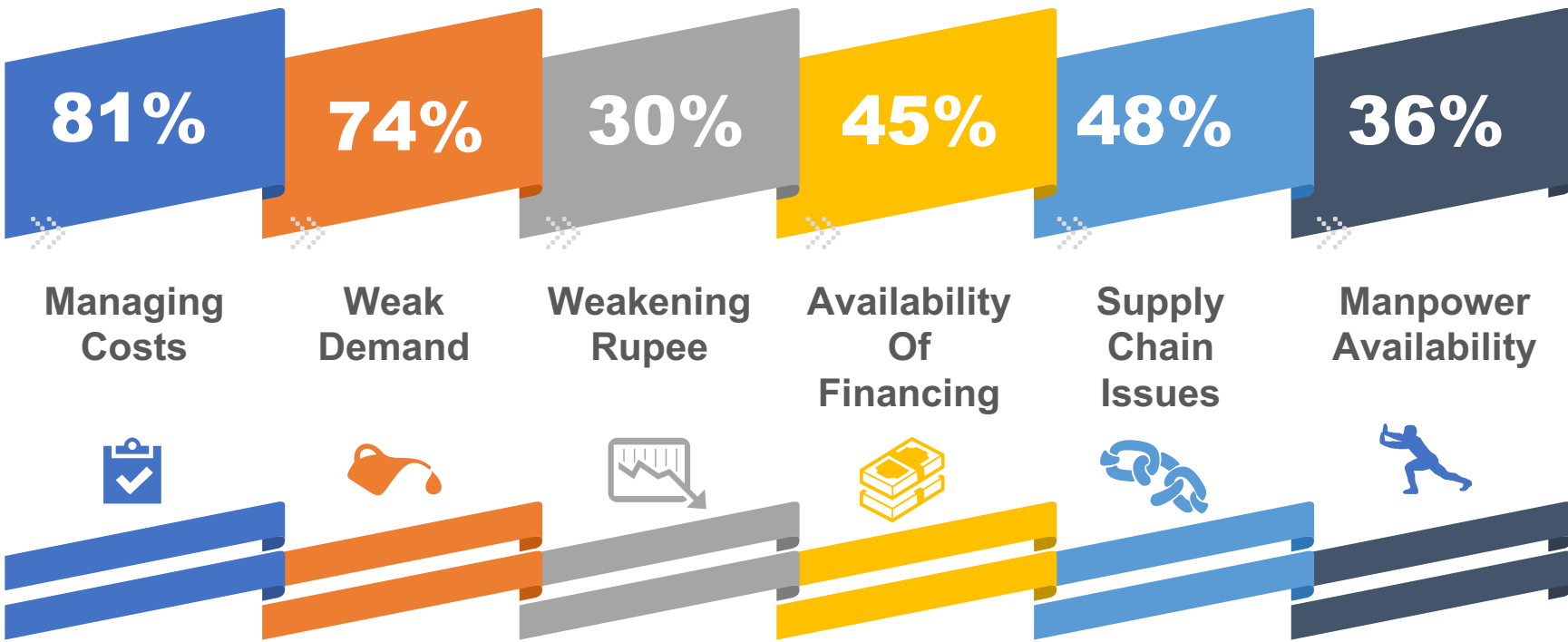
Q 12

How do you see the mergers and acquisition landscape from your company's perspective on account of COVID-19?

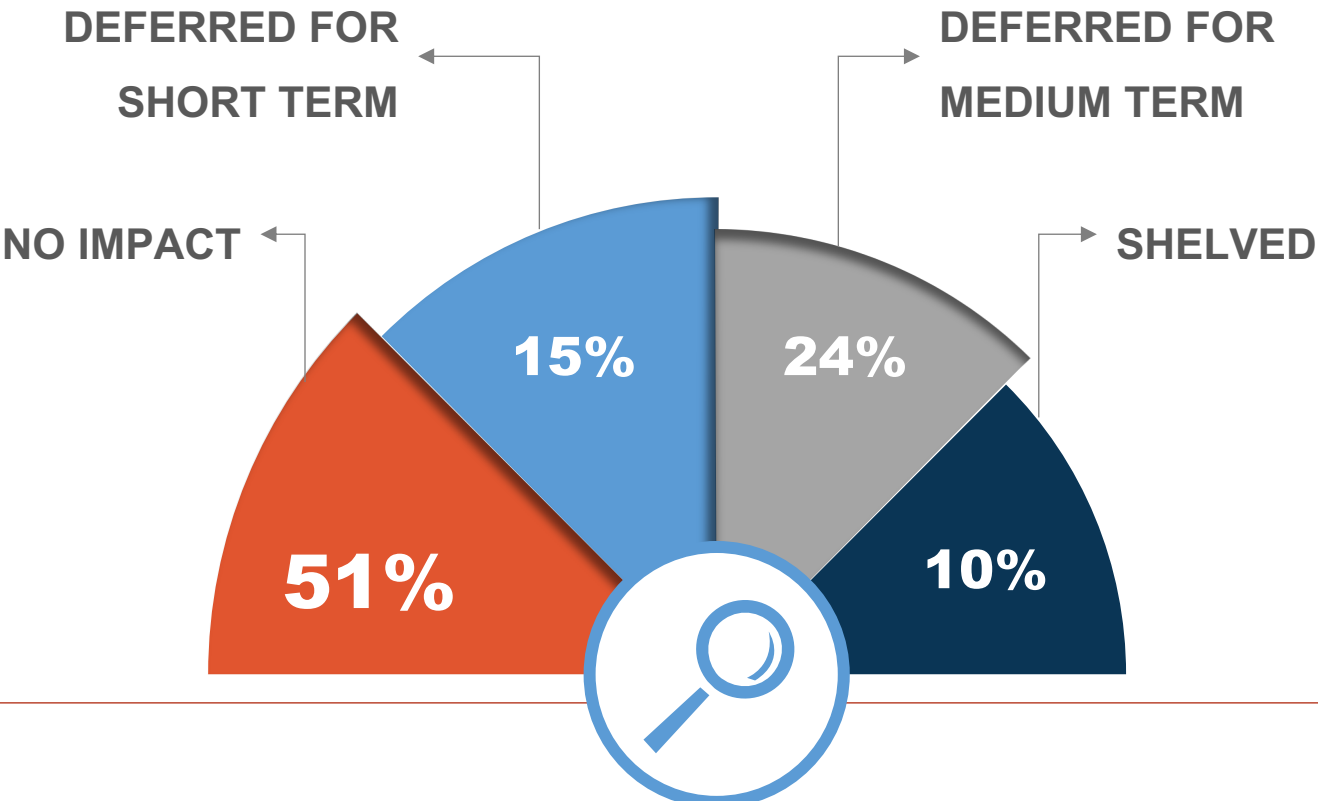


Q 13

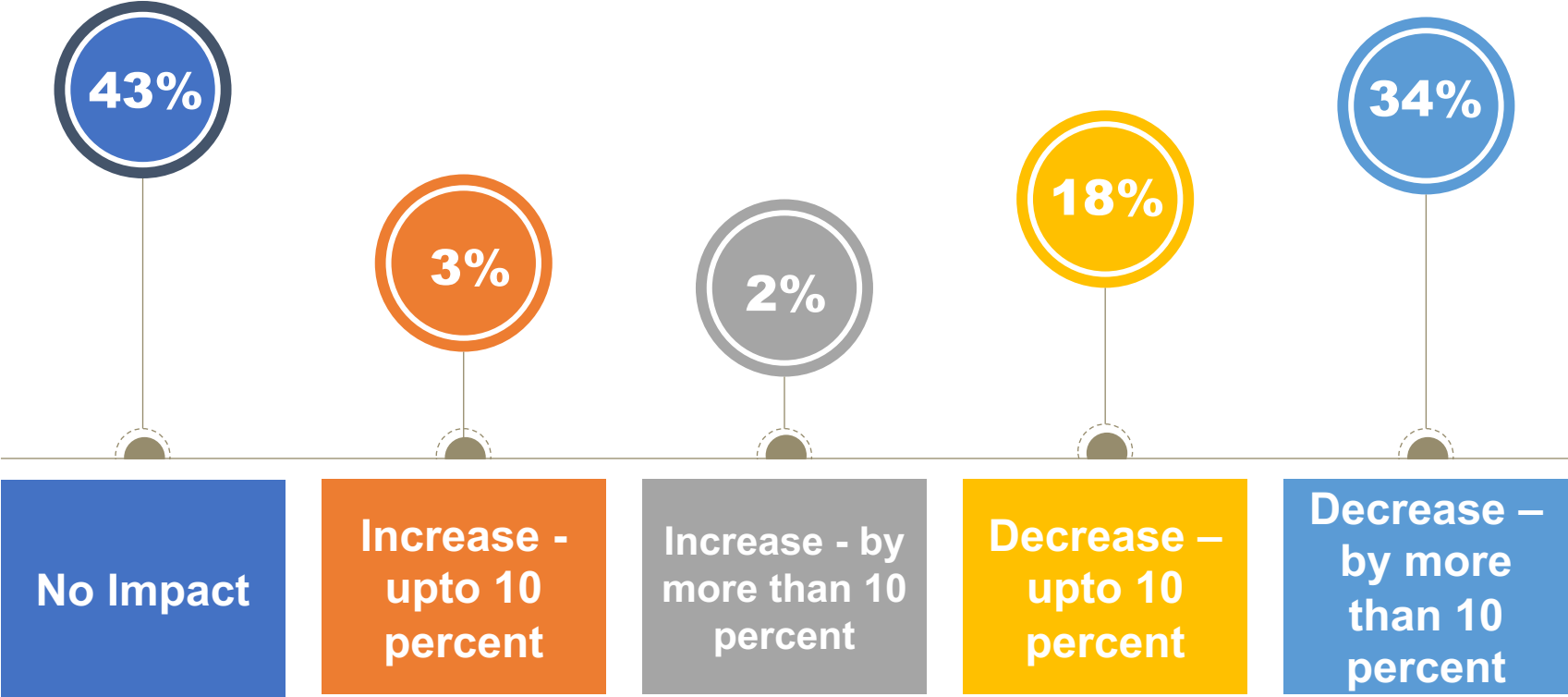
In your view, what are the key challenges which you foresee impacting your business? (Multichoice)



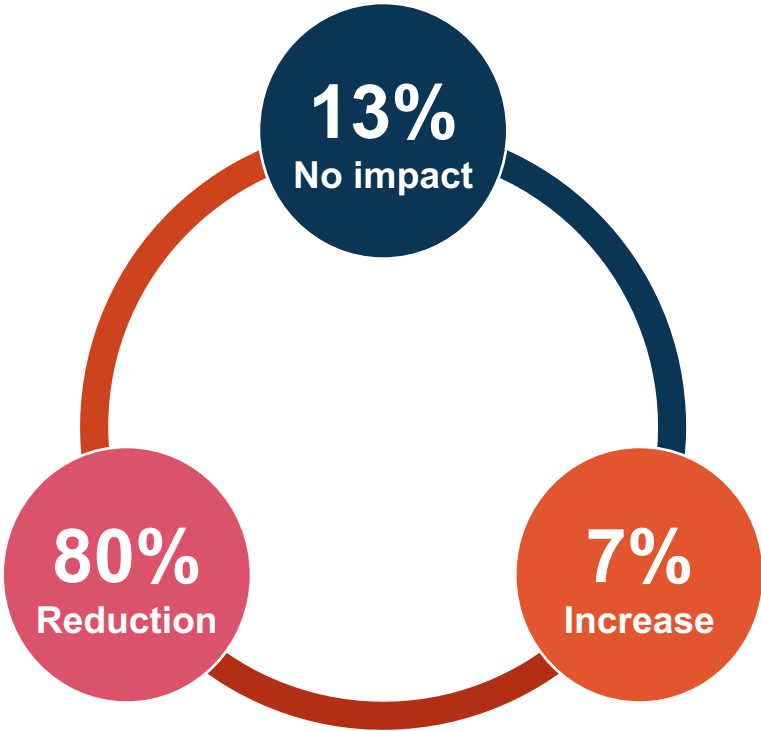
Q 14 How do you see COVID-19 impacting FDI, ODI from your company's perspective?



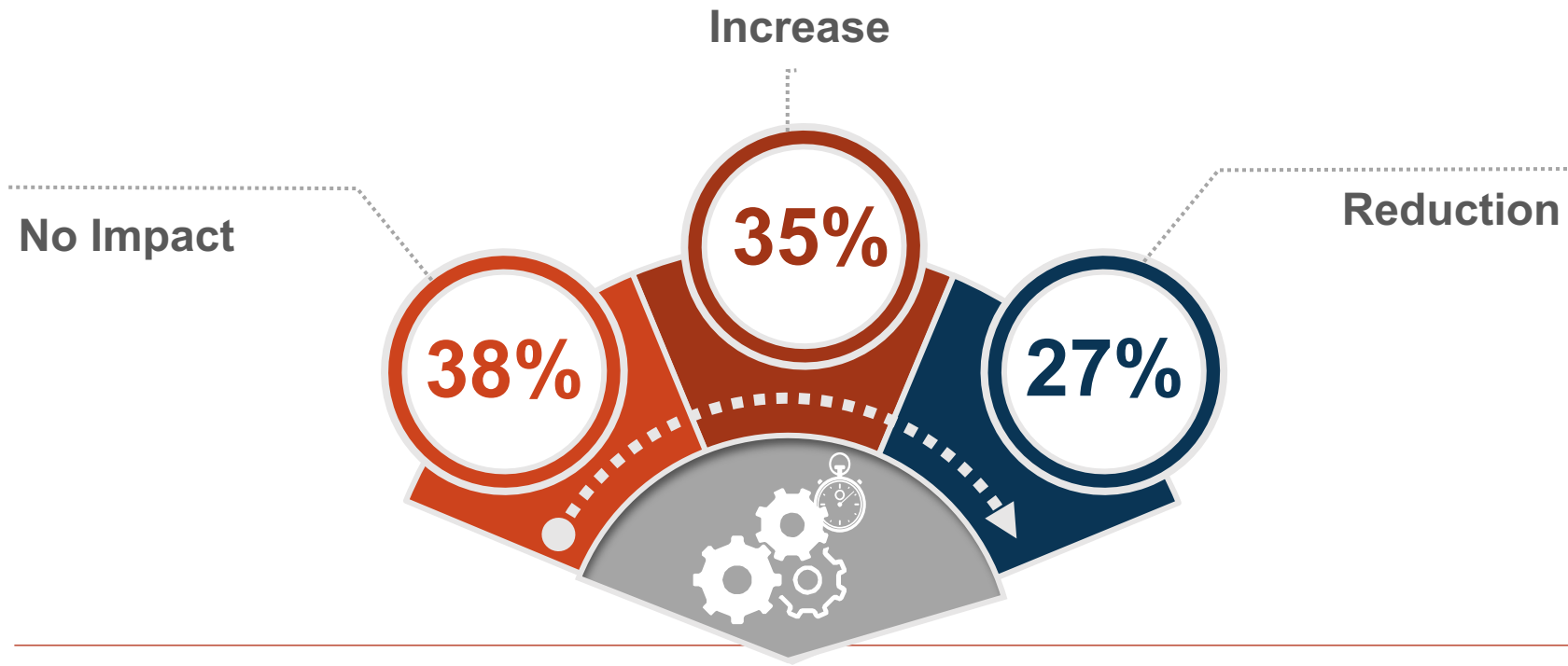
Q 15 What is the expected impact on your company's exports?



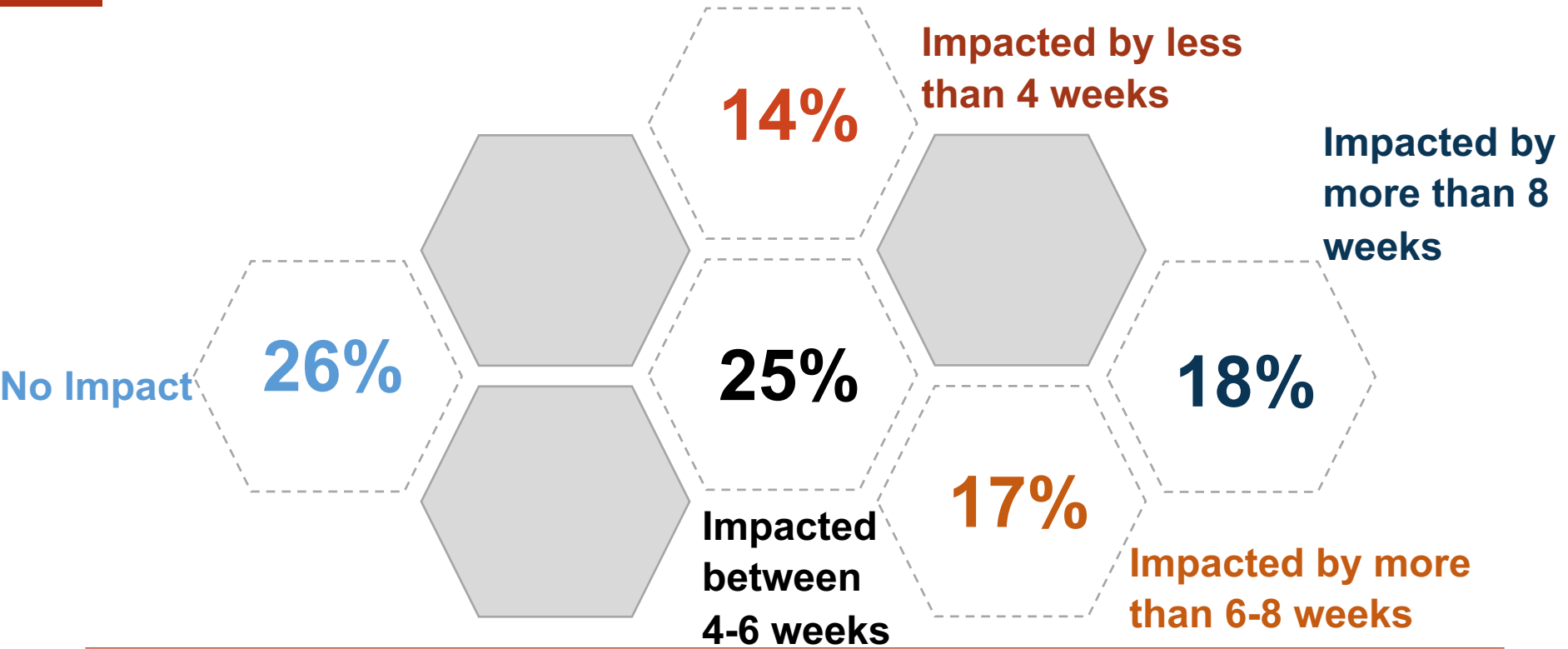
Q 16 What is the expected impact on your company's order book?



Q 17 What is the expected impact on your company's inventory?

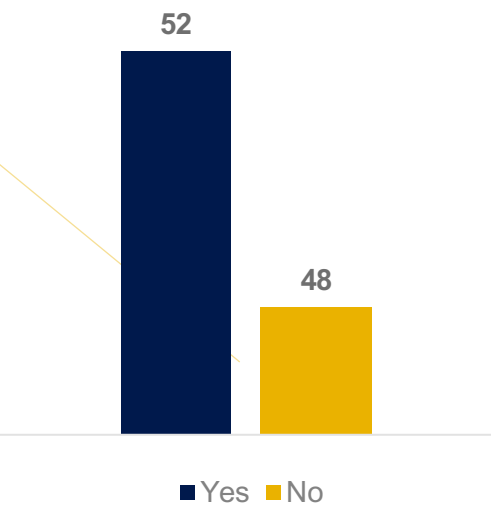


Q 18 What is the expected impact on your company's supply chain?



Support to Vendors

Are you taking any measures to support the vendors in your supply chain? (%)



Providing additional finance to help them meet some part of their working capital needs / clearing bills on priority wherever possible

Issuing letters to them that they are supplying to essential goods/ services sector

Making payments quickly and not utilising credit limits

Offering technology support and sharing best practices with them

Allowing for delays in delivery without any penalties

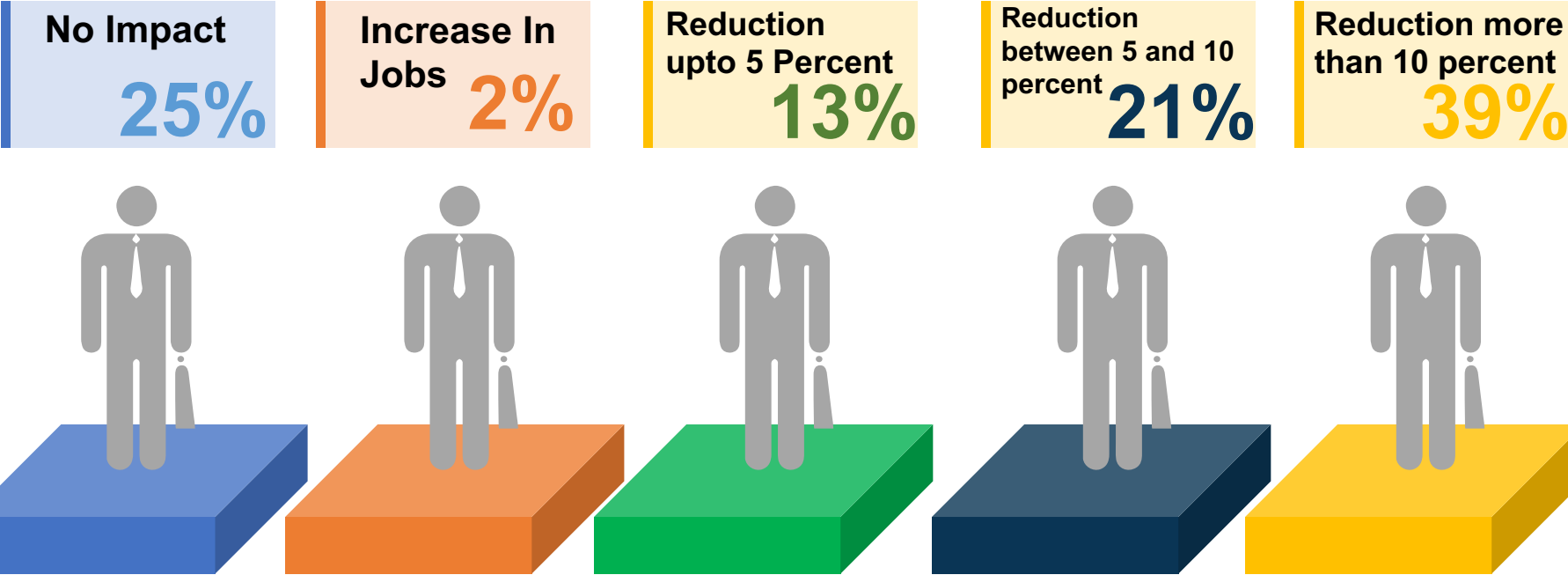
Jointly working on cost rationalisation measures

No cancellation of orders and providing guidance for orders in the next two quarters

Continuous communication on business plans and requirements

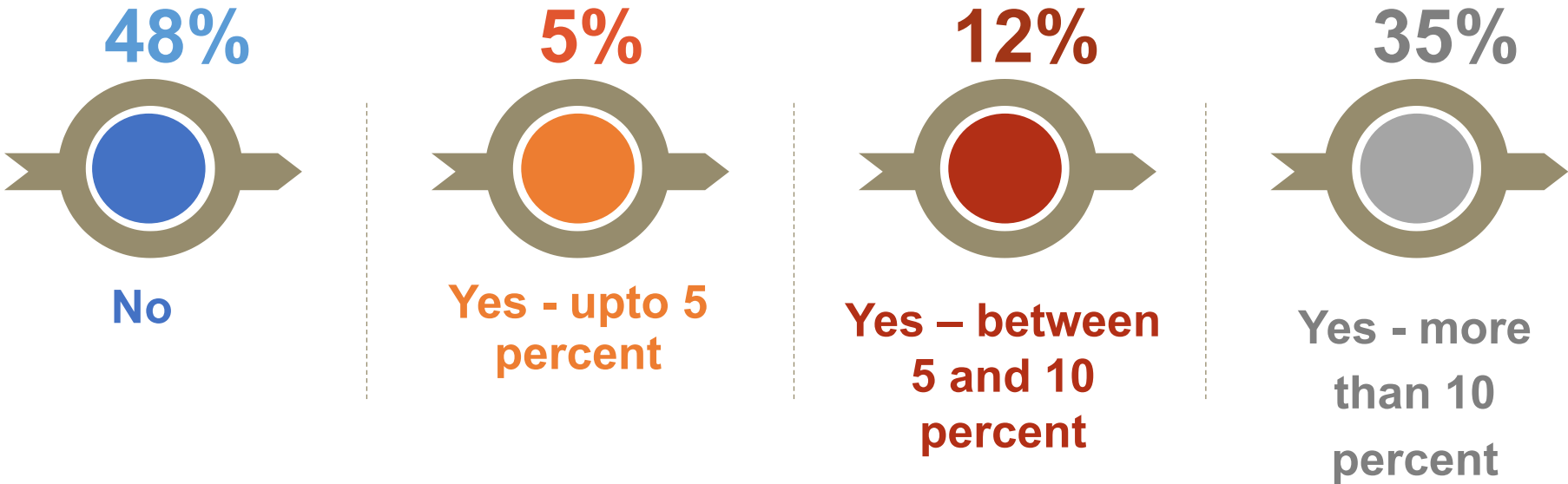
Financial and healthcare support for lower end staff of vendors

Q 19 How do you see COVID-19 impacting job creation/ loss from your company’s perspective?



Q 20

Would your company be considering at salary reductions on account of COVID-19?

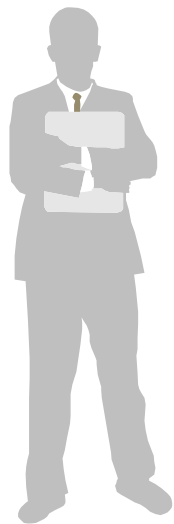




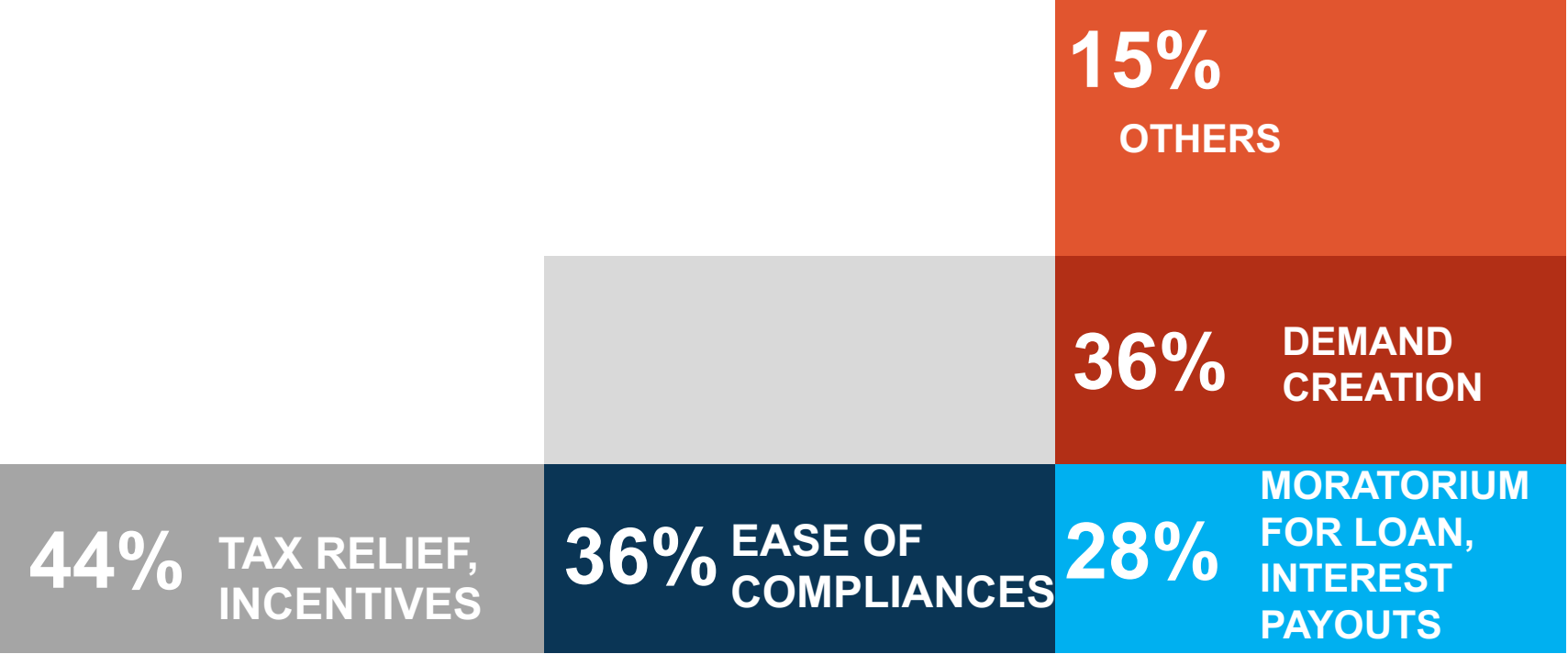
GOVERNMENT

- 69% of the respondents believe additional measures/ packages should be announced by the government on account of COVID-19 impact
- Key expectations from the government is for tax reliefs/ incentives, ease of compliances, and demand creation. Specific support sought from the government include the following:
 - Increase in MEIS/ SEIS rates
 - Releasing pending payments - tax refunds, arbitration awards
 - Additional working capital from banks without collateral to enable business continuity
 - Further cuts in lending rates
- 72% of the respondents believe that their tax outgo to the government would reduce

Q 21 In your view, whether the measures/ packages announced by the government are sufficient?



Q 22 What is the help you expect from the government? (Multichoice)



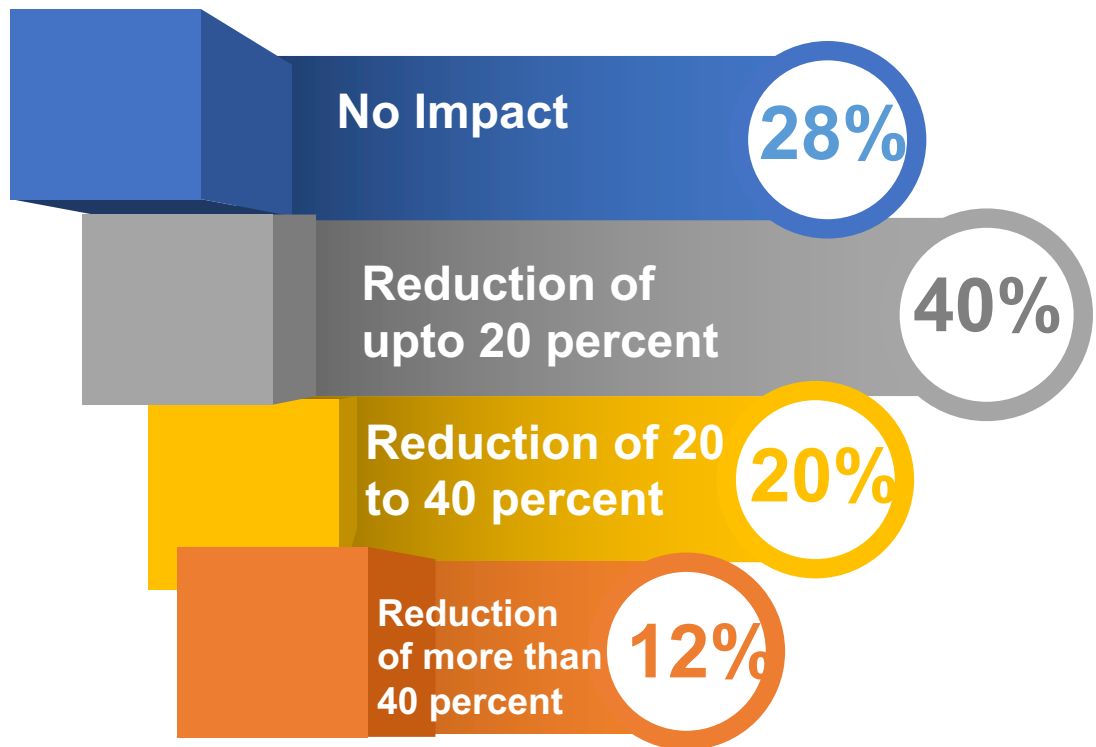
Support from Government

- Increase in the MEIS and SEIS rates
- Payroll support program for MSMEs to retain workers and enable them to pay wages
- Instruct all ministries & agencies to release all pending payments, make tax refunds & honour awards given in arbitration
- Issue guidelines that workers not reporting to work in enterprises engaged in essential goods and services will be treated as being absent and no wages / salary to be given
- Additional working capital from banks with-out collateral to enable business continuity
- Clear communication with industry and local authorities for enabling businesses to run operations without hindrance. Logistics and transportation management is key
- Plan for dedicated manufacturing clusters with end to end value chain for products with high import dependence. Offer liberal tax concessions and incentives and minimal regulation
- Increase FDI caps in sectors like insurance
- No penalties for delayed statutory payments including tax payments [GST]

Support from Government

- Defer payment of ESI and PF contributions for at least six months
- Waive off minimum charges for utilities like water and electricity. Charges to be based on actual usage and not demand load contracted
- One-year waiver of fees for all licenses
- Front-end large construction projects to kickstart demand for core industries like steel, cement etc.
- Introduce further cuts in lending rates through RBI directive to banks
- Interest subvention scheme for exporters ended on 31st March 2020. This must be extended by one year
- Positive messaging to build confidence amongst people over time as this will lead to demand generation
- Extend the moratorium period for loans and interest on working capital from 3 to minimum 6 months
- Credit rating to be maintained during the covid-19 crisis period

Q 23 How does COVID-19 impact the company's tax outgo?



A composite image of a desk with a calculator, a pen, a small airplane model, and various business charts and graphs. A large, red, spiky virus-like sphere is positioned on the right side of the image.

THANK YOU