

# MANUBHAI & SHAH LLP

CHARTERED ACCOUNTANTS

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Tackling Business Disruption Due To COVID19  
With Resilience

The capacity of individuals, communities, institutions, businesses and systems to survive, adapt and improve conditions no matter what kind of chronic stresses and acute shocks they experience.



# RESILIENCE

**"THE STRONGEST OAK OF THE FOREST IS NOT THE ONE THAT IS PROTECTED FROM THE STORM AND HIDDEN FROM THE SUN.  
IT'S THE ONE THAT STANDS IN THE OPEN WHERE IT IS COMPELLED TO STRUGGLE FOR ITS EXISTENCE  
AGAINST THE WINDS AND RAINS AND THE SCORCHING SUN."**

**-- NAPOLEON HILL --**

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- Business Strategy Post COVID 19
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# Challenges : COVID 19 Pandemic

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- Lack of identification of potential areas of risk to their businesses and its ability to respond to those risks quickly
- Workability of business continuity plan
- Immediate liquidity crisis
- Non-identification of short-term business demand
- Impact on customers, suppliers and production capabilities.
- Third party vendors / outsourced services – performing critical function and significant dependencies on them
- Disruption of supply chain and trade
- Execution of capital projects
- Key Contract compliances, insurances and legal disputes getting triggered due to this.
- Invalid business policies with current scenario – government and public policy issues
- Employees health and wellbeing
- Communication with stakeholders



# Response : In need of the hour

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- Set up crisis management task force team and plan to tackle the situation
- Adoption of centralized management approach
- Encourage co-ordination of various committees and business functions across organization
- Evaluate business continuity plan, organizational operational risk and financial risk capabilities to minimize potential impacts
- Establish platform for timely information to stakeholders about COVID 19 Impact
- SWOT analysis of entity and its key business functions
- Response for critical business areas of Financial Management, Supply Chain & Global Trade, Human Capital, Government & Public Policy, Insurance & Legal Disputes, Information Technology & Cybersecurity.

# Financial Management

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Over  
to  
Mr. Darshan Shah

# Supply Chain and Global Trade

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## ❑ CHALLENGES

- Availability of raw materials, sub-components and machine coupled with dependency on lower cost geos – primarily China, Vietnam and Taiwan.
- Distribution channels facing issues on staffing, transportation, storage and much more.

## ❑ RESPONSE

- Create transparency on multitier supply chains
- Estimate available inventory along the value chain
- Assess realistic demand and respond to (or, where possible, contain) shortage-buying behavior of customers.
- Optimize production and distribution capacity to ensure employee safety
- Identify and secure logistics capacity
- Manage cash and net working capital

# Human Capital

## ❑ CHALLENGES

- Working under mental and psychological pressure
- Strike a balance between productivity, efficiency and providing safe workplace
- Availability and need of labour force
- Restrictive Capacity at work floors
- Digital readiness
- Timely payroll payments

## ❑ RESPONSE

- Managing physical and mental wellbeing of employees
- Educate employees on COVID 19 symptoms and prevention, reinforce screening protocols and Prepare for increased absenteeism
- Restrict non-essential travel and promote flexible working arrangements
- Assess work from home capabilities
- WFH procedures and communication to be defined
- Develop workplace guidelines and consider reshaping HR policies
- Short Term Financial arrangement for making payment to staff who are essential for work
- Consider retrenchment of redundant staff and hiring new talented staff with better skill set
- Pause promotion and performance evaluation in stressed scenario



# Government and Public Policy

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Track various regulatory notifications and announcements resulting into:

- New compliance obligations
- Change in existing obligations
- Impetus to protect business
- Issue revised policies inline with company's strategy, philosophy and mandatory requirements
- Manage communication with various stakeholder including employees, customers, vendors, regulators and investors in line with changing regulatory requirements considering provisions of existing laws
- Assess business impact of short-term measures announced through regulatory changes
- Scenario analysis from regulatory perspective for mid-term and long-term impacts of pandemic

# Insurance and Legal Disputes

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- Need to carefully consider if adverse financial consequences of business interruption can be claimed under the insurance policy.
- Need to notify to the insurance company any material event.
- There is a requirement for informing insurance companies that the offices/factories are closed for more than 1 month due to lock down and the policies should not lapse – contact your Agent or Insurance Companies for the same
- Performances under many contracts will be delayed, interrupted, or even cancelled. What are your contractual obligations with customers and suppliers?
- Seek Legal Advice
- In legal disputes, force majeure may be invoked – do you have this caveat in your contracts or insurance? What needs to be taken care about force majeure:
  - Outline of force majeure
  - Force Majeure Provisions Vary Widely
  - Duty to Mitigate and exercise reasonable diligence
  - Does the event have to be foreseeable
  - Notification Requirements
  - Burden of Proof
  - Keep Records

# Information Technology and Cyber Security

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Over  
to  
Mr. Druman Patel

# How to keep intact your brand value?

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- Prioritize human safety first
- Set an example of hygiene and safe workplace
- Effective communications with all stakeholders of organization
- Focus on quality and customer satisfaction
- Quick after sales services
- Staying connected with customers and appraising them of the current scenario
- Innovative ways of marketing
- Prioritize payment to critical supplier at risk
- Effective implementation of CSR practices

# Business strategy post COVID 19

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- Build and ensure support under new ways of working
- Digitization Of business processes – explore, analyze and execute
- Consider accelerating digital transformations as the shift to remote working reveals gaps in IT infrastructure, workforce planning and digital upskilling
- Protect growth and profitability through actions
- Explore opportunities in case of foreign companies exits China
- Take the pulse of your customers
- Peers action to deal with pandemic and keep an eye on its financial position
- Buying stake or acquire business of critical supplier at risk
- Explore emerging business lines due to COVID 19
- Diversification of revenue model for sustainable growth



# Together we can we will : Renormalise Operations

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- Identify risk areas and assess impact
- Revamping business processes
- Develop and implement crisis management plan
- Weekly review of budgeted cash flow and actual cash flows
- Alignment amongst all business functions
- Scenario planning of finance and operation models
- Prepare your business regulatory and compliance calendar

# Together we can we will : Renormalise Operations

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As companies resume activity, they may be the world's first to shape the “next normal.” What will that look like? Following dimensions could define it:

- Rethinking social contracts.
- Defining the future of work and consumption.
- Mobilizing resources at speed and scale.
- Moving from globalization to regionalization.
- The Rise of the contract free economy
- Changing industry structures, consumer behavior, market positions, and sector attractiveness

Thank You !

We are in this Together – and we will get  
through this Together

# MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS



Financial Management during  
Challenging Times

# Setting the Context

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1. Uncertainty is certain
2. Loss of business
3. Slow revival of demand and supply
4. Significantly impacted capital markets
5. Re-set of price points
6. Business solvency / continuity



# Board Level Strategy

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1. Weekly Cash Flow Statement
2. 12 months P&L under multiple scenarios
3. Suspend internal budgets
4. Constant / Transparent communication with ecosystem
5. Consult professionals before taking key decisions
6. Revisit & Modify DOA's
7. Robust internal audit to red flag immediately

# Outflow Management

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1. Prioritize cash outflows
2. Revisit all service contracts
3. Procurement of raw material
4. Revisit capex plans
5. Finance cost & statutory payments
6. Revamp HR policies

# Inflow Management

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1. Cash is King
2. Revisit customer credit limits
3. No profit is better than loss
4. Focus on customer retention
5. Daily monitoring of investments
6. Reduce cash to cash conversion cycle
7. Reassess funding lines
8. Evaluate alternative supply chain financing
9. Think innovatively for new revenue streams

# Thank You

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Every person is a soldier as well as leader in this battle – Narendra Modi

# MANUBHAI & SHAH LLP

CHARTERED ACCOUNTANTS

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## Information Technology and Cyber Security Challenges



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- WHAT ARE THE KEY CHANGES?
- RESPONSE TO THE CHANGES
- RETHINKING IT INFRASTRUCTURE
- RETHINKING THE WAY EMPLOYEES WORK
- CYBERSECURITY AND ITS IMPORTANCE
- OUR EXPERIENCE

# WHAT ARE THE KEY CHANGES?

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- Offices are not Accessible
- Employees not able to Work From Home – Various Challenges
- IT Infrastructure and BCP not geared towards Working From Home – perhaps one of the biggest change

# RESPONSE TO THE CHANGES

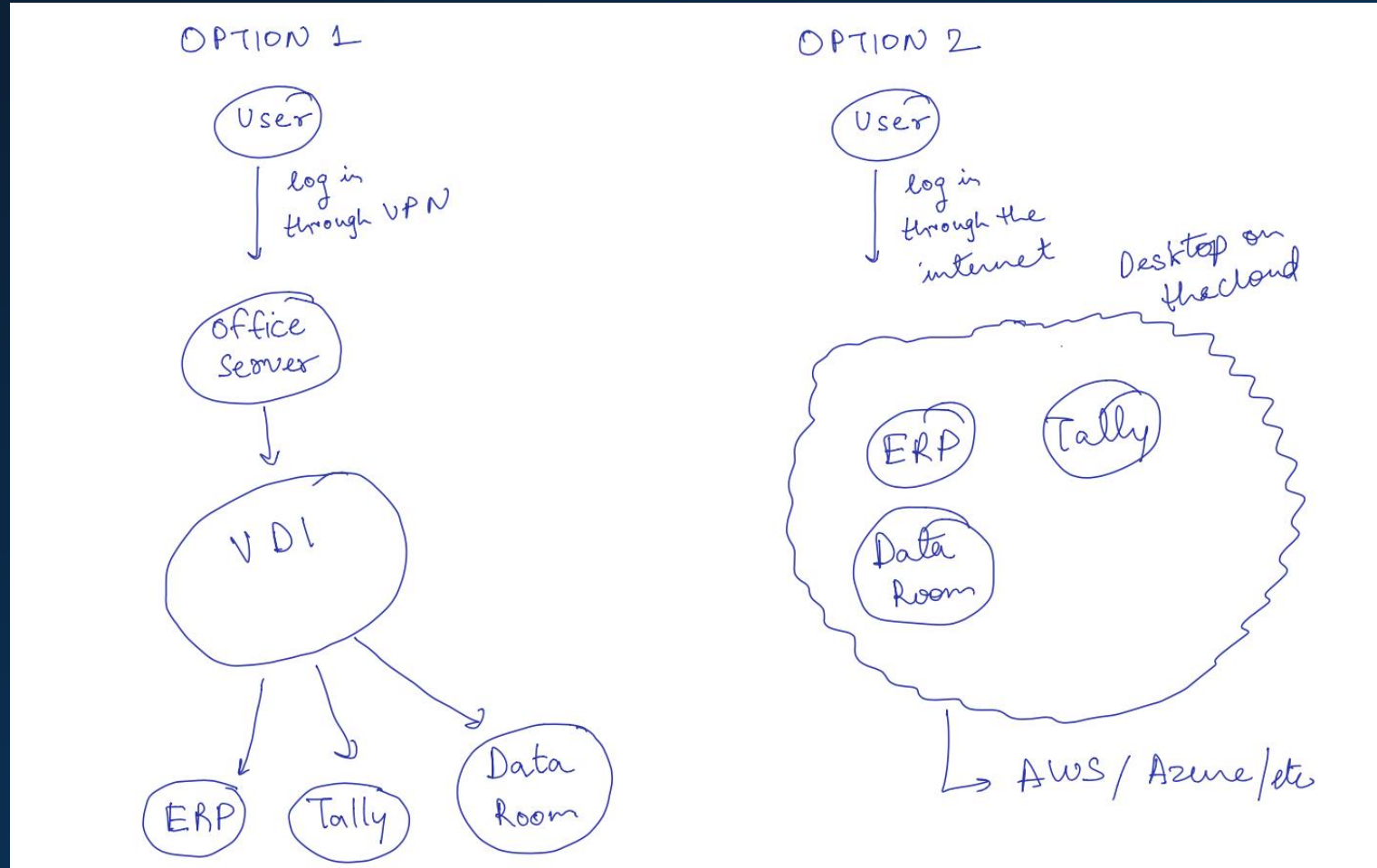
- Gear our Infrastructure towards a WFH friendly environment
- Our BCPs will require a lot of deliberation and will require us to stress upon Force Majeure conditions
- Introduction of work from home matters within employment agreements
- Stricter security protocols over IT Infrastructure
- A more centralized approach towards data rather than it being divided in multiple computer systems

# RETHINKING IT INFRASTRUCTURE

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- First and foremost, dependency on computers lying at the office must be reduced
- Move to dumb terminals logging onto a common server on premises or on the cloud
- Newer Technologies like Virtual Desktops or Virtual Apps are the need of the day
- Endpoint and Network Protection tools a must, multiple products like Sophos and ZScaler provide all round security solutions
- A very competent IT team and a network of technical IT Vendors are very important to take care of all company needs
- Planning Flexible Bandwidth requirements for the office network as well as home networks

# RETHINKING IT INFRASTRUCTURE



# RETHINKING THE WAY EMPLOYEES WORK

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- Work From Home to be included in Employment Contracts
- Emphasis on using productivity tools like Microsoft Teams, Task Management tools, etc.
- Taking steps to ensure staff is working productively, while Working From Home
- Clear cut communication regarding all tasks that the employee is supposed to undertake and periodical reporting of the same
- Move from a paper to a paperless environment, e.g. instead of writing cheques for salary, move to an online environment

# CYBERSECURITY

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Cybersecurity is securing your Information Technology assets and technologies to maintain its confidentiality, integrity and availability.

- Increased Risk due to Remote Access
- Significant rise in Phishing and Malware attacks
- Ransomware attacks affecting remote IT networks



# CYBERSECURITY BEST PRACTICES

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- Use licensed and updated software (especially security updates)
- Multi Factor Authentication
- Strict Password Reset Policy
- Connection to office Infrastructure only through secured VPNs
- Periodical back ups in multiple places for redundancies
- Avoid opening suspicious emails
- Keep clearly communicating with staff regarding upcoming cybersecurity threats

# OUR EXPERIENCE ON SETTING UP WORK FROM HOME AND BEST PRACTICES

## • Operationally

- Ability to move very fast without Red Tape
- Clear roles and responsibilities, all stakeholders should be aware of what they are supposed to do
- Strong IT Team and strong support from our vendors
- Constant coordination of logistics of moving computers home

## • Technically

- First a design session to see what was required to ensure successful WFH
  - Bandwidth needs
  - Connectivity and Resource needs
  - Creating capacity for the above
- Implementation and Execution in coordination with management and our CTO
  - Purchase of hardware
  - Client Consent
  - Replanning of Workflow

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# Thank you

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