

FOCUS SESSION

SHIFTING GEARS

DISRUPTION & EMERGING BUSINESS MODELS IN
AUTOMOBILE INDUSTRY

18 APRIL 2020



Risk Mapping across sectors on impact of Covid-19 outbreak

- Automobile
- Residential Real Estate
- Banking
- Footwear
- Auto-components
- Consumer Goods
- Mining
- Glass
- Building Materials
- Pharmaceuticals
- Paper
- Plastics
- Construction
- Logistics
- Consulting
- Power
- Chemicals
- Ferrous Metals
- Trading

LOW

- Education
- Dairy Products
- Fertilisers & Seeds
- FMCG
- Healthcare
- Food & Food Products
- Insurance
- Telecom
- Utilities
- Sugar, Tea, Coffee
- Agricultural Produce



HIGH

- Aviation
- Hotels, Restaurants & Tourism
- Auto Dealerships
- Ceramic Tiles
- Gems & Jewellery
- Retail
- Shipping
- Ports & Port Services
- Seafood & Poultry
- Microfinance Institutions



Automotive Industry

Indian Automotive industry including the Auto Component industry represent @48-50% on Indian Manufacturing GDP. It also contributes to a higher chunk of employment @ 40 Million direct and indirect Jobs.

Auto sector had already been suffering - even prior to the Covid crisis - with a severe slowdown because of several structural milestones – structural changes that

have happened in India be it BS IV to BS VI or CAFE norms for NBFC crisis or even the economic slowdown even prior to Covid.

Covid has only compounded this slowdown and affected the entire Indian auto ecosystem.

This is the only industry to have a cascading effect all across. Most linked sectors, employment, glass, steel, Logistics, electronics, leases etc.

What's your view on NOW - NEXT AND BEYOND - Where do you think we are today and where do you think we are heading both in the short term and in the long term?



Scrappage Policy

What steps Government or OEMs are taking in this direction to conclude it faster with Government as this provides a much needed boost for HCV / Passenger Car Segment during these challenging times.

How is the industry, including FADA and SIAM influencing this policy?



Manpower

What is your broad advice on - how to keep manpower engaged during this period and most importantly – how to sustain them?

Should there be implementation of retrenchment on manpower at all - would it be possible to be avoided by the channel partners - may be the OEMs won't do it - but for channel partners it's unavoidable/questionable? Some are even contemplating variable pay cuts at different levels

Your view on that?



GST

The Sector contributes to >15% of GST collection, the current sentiments will reduce this opportunity.

Is there any relief being sought on Taxation & GST Submission Procedures and Timelines to support Auto Industry as a whole? Should the Government give some time bound concessions for Auto Sales to boost the Industry volumes, including support in scrapping of vehicles?



Customer Trends: The New Normal

With the spread of virus and social distancing, people have become very cautious and reclusive to travel. Shared / Common Mobility Platforms like OLA / UBER were going great runs during the past 2-3 years & this was also affecting New Vehicles Sale especially for Personal Car Segment - After Covid Customers would be more concerned.

Do you see a trend of reduced and Mass transport usage like buses, Metro's, trains etc. and growth in personal mobility. Especially low-cost mobility in small cars and 2-wheelers?



Customer Trends: Work From Home

WFH has been termed as the New Normal and few companies are planning to continue this post Covid as well.

Will WFH create another paradigm shift in consumer behaviours in the Auto segment like shared mobility?

Will we see the benefit of "shift to personal mobility" offset by the risks from structural adoption of "work from home", but are both trends insignificant to have an impact on demand?



Customer Trends: Digitisation

Do you think Post Covid there will be a big digital shift in consumer behaviour more lead generation from online portals like CarDekho/Carwale etc if people want to keep social distancing and not buy in-person?



Finance

Traditionally, auto loans have been considered safe assets by finance companies. In the last two stimulus RBI has been trying to create a lot of liquidity with the banks and NBFCs and propose reductions in the interest rates.

How are the financial institutions / NBFCs coming forward to support both OEM's, Channel Partners, dealers and even retail customers - is whatever they have done so far enough in your view or there is a lot more that is needed to be done?



OEM Support to Channel

Considering the fact that, Interest Component Constitutes maximum portion of Overall Costs for Channel partners.

How do you see manufacturer's extended support specially for channel partners on interest components - relaxation on Inventory funding norms, better pay-outs/ one-time financial relief?



Anti-China Narrative

With the whole world holding China responsible for the current pandemic and major global groups looking for reducing their dependence on China and increasing their spread to other countries. India has an opportunity here.

Not only it can offer internal volumes, with BS6, it is at par with technology as well.

What are your views on this and what should the industry do to encash this opportunity and what support should the Government give. What are the industry organisations influencing policy on the same?



CV Industry

This industry is on it's all time low, marred both by Axle Load norms and BS6 transition. We feel the only way to aid CV industry growth is through increased spending in Infrastructure. Not only it can offer internal volumes, with BS6, it is at par with technology as well.

How do you see this part of the industry to revive?



OEM Outlook

What is the industry Outlook from OEM's Understanding for Q1 & Q2?
What is the Proposed Plan by OEMS & for Channel Partners to sail together through these tough times? After the BS4 to BS 6 transition most recent, COVID has become an even Bigger Challenge?



Restructuring

What sort of Restructuring should one Plan - both OEM & Channel Partners - post this Global Crisis - 360 Degree Approach & would it require an entire Paradigm Shift?



Electric Vehicles

Lot is happening as far as Electric Vehicles are concerned - with recent launches by MG Motors, Mahindra, Hyundai & Tata. Japanese Manufacturers have been strong and advocating Hybrid Platform, Considering the dependence on China on batteries and Motors.

What is the future for EV's in India?



Thanks
Questions?

