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# *OEM- Financial Analysis* FY 20

Strictly private  
and confidential  
September 2020



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10	Tata Motors	47
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# *List of Companies and Ratios*

<b>List of Companies and Ratios</b>		<b>3</b>
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## *List of companies included in the analysis*

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<b>Ashok Leyland</b>
<b>Force Motors</b>
<b>Escorts</b>
<b>Hero MotoCorp</b>
<b>Mahindra &amp; Mahindra</b>
<b>SML ISUZU</b>
<b>Tata Motors</b>
<b>Maruti Suzuki</b>
<b>TVS Motor Co.</b>
<b>Bajaj Auto</b>
<b>Atul Auto</b>

## *Ratios used*

EBITDA margin	$(\text{EBITDA} - \text{other income}) / \text{Net Sales}$
EBIT margin	$(\text{EBIT} - \text{other income}) / \text{Net Sales}$
PBT margin	$(\text{PBT} - \text{other income}) / \text{Net Sales}$
PAT margin	$(\text{PAT} - \text{other income}) / \text{Net Sales}$
Inventory Turnover	$\text{Net sales} / \text{Inventory}$
FATO	$\text{Annual Net sales} / \text{Annual net fixed assets}$
Average days payable outstanding	$\text{Payables} / (\text{COGS} / \text{Days})$
Working capital cycle days	$\text{Working capital} / (\text{Net Sales} / \text{Days})$

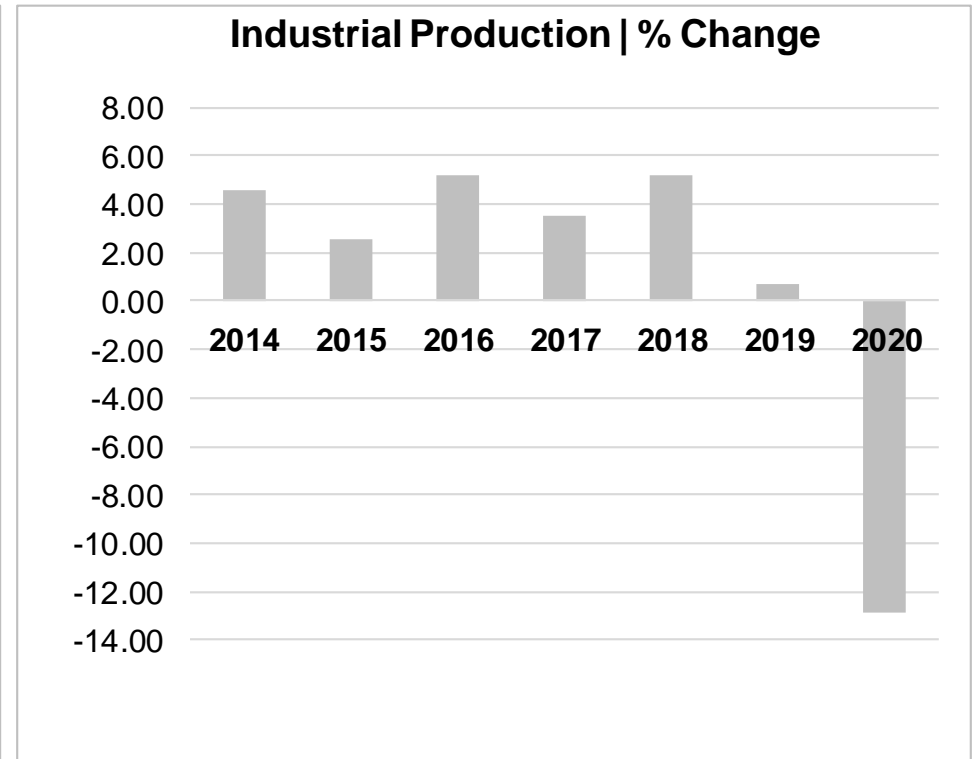
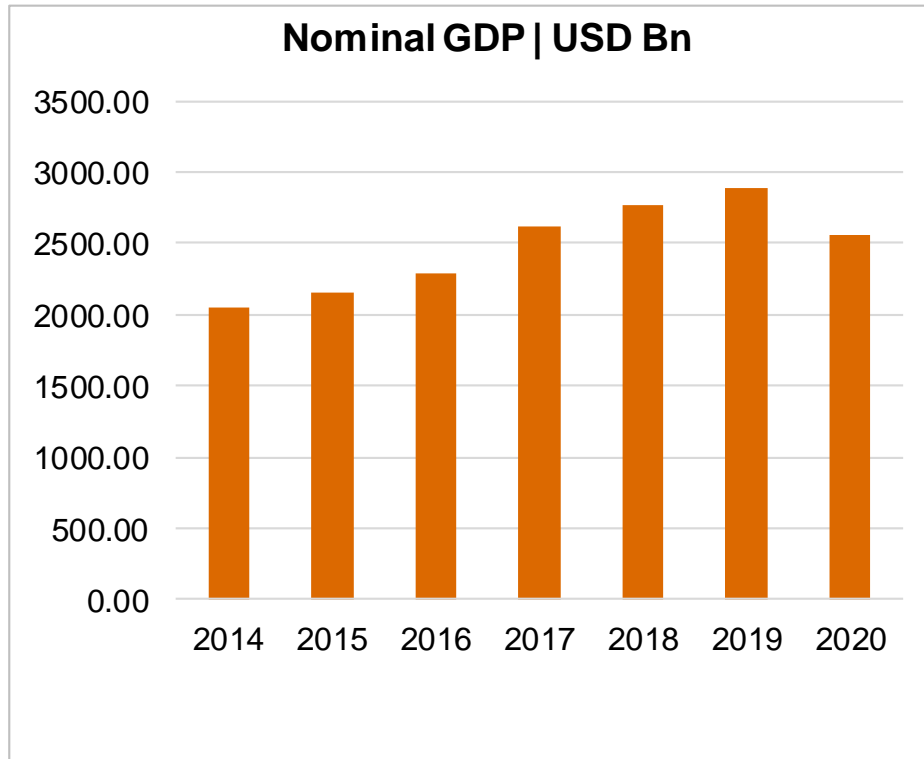
# *Macro Economic Climate in India*

## *Placeholder*

India	Index: wages, straight time, LCU basis
India	Growth Rate: Population, Urban
India	Unemployment Rate
India	Gross Domestic Product Deflator, Year-on-Year Percent Change
India	Real Private Consumption, Growth Rate, Year-on-Year
India	Real Fixed Investment, Growth Rate, Year-on-Year

## India-key economic indicators

Following slowdown in 2019, COVID-19 caused a major downturn in 2020

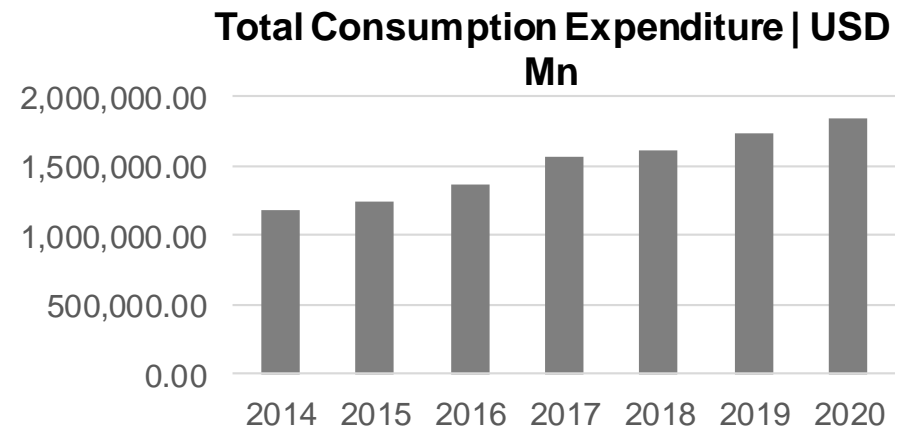
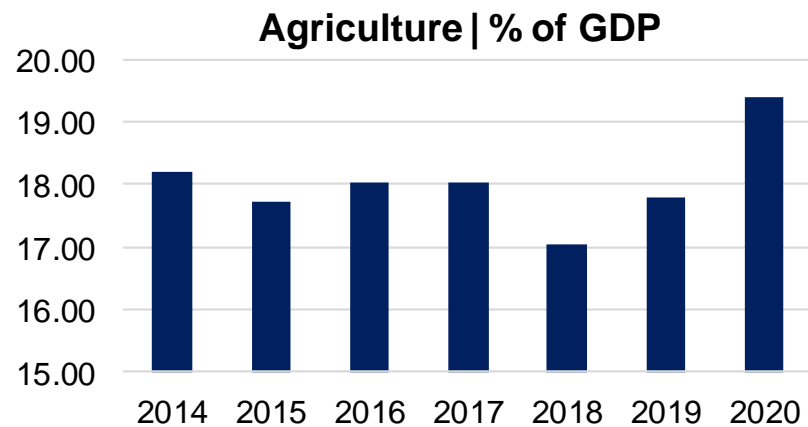
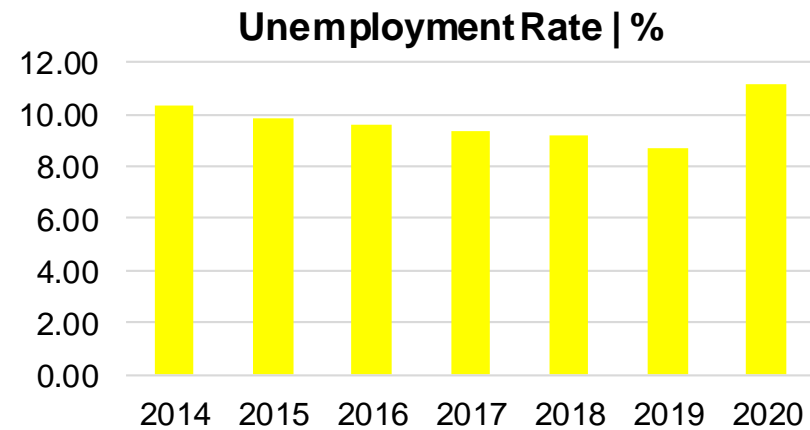
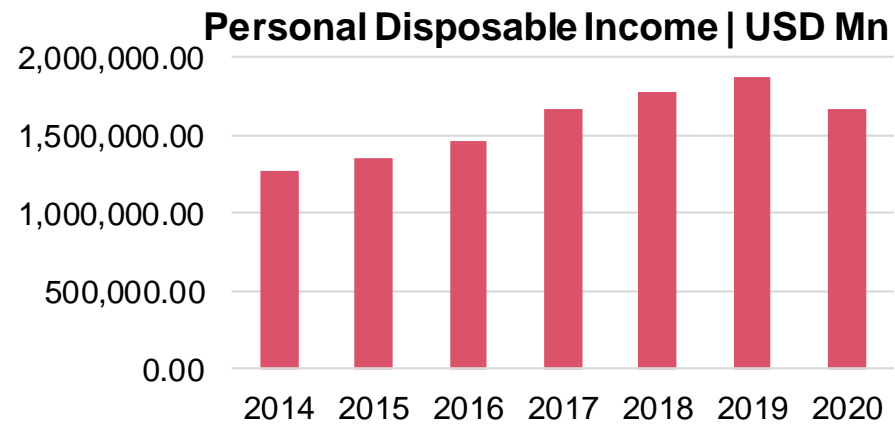


- The ongoing Covid-19 pandemic & multiple lockdowns exacerbated slowdown and contracted India's GDP by 23.9% in the Apr-Jun quarter
- Although, government expenditure increased but it could not compensate for the decline in private consumption & investments
- Except agriculture, all other sector faced the heat of the current crisis, especially non-essential sectors were hit very badly
- Government has announced the large stimulus for revival of economy, majorly focusing on liquidity increase in the system



## India-key economic indicators

COVID-19 pandemic a major economic setback; impact seen across all indicators

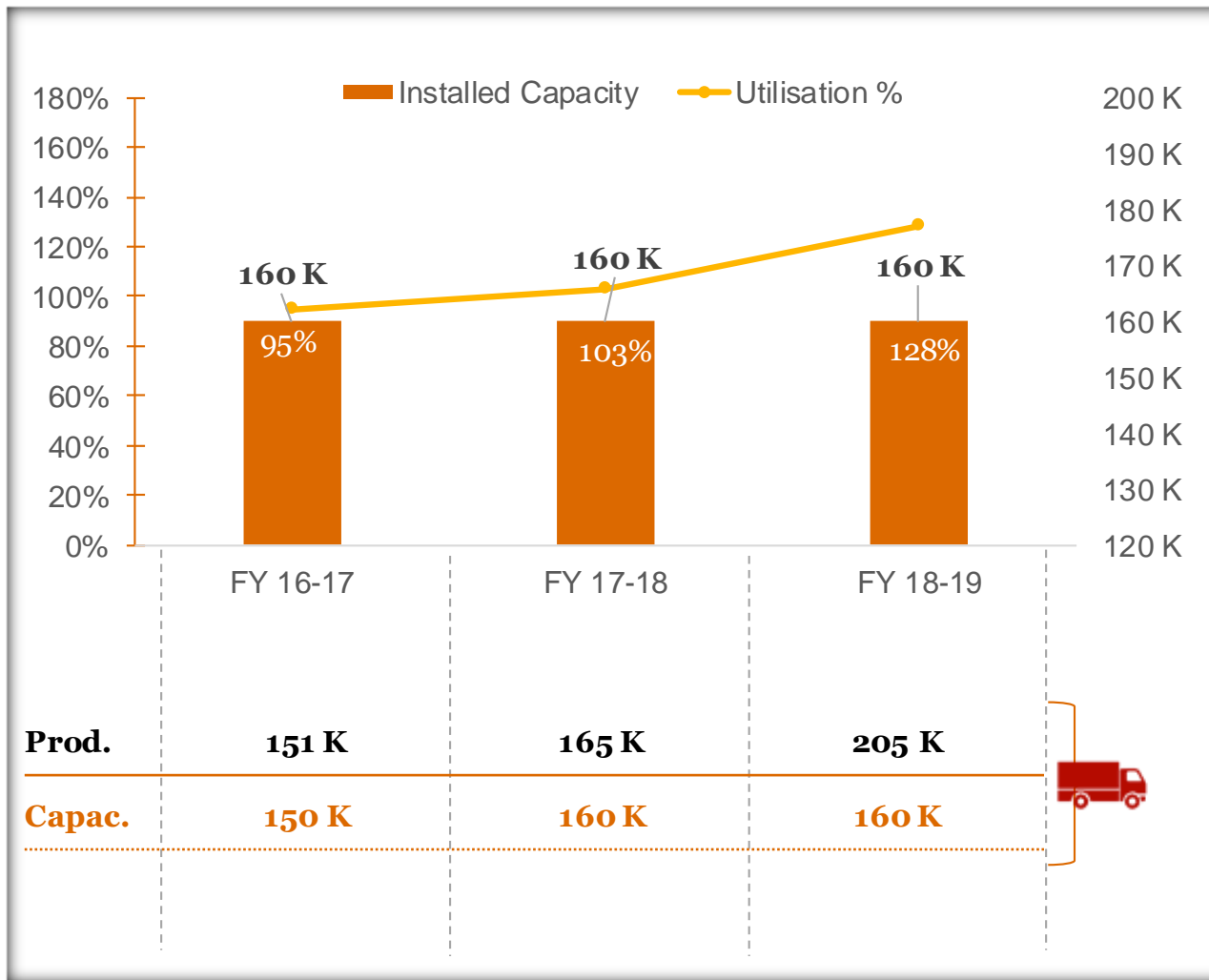


# *OEM Financial analysis*

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11	TVS	51

# *Ashok Leyland*

# Ashok Leyland



## Manufacturing Sites in India

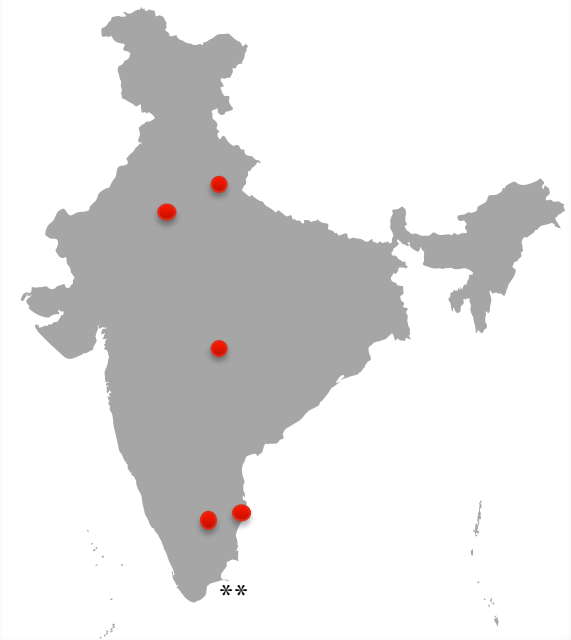
**Ennore-TN**

**Hosur-TN**

**Bhandara-MH**

**Alwar-RJ**

**Pantanagar-UK**



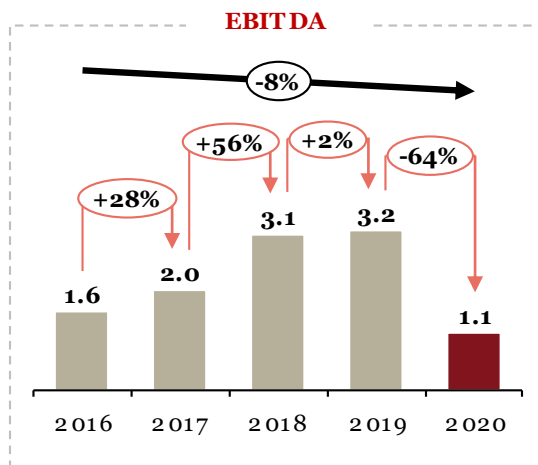
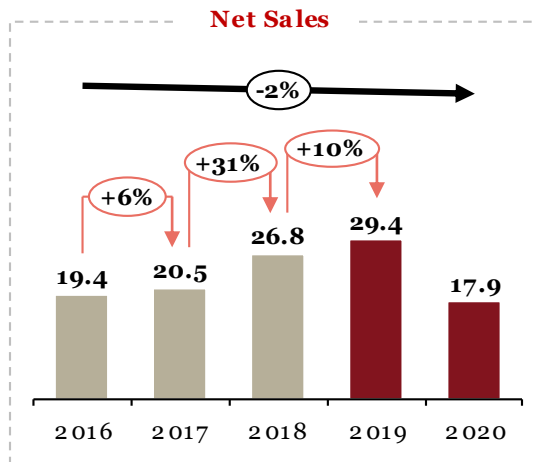
\*\* This map is not to scale. It is an indicative outline intended for general reference use only.

# Ashok Leyland

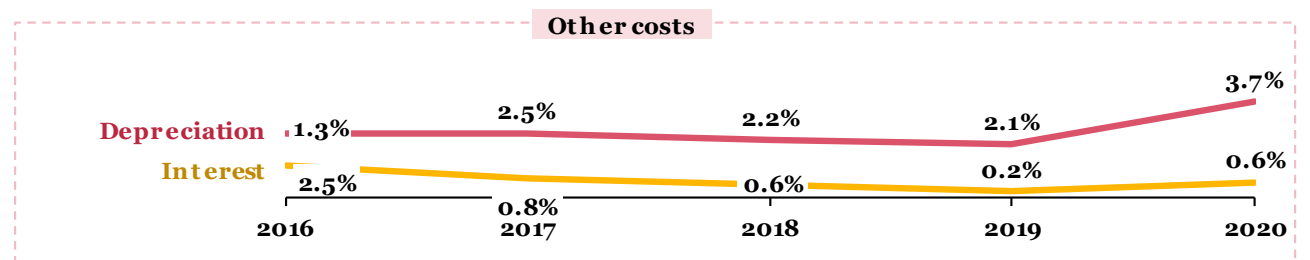
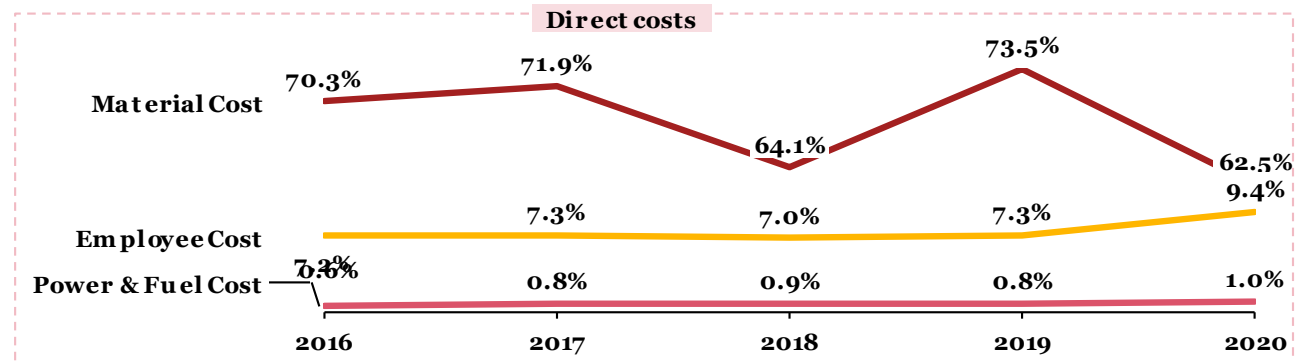
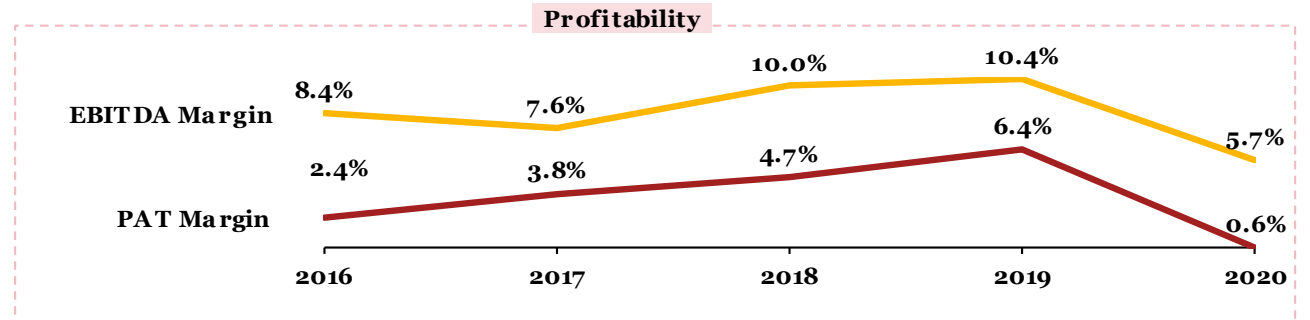


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



Margins (% of net sales)

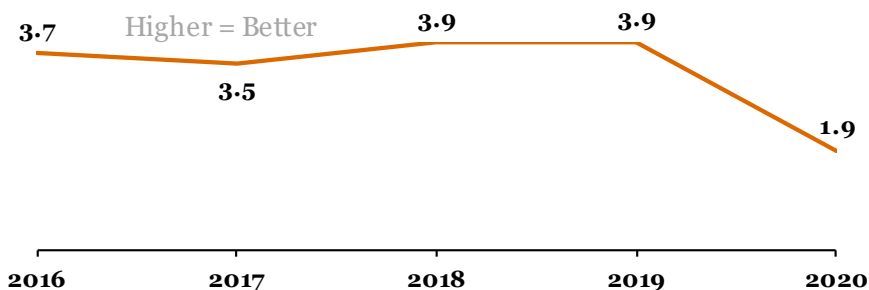


# Ashok Leyland

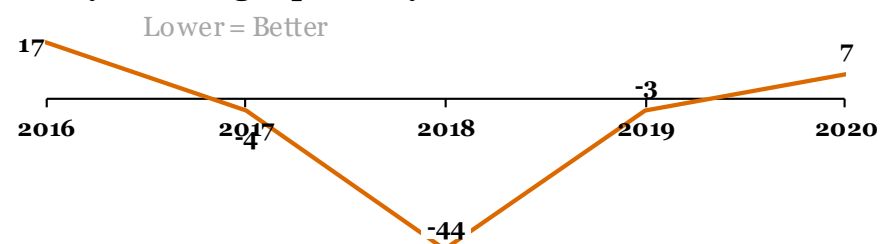


## Trends in efficiency

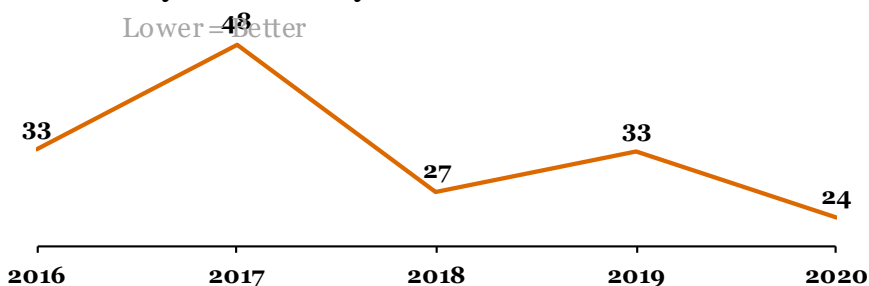
### Fixed Asset Turnover Ratio



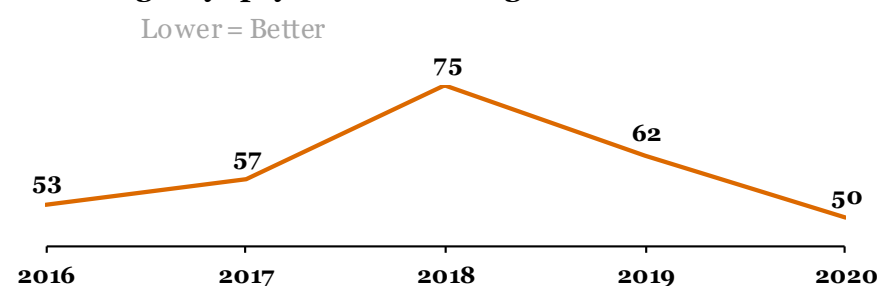
### Days Working Capital (Days)



### Inventory Turnover days



### Average days payable outstanding

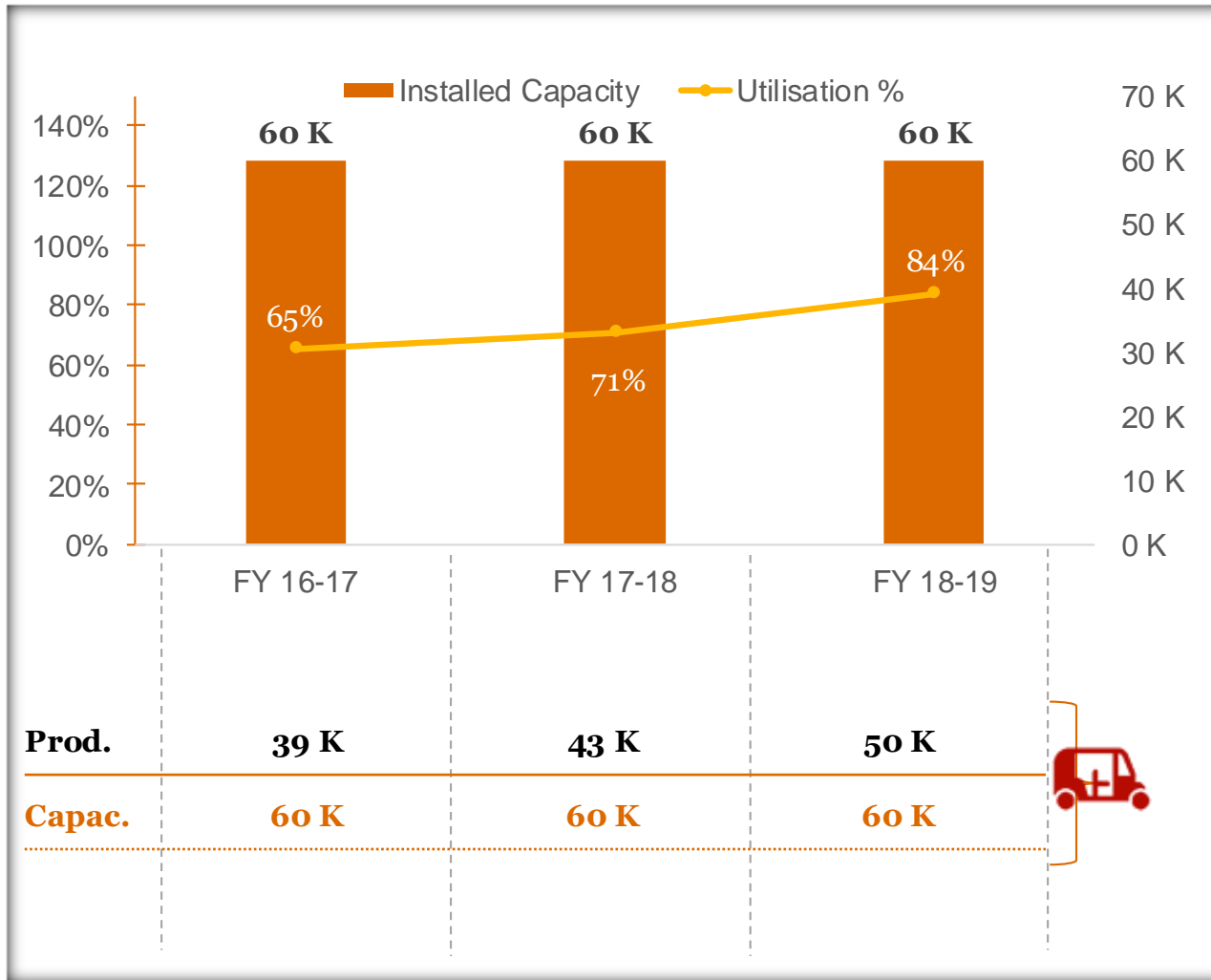


### In FY 20

- Ashok Leyland saw continued improvements in average days payable outstanding, as well as Inventory turnover
- The commercial vehicle market faced a sales downturn this year, partly due to weakening industrial growth as well as new regulatory measures

# *Atul Auto*

# Atul Auto



## Manufacturing Sites in India

Rajkot, GJ



\*\* This map is not to scale. It is an indicative outline intended for general reference use only.

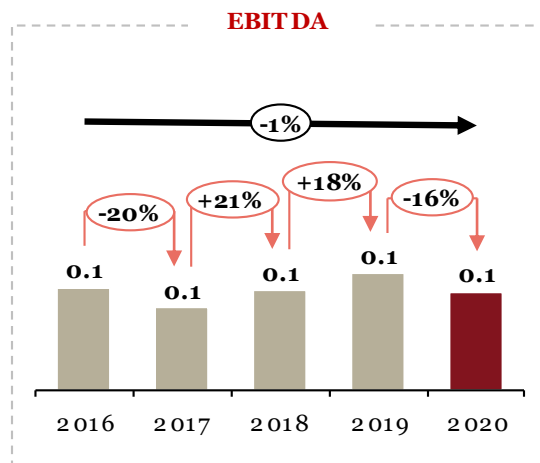
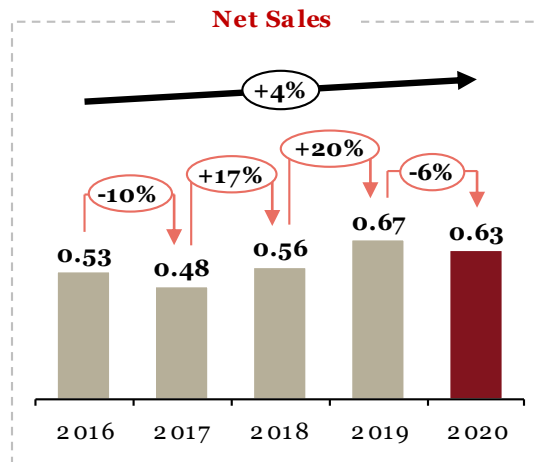


# Atul Auto

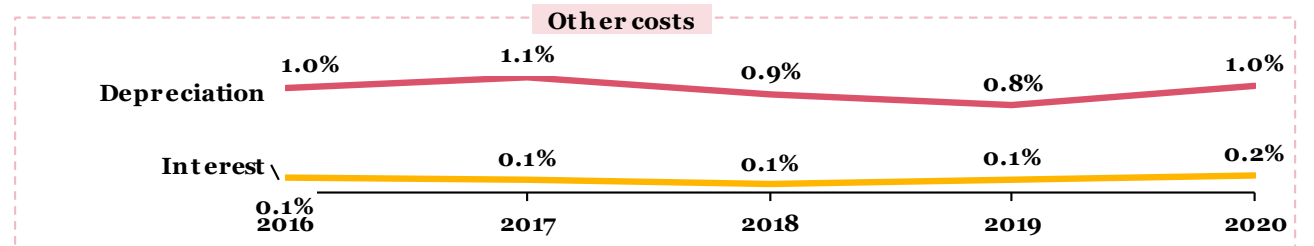
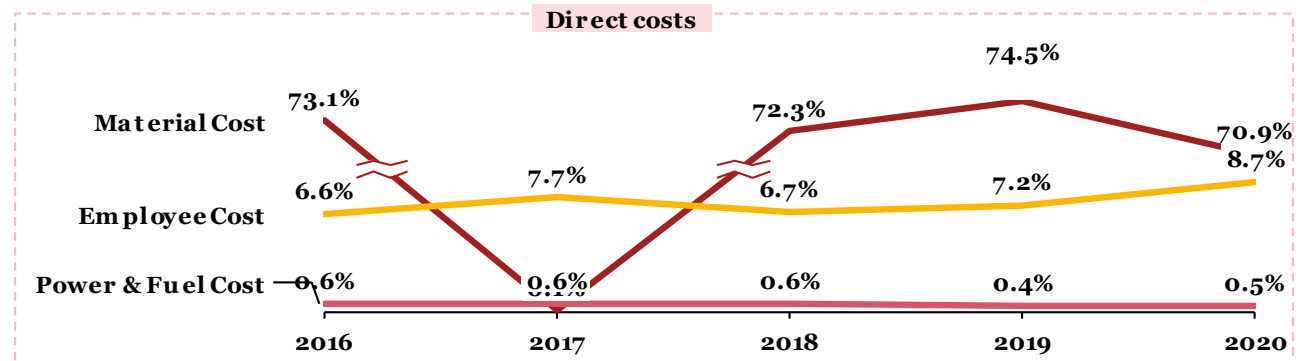
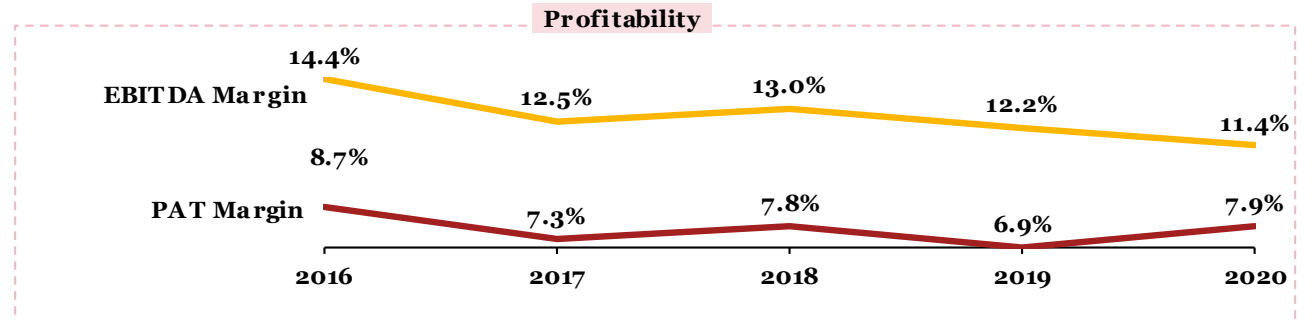


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



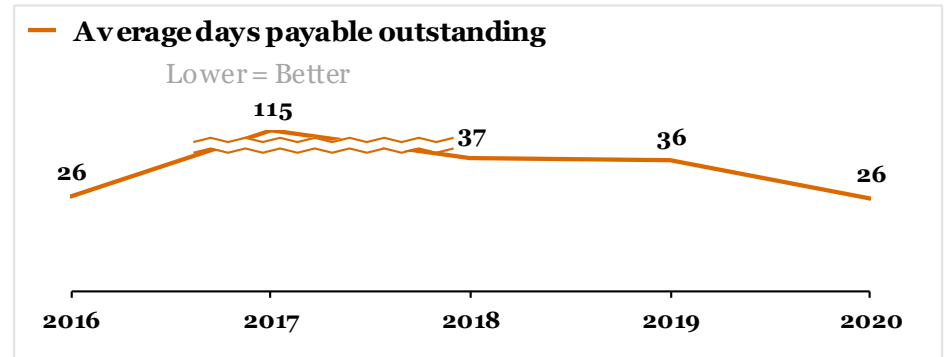
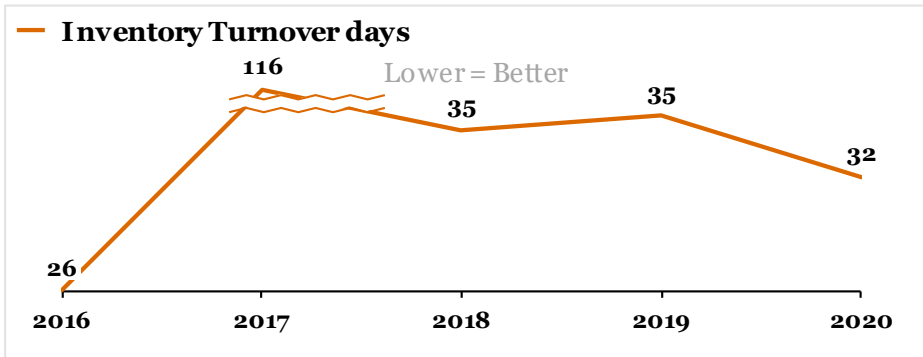
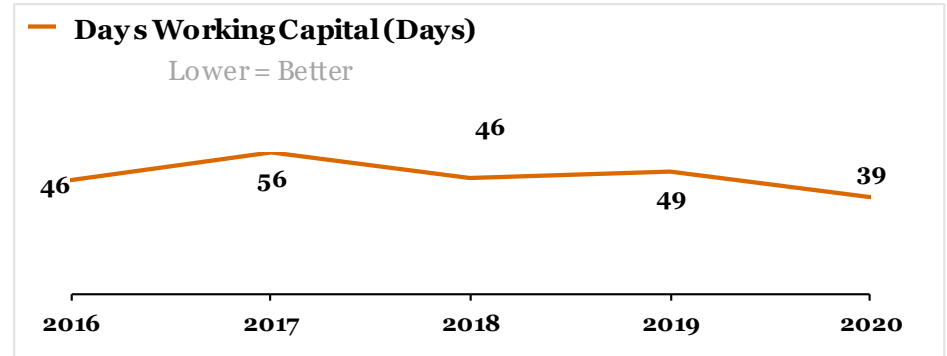
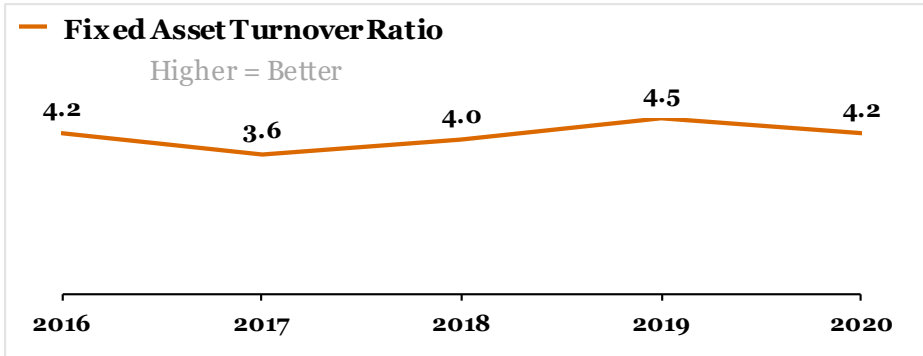
Margins (% of net sales)



# Atul Auto



## Trends in efficiency

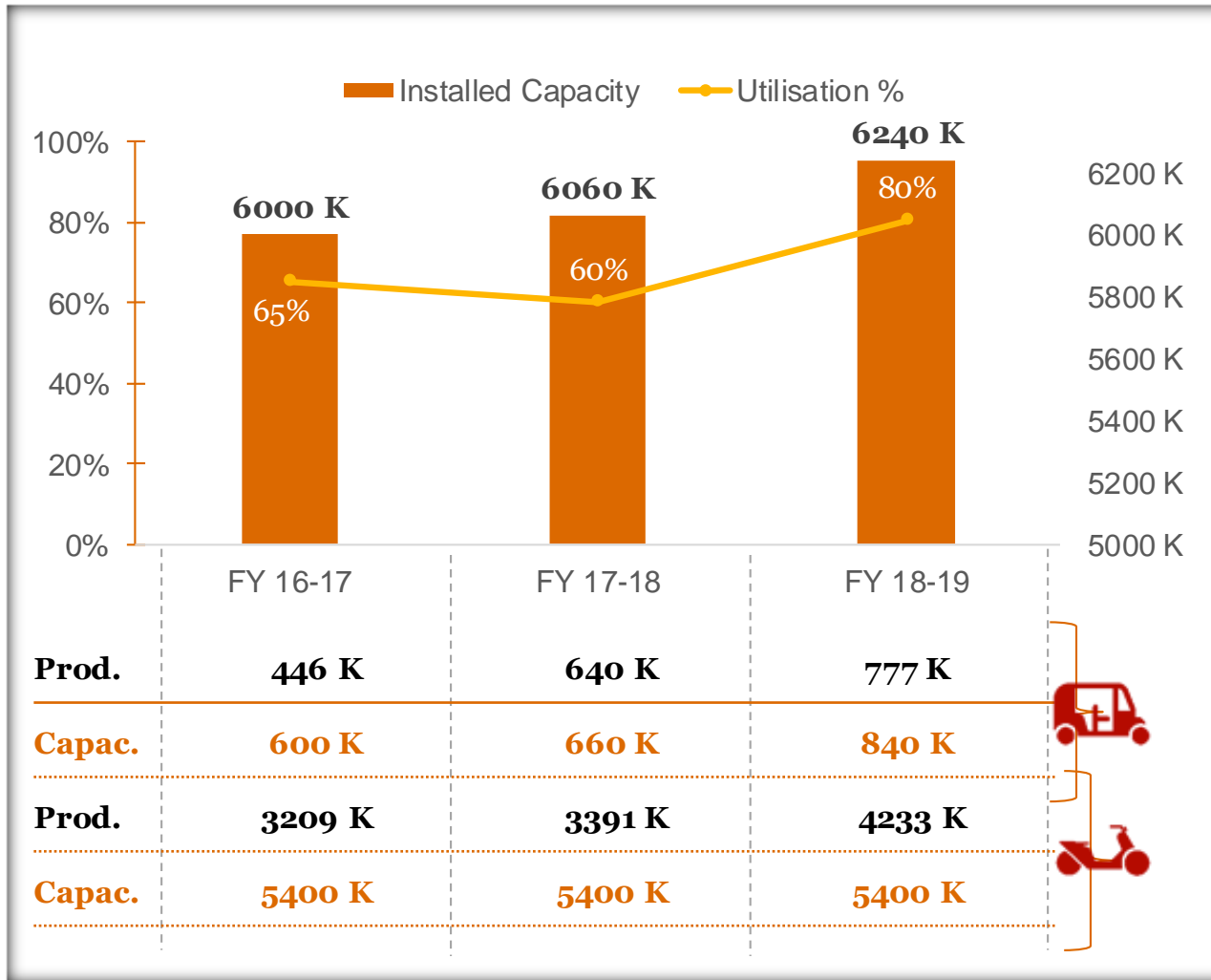


### In FY 20

- Atul Auto is the only OEM in the list of 11 studied as part of this report with majority operations in the 3-wheeler segment.
- Atul Auto had 6.4% market share in the 3 wheeler segment

# *Bajaj Auto*

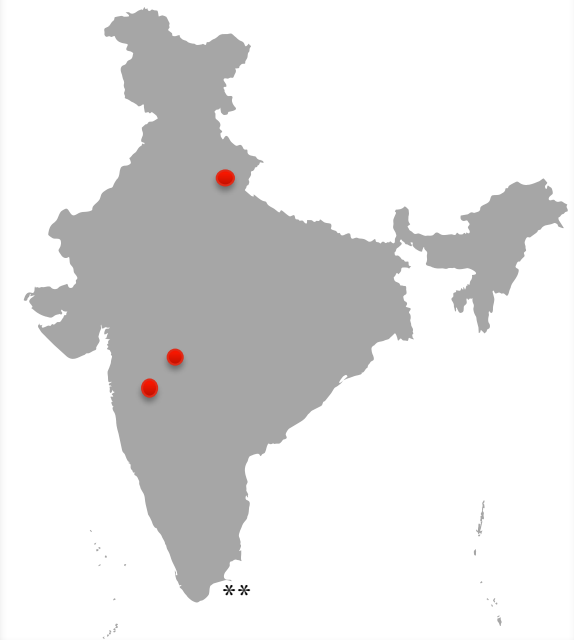
# Bajaj Auto



## Manufacturing Sites in India

Aurangabad-MH    Pantnagar-UK

Chakan-MH



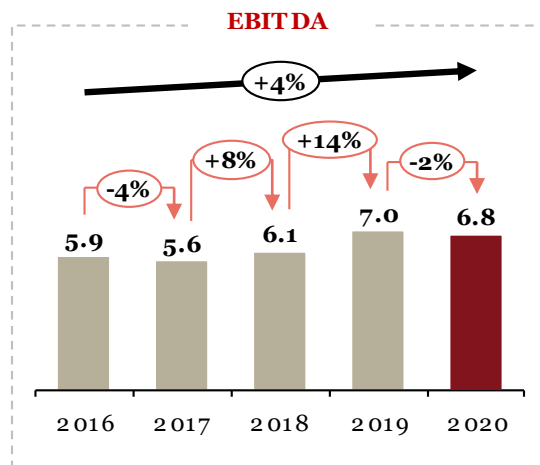
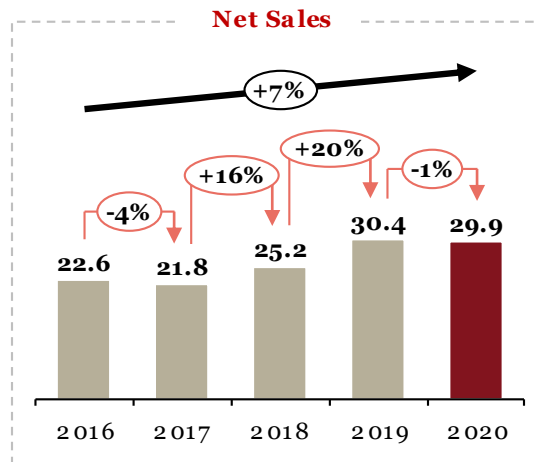
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# Bajaj Auto

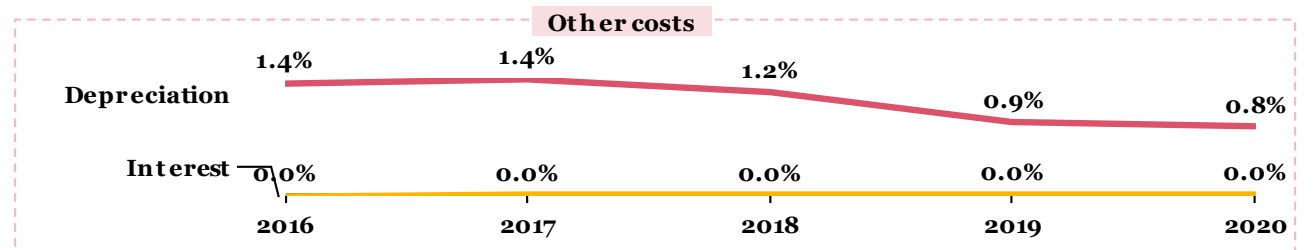
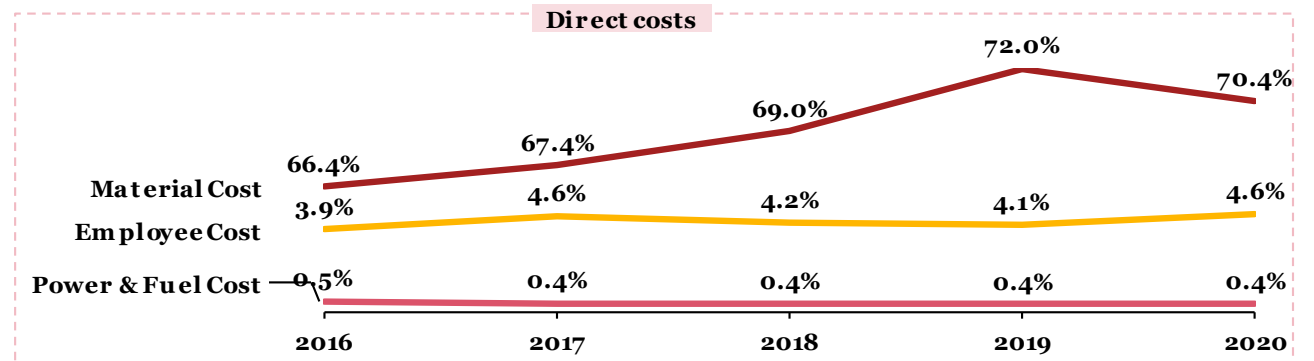
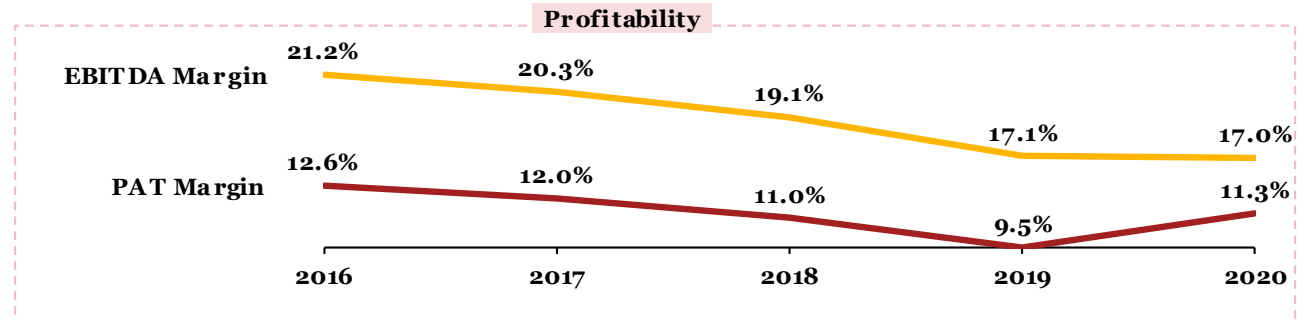


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



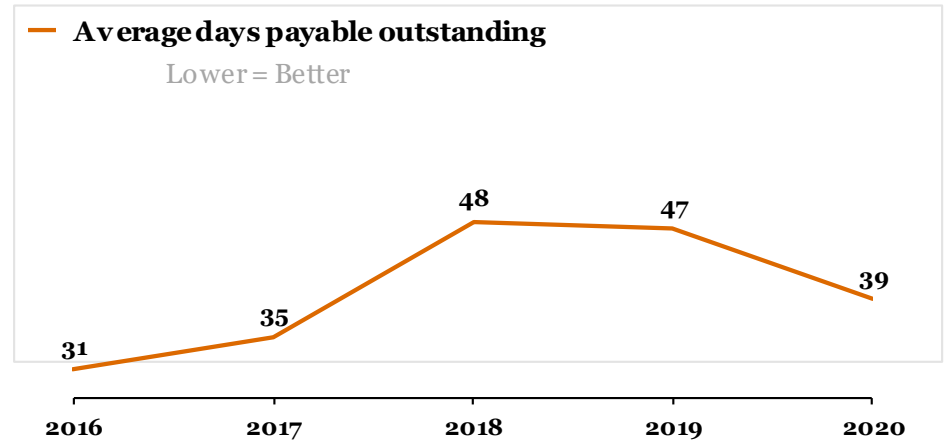
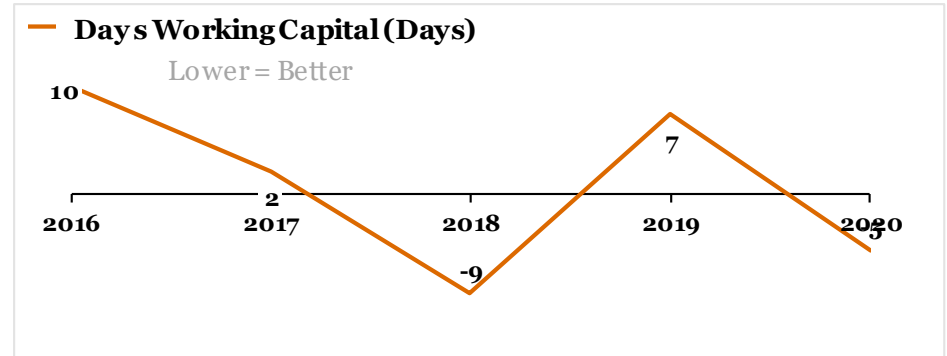
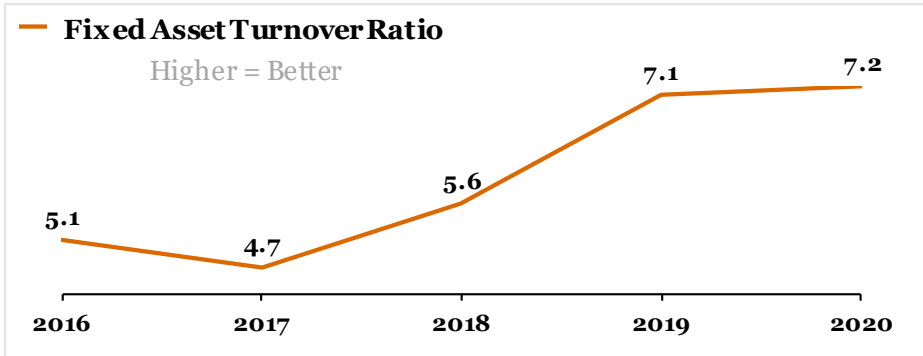
Margins (% of net sales)



# Bajaj Auto



## Trends in efficiency

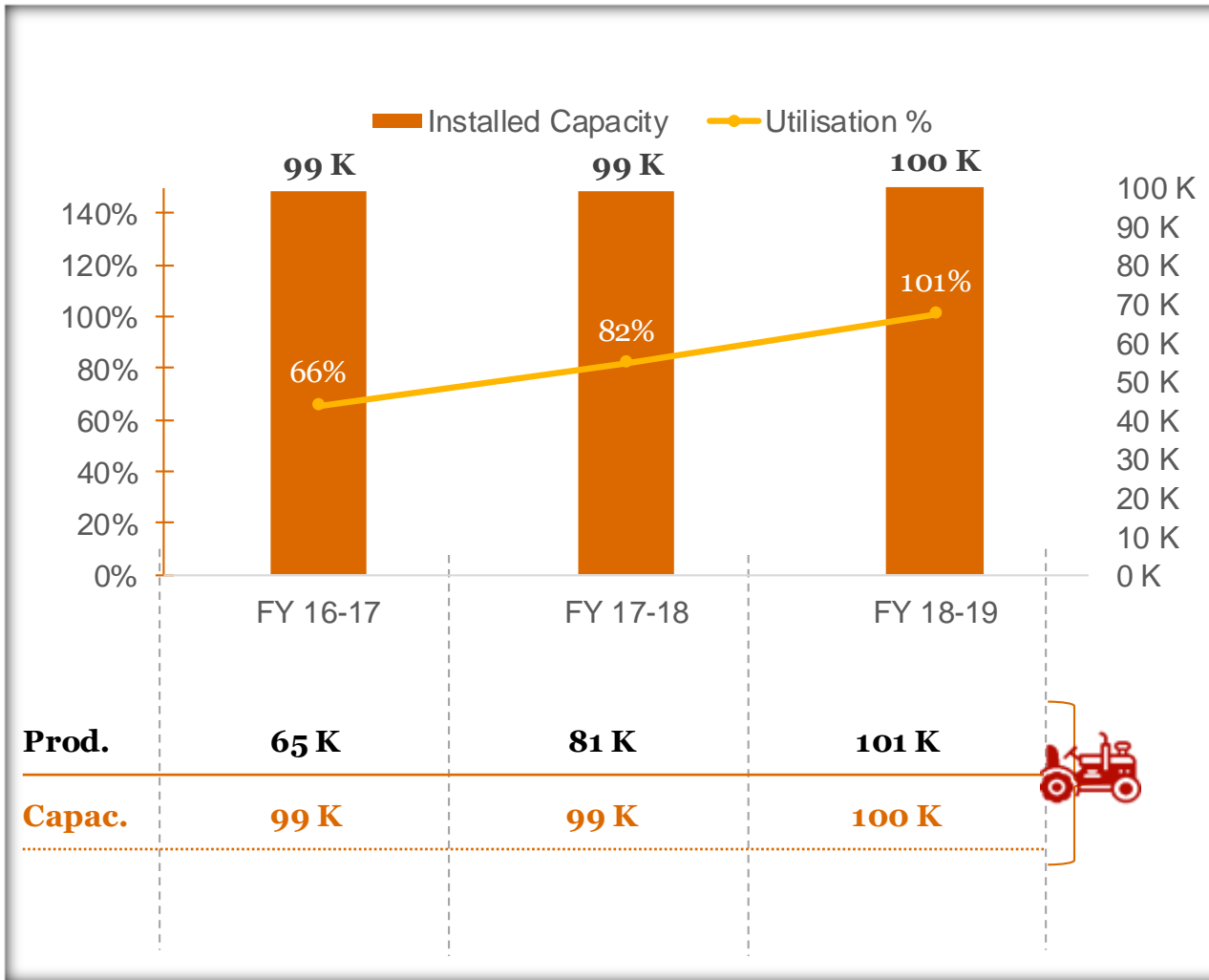


In FY 20

- Bajaj Auto saw a reduction in Net Sales and EBITDA from the previous year's record highs
- Days working capital improved, while fixed asset turnover ratio declined

# *Escorts*

# Escorts



## Manufacturing Sites in India

Faridabad-HR

Rudrapur-UK



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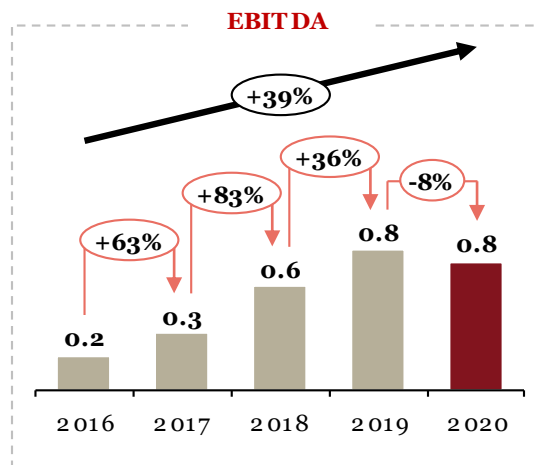
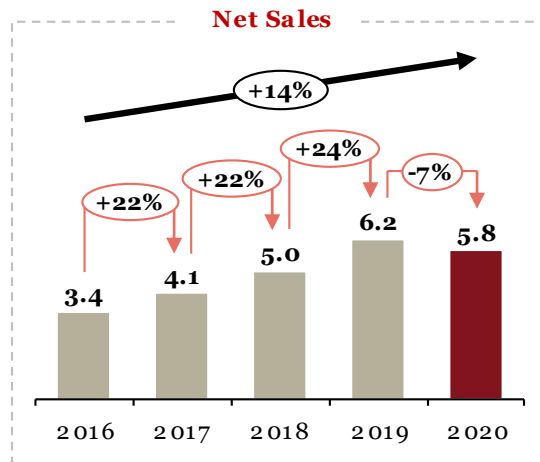


# Escorts

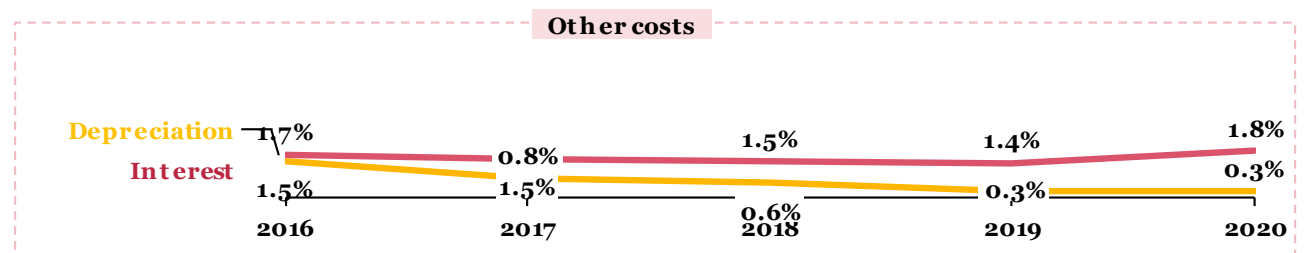
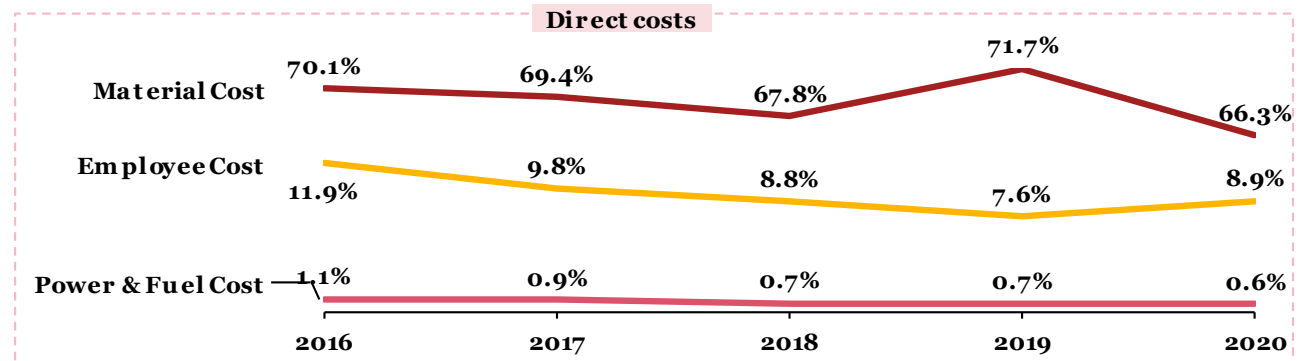
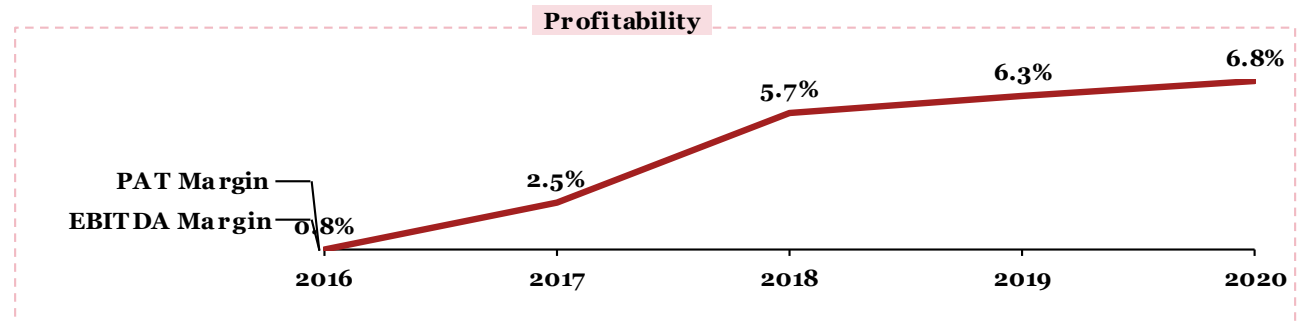


## Trends in aggregates, profitability and costs

**Aggregates (INR '000 Cr)**



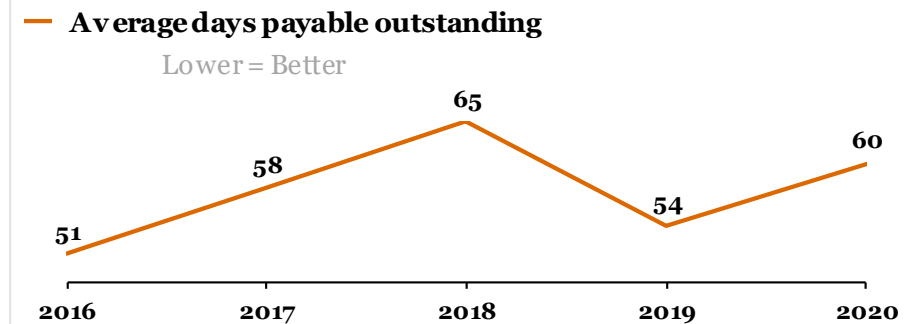
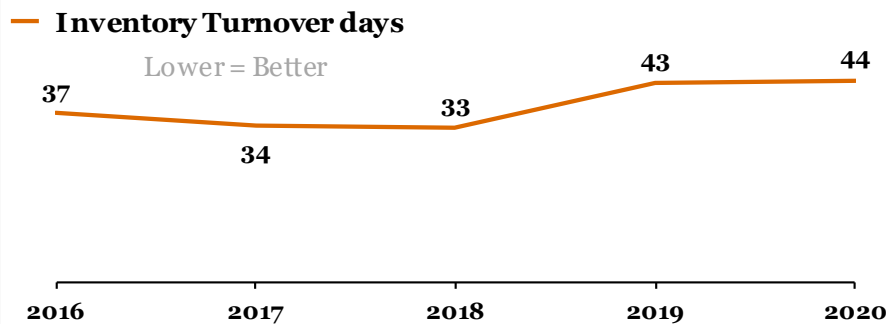
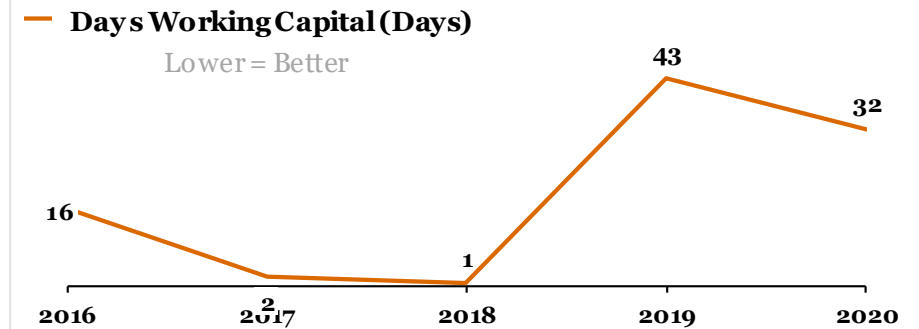
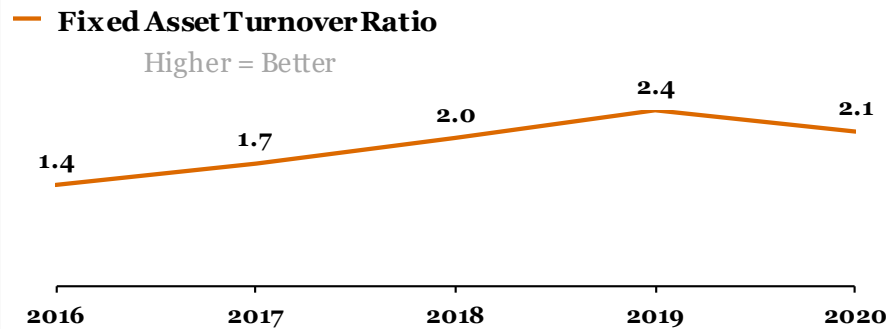
**Margins (% of net sales)**



## Escorts



### Trends in efficiency

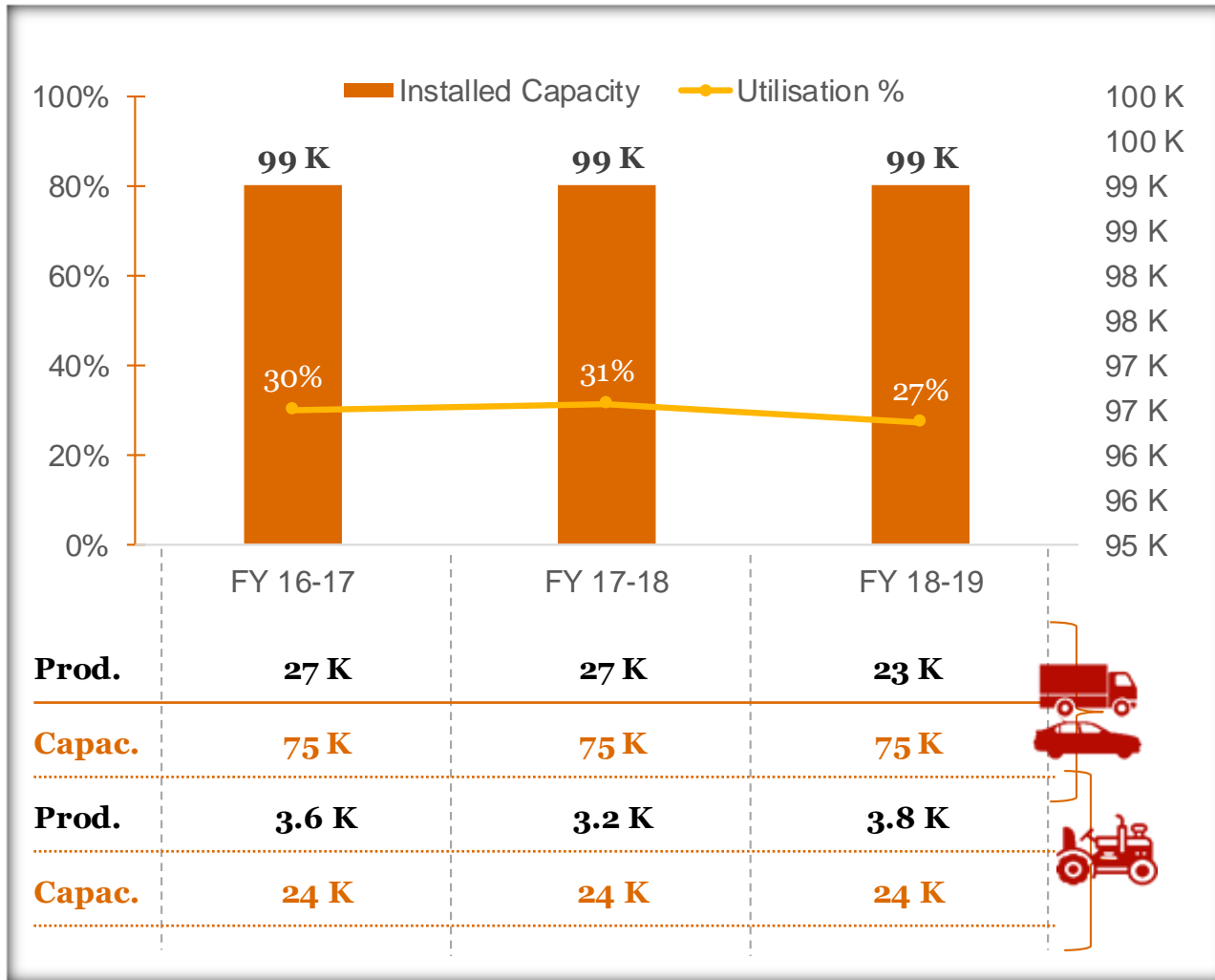


#### In FY 20

- Escorts is the only OEM, in this list of 11, to have significant portion of its revenue contributed to by the tractors segment alone.
- Average days payable, inventory turnover days both rose
- Tractor sales declined 13.3%

# *Force Motors*

# Force Motors



## Manufacturing Sites in India

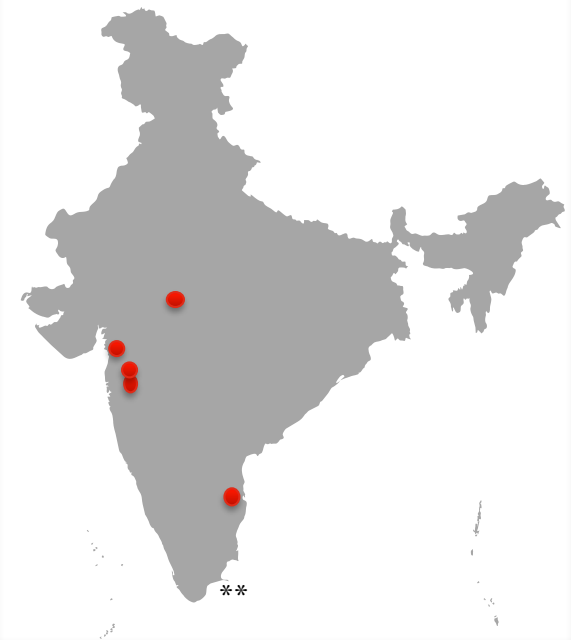
- Pune-MH**      **Pithampura-MP**

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- Urse-MH**      **Chennai-TN**

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- Chakan-MH**



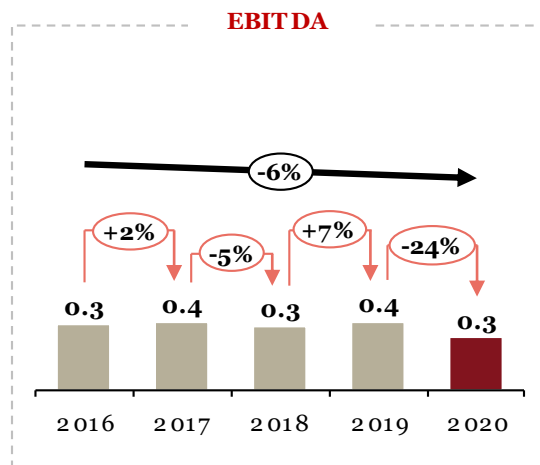
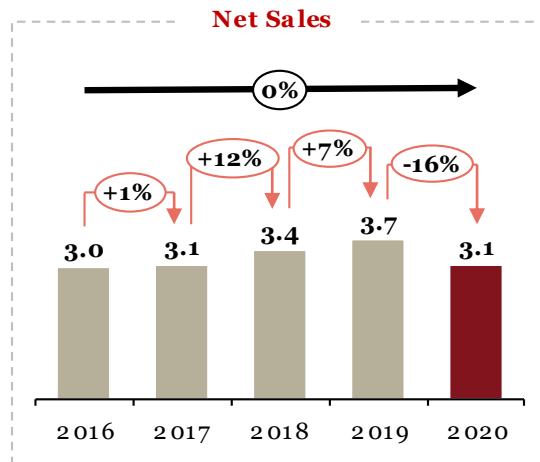
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# Force Motors

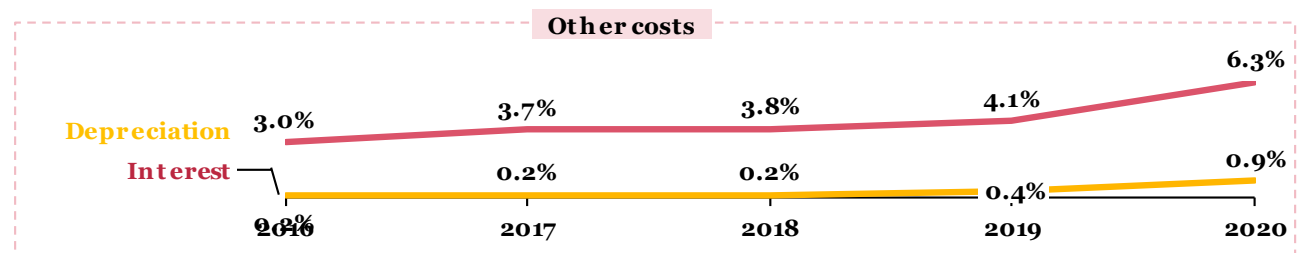
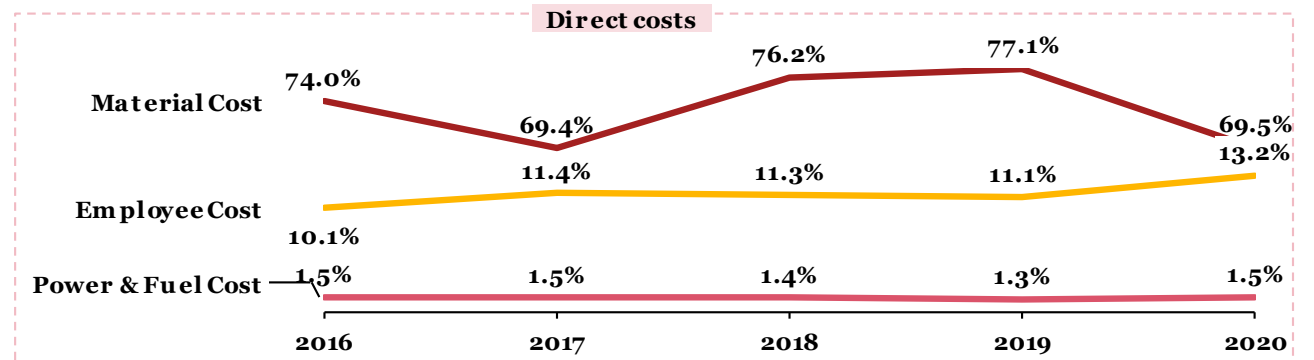
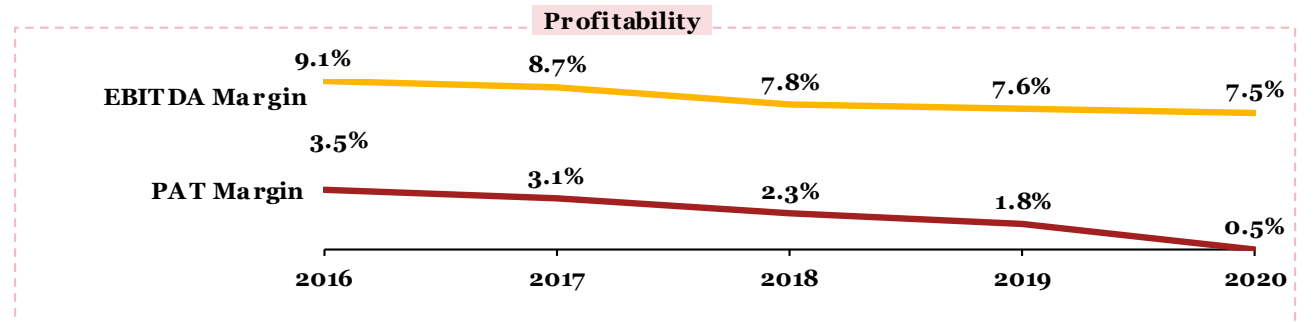


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



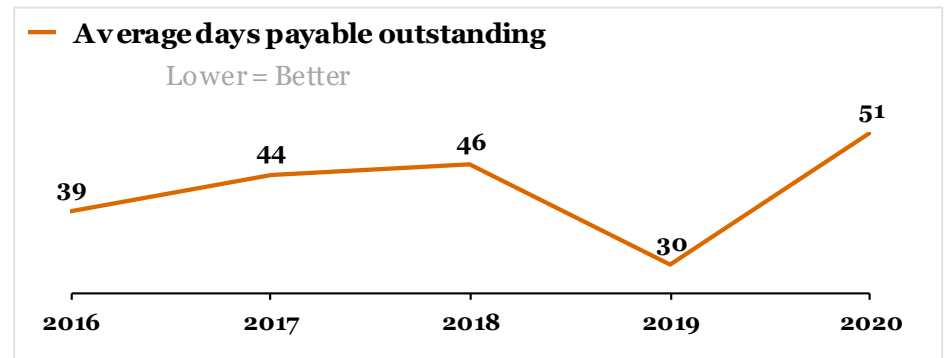
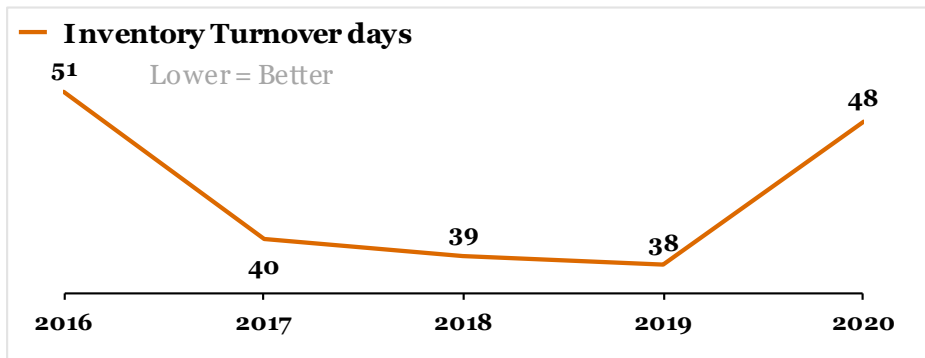
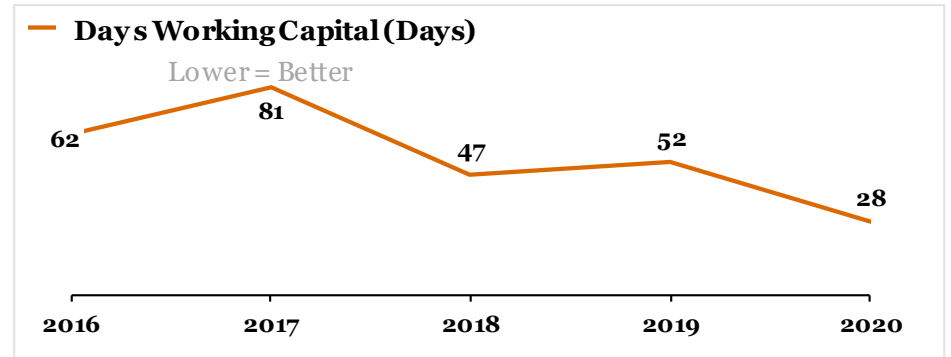
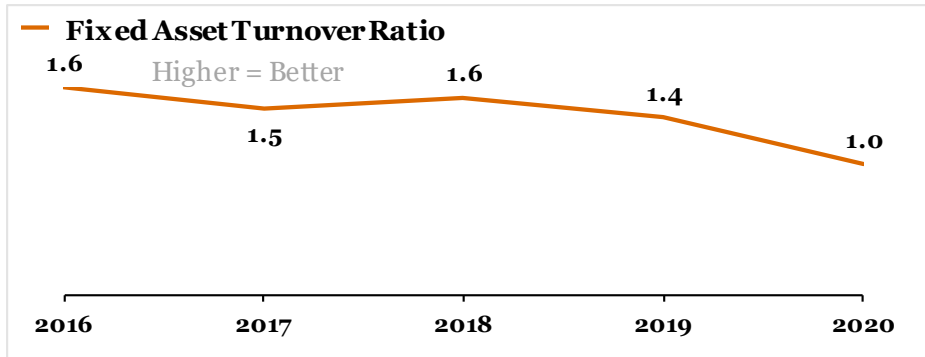
Margins (% of net sales)



## Force Motors



### Trends in efficiency

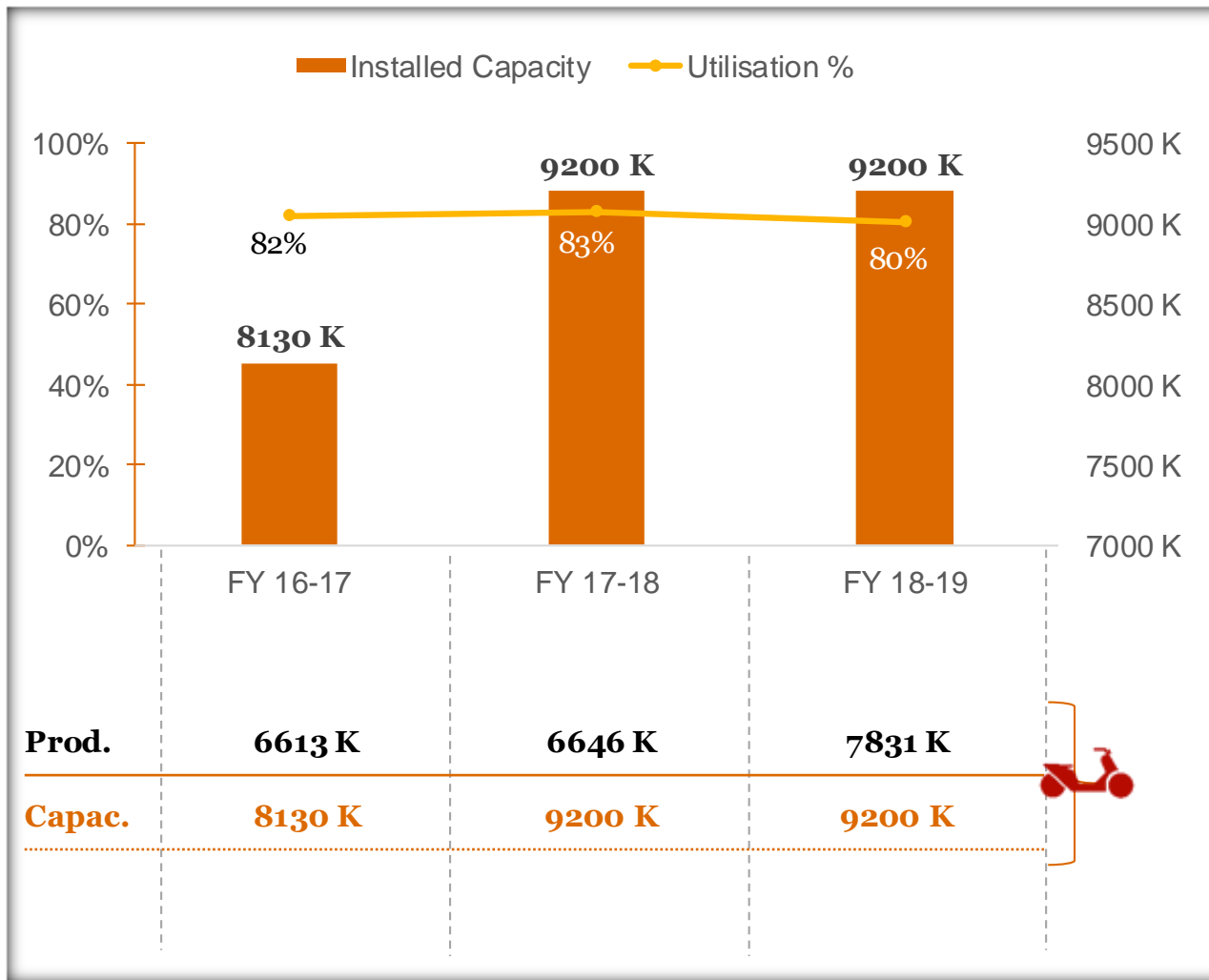


#### In FY 20

- Force Motors sales declined ~32% in the PV space, and ~8% in the CV space
- Company reported a decline in PAT and EBITDA margins

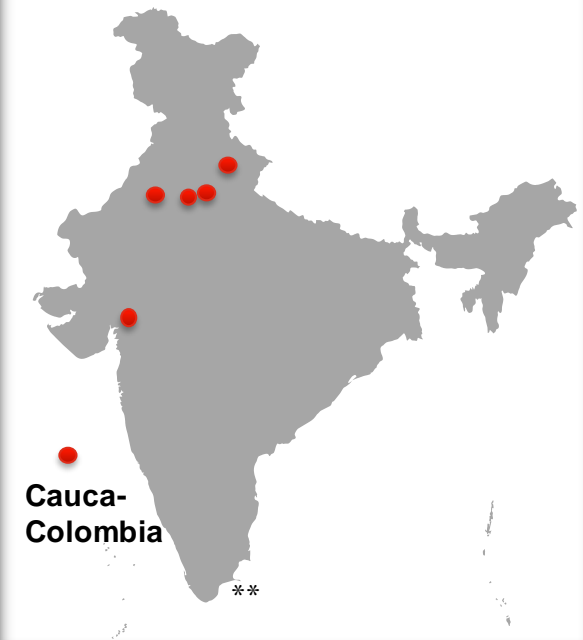
# *Hero Motocorp*

# Hero MotoCorp



## Manufacturing Sites in India

- |             |                |
|-------------|----------------|
| Haridwar-UK | Dharuhera-HR   |
| Gurgaon-HR  | Neemrana-RJ    |
| Vadodara-GJ | Cauca-Colombia |



\*\* This map is not to scale. It is an indicative outline intended for general reference use only.

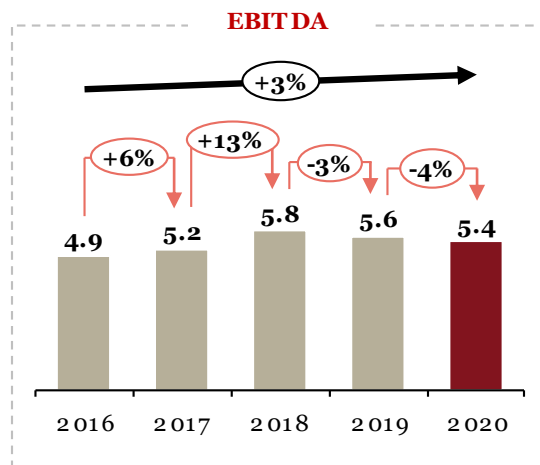
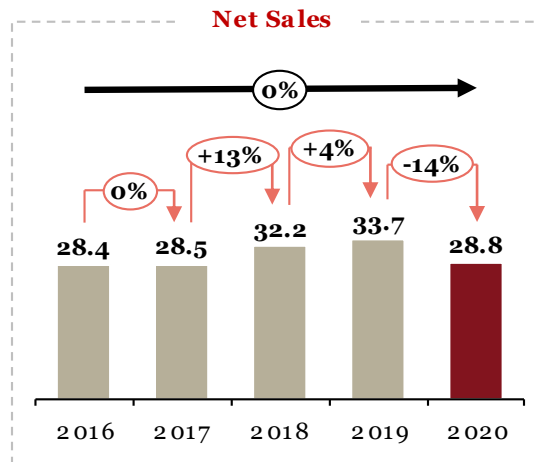


# Hero Motocorp

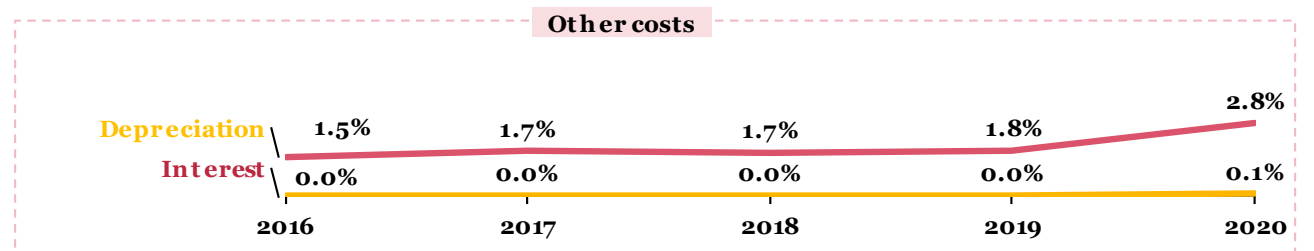
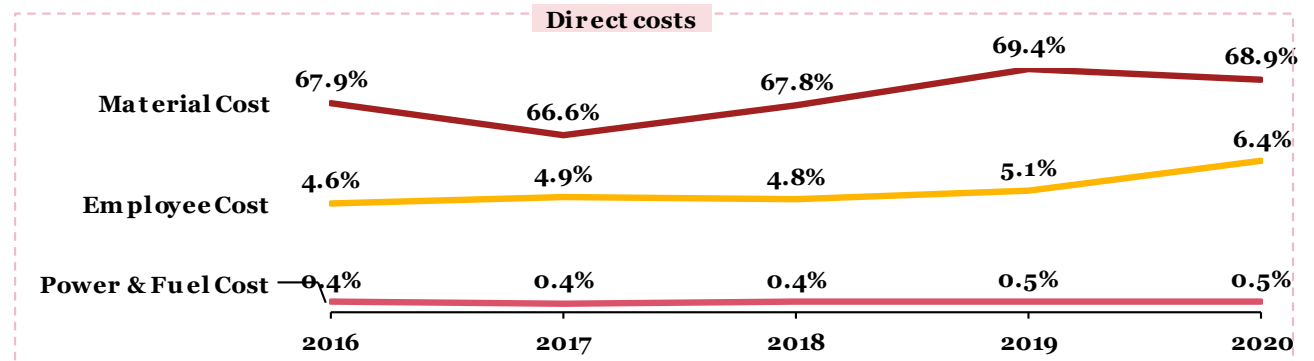
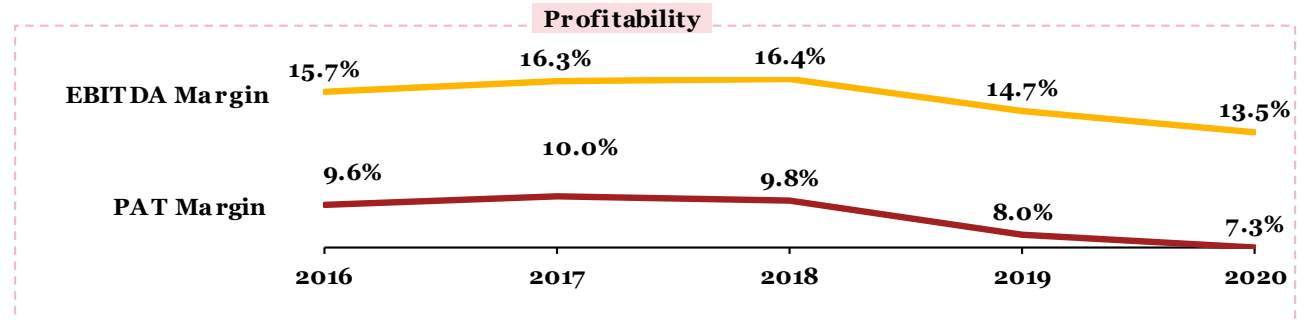


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



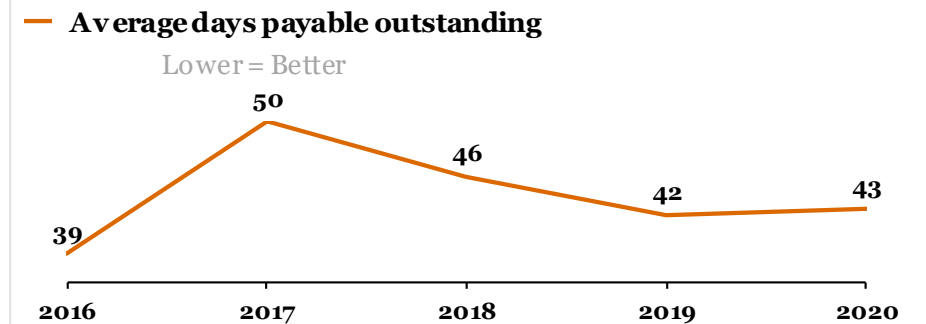
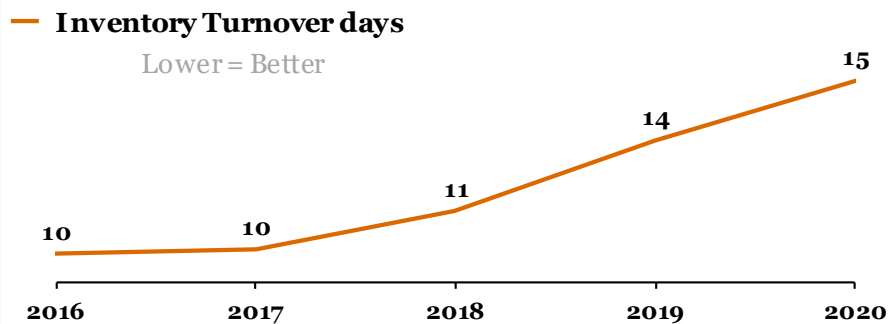
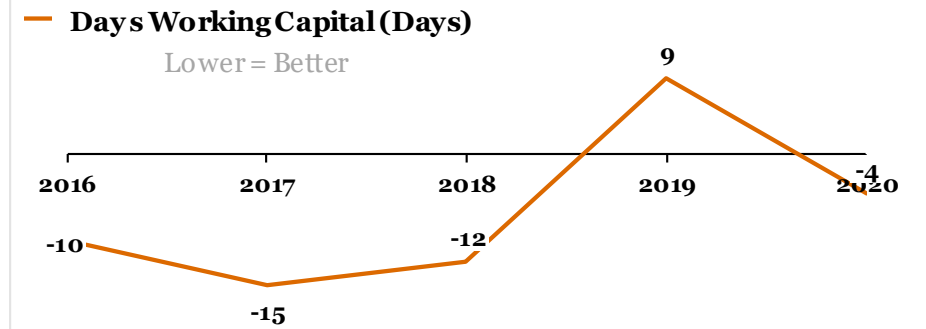
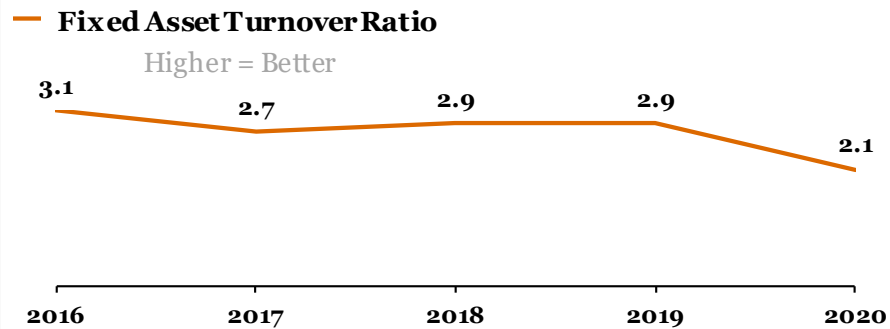
Margins (% of net sales)



# Hero Motocorp



## Trends in efficiency

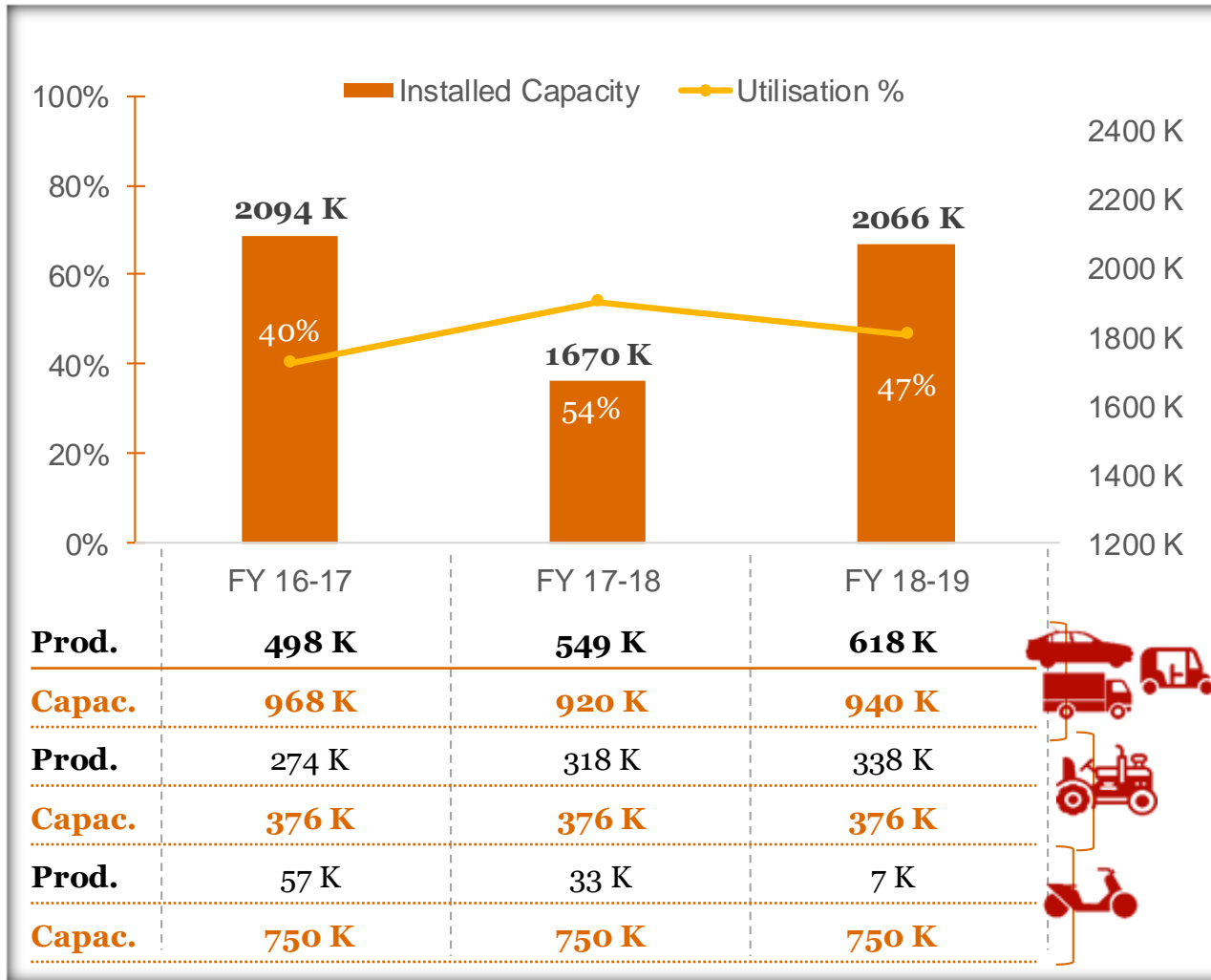


### In FY 20

- Hero MotoCorp reported improvements in Fixed Asset Turnover and Days Working Capital
- Company saw an ~18% decline in sales

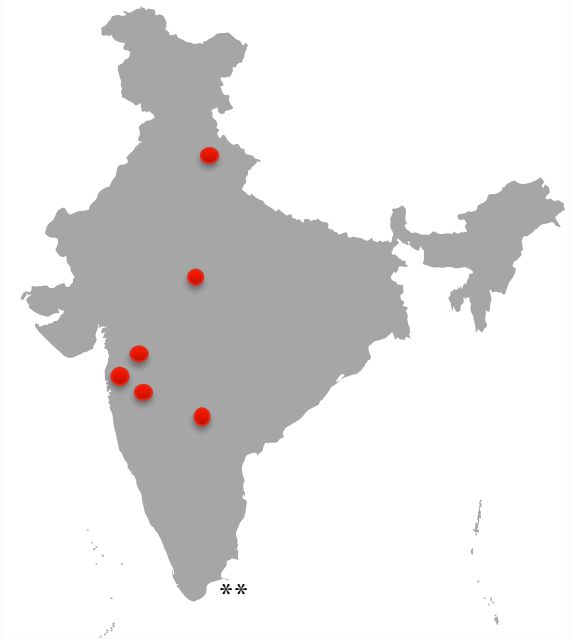
# *Mahindra and Mahindra*

# Mahindra & Mahindra



## Manufacturing Sites in India

- Haridwar-UK
- Kandivali-MH
- Zaheerabad-AP
- Nashik-MH
- Chakan-MH
- Pithampura-MP



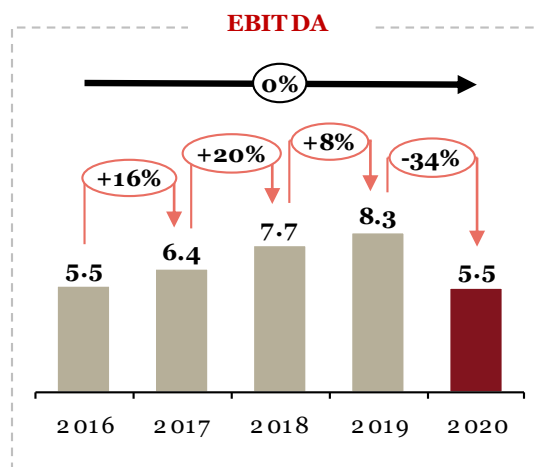
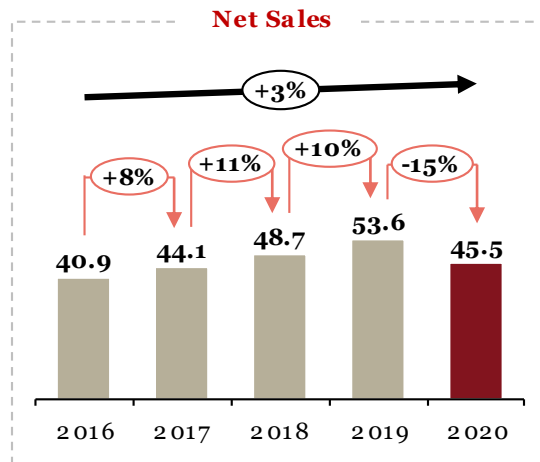
\*\* This map is not to scale. It is an indicative outline intended for general reference use only. Capacity includes production capacity for Construction Equipment.

# Mahindra and Mahindra

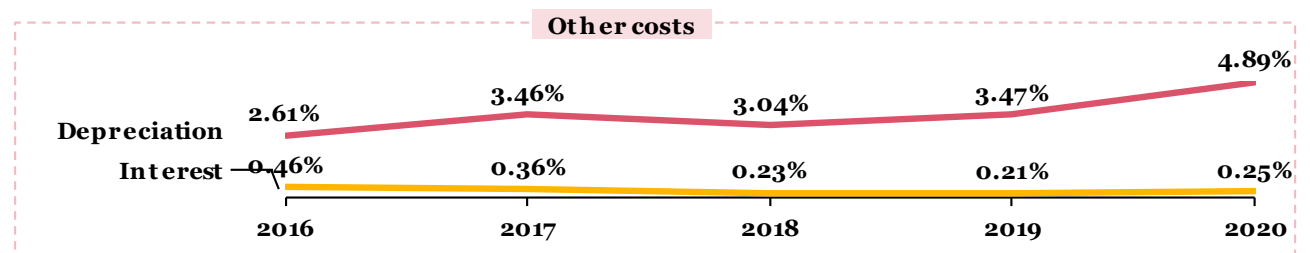
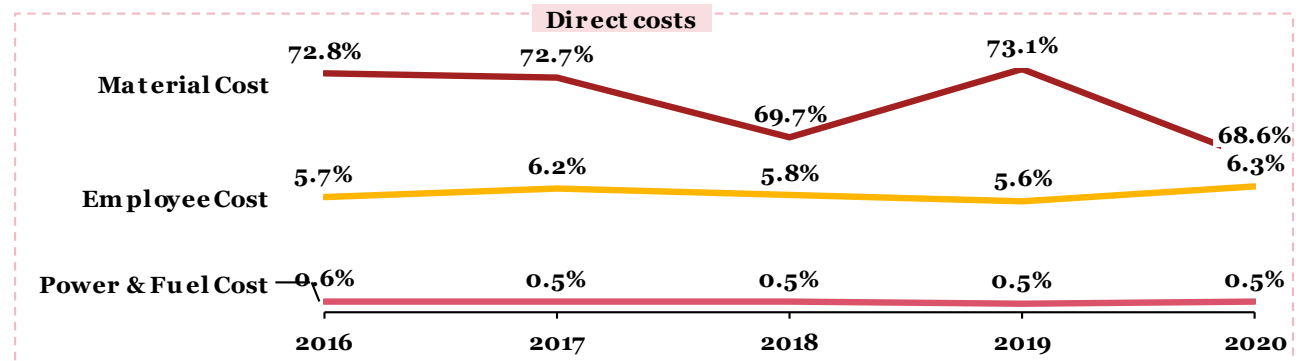
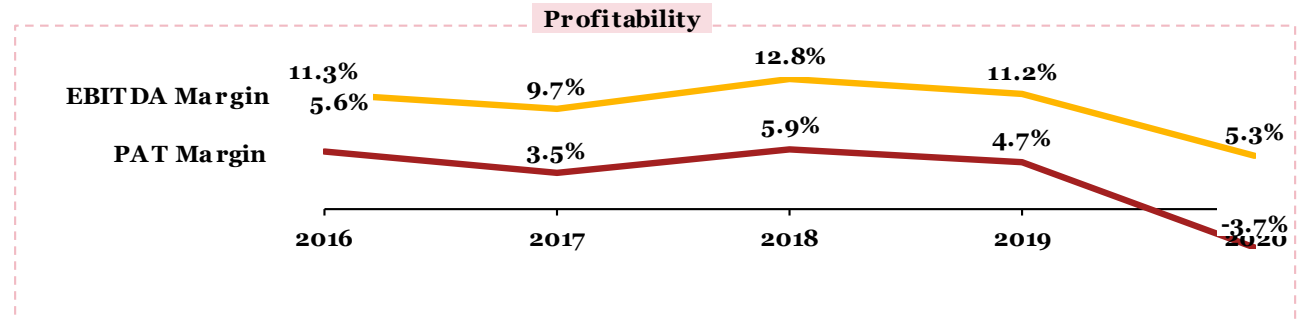


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



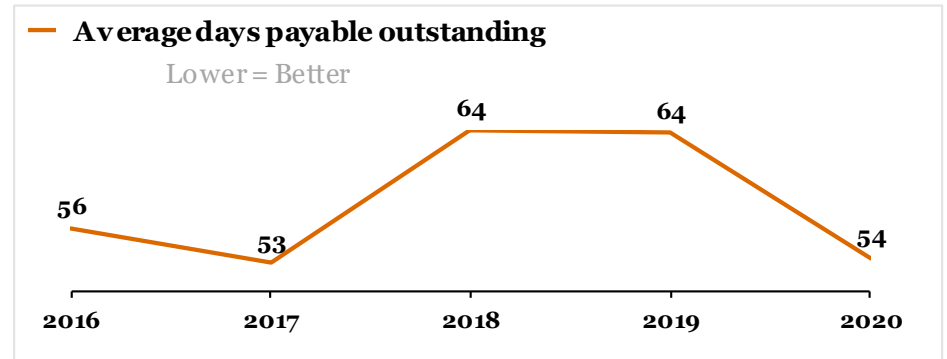
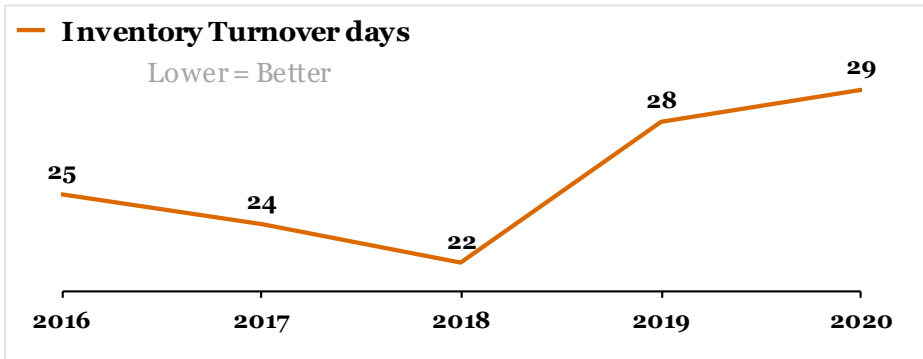
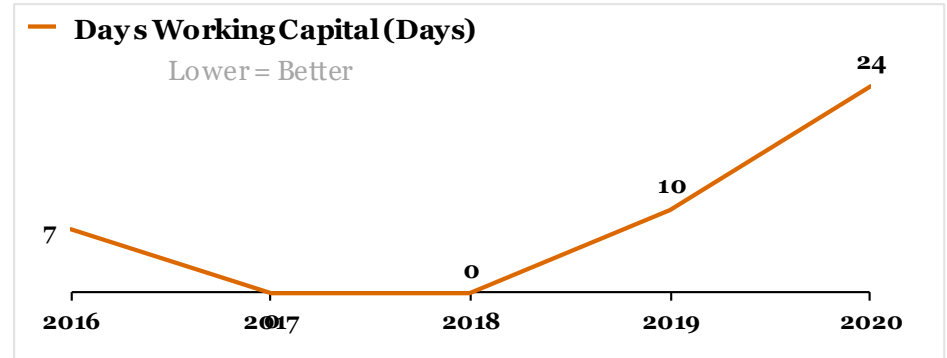
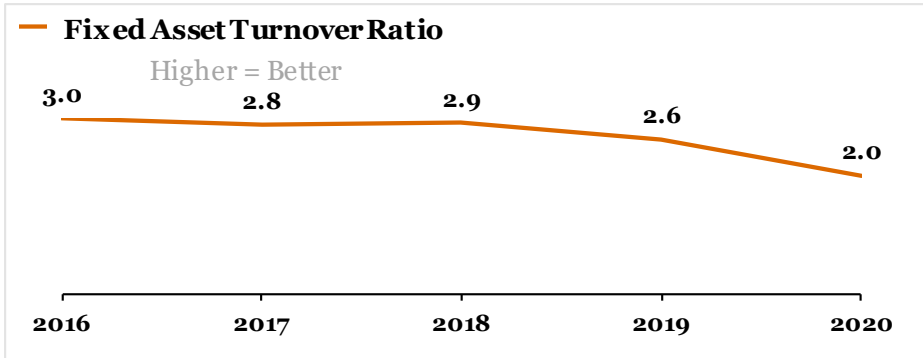
Margins (% of net sales)



# Mahindra and Mahindra



## Trends in efficiency

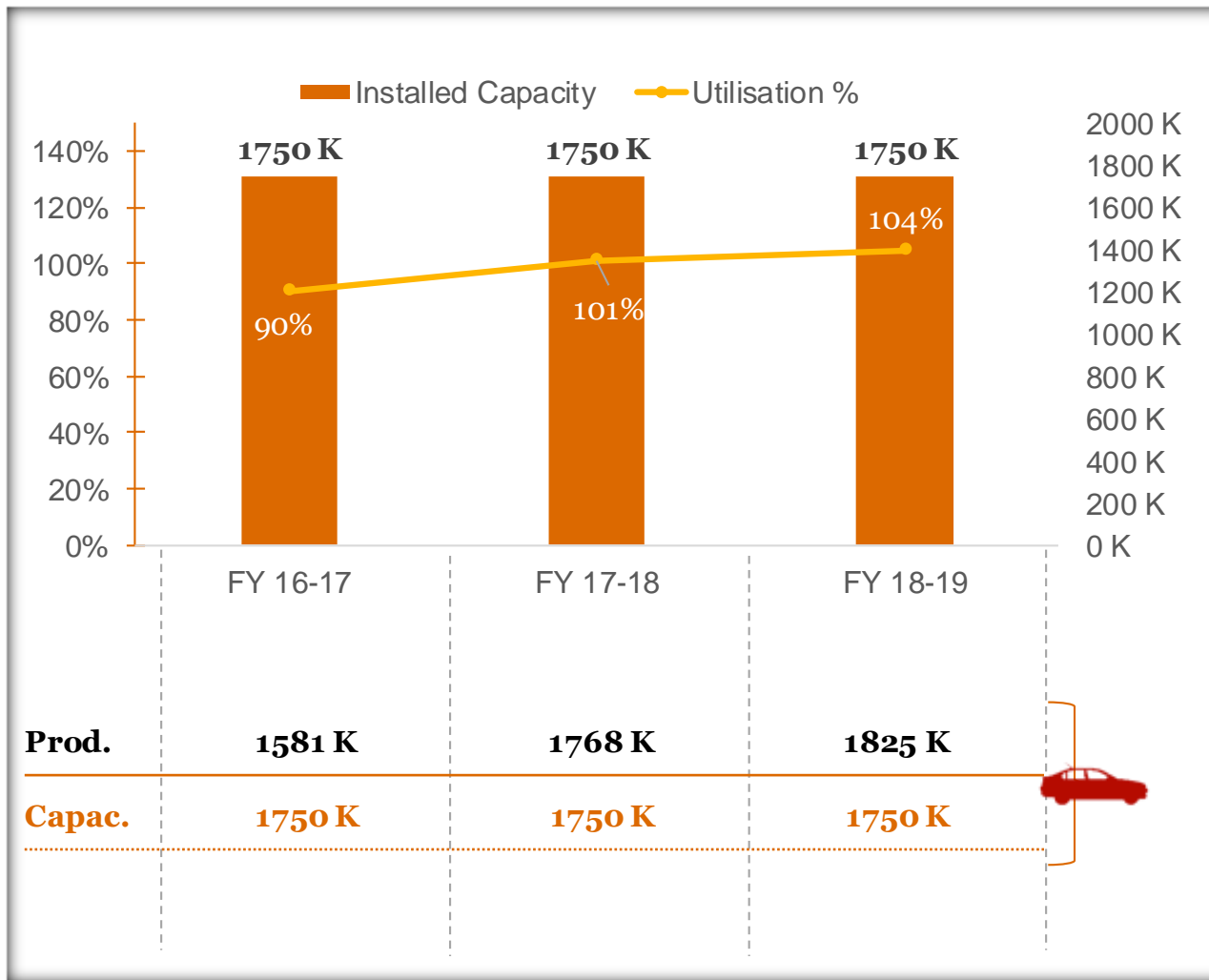


### In FY 20

➤ Company saw a major decline in EBITDA and PAT margin, and a higher employee cost%

# *Maruti Suzuki*

# Maruti Suzuki

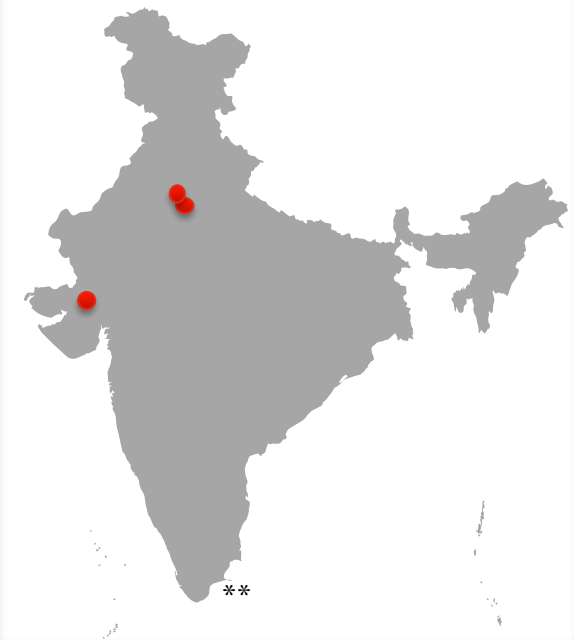


## Manufacturing Sites in India

Gurgaon-HR

Manesar-HR

Hansalpur-GJ



\*\* This map is not to scale. It is an indicative outline intended for general reference use only.

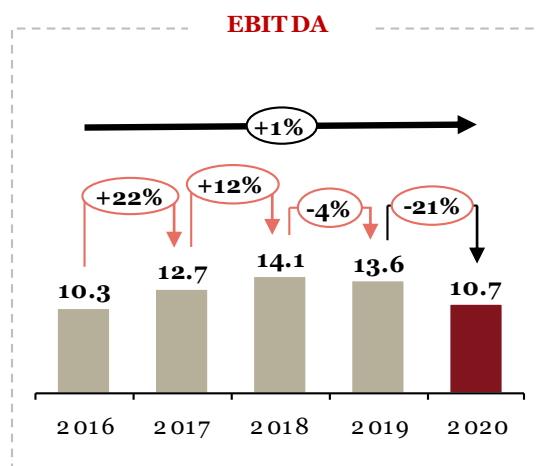
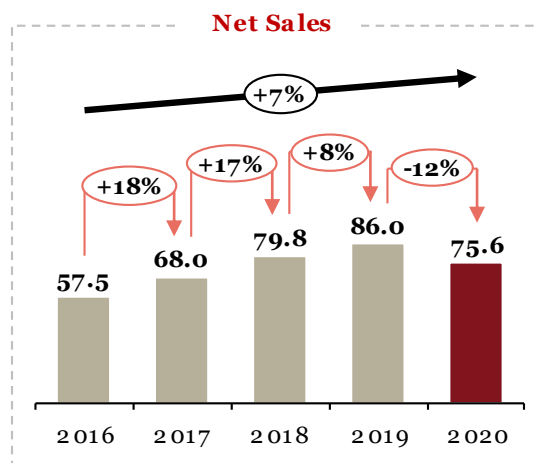


# Maruti Suzuki

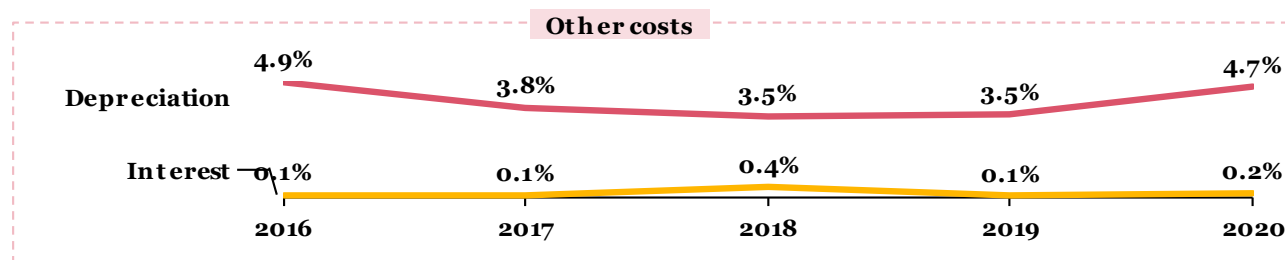
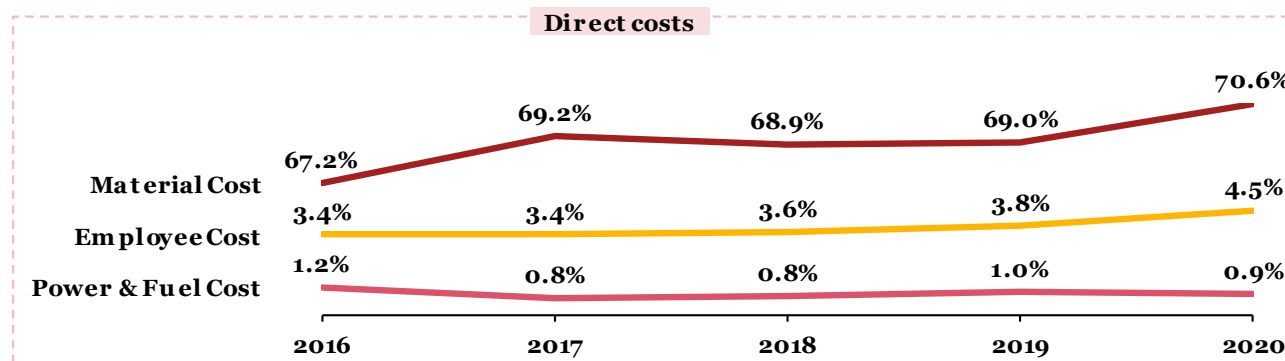
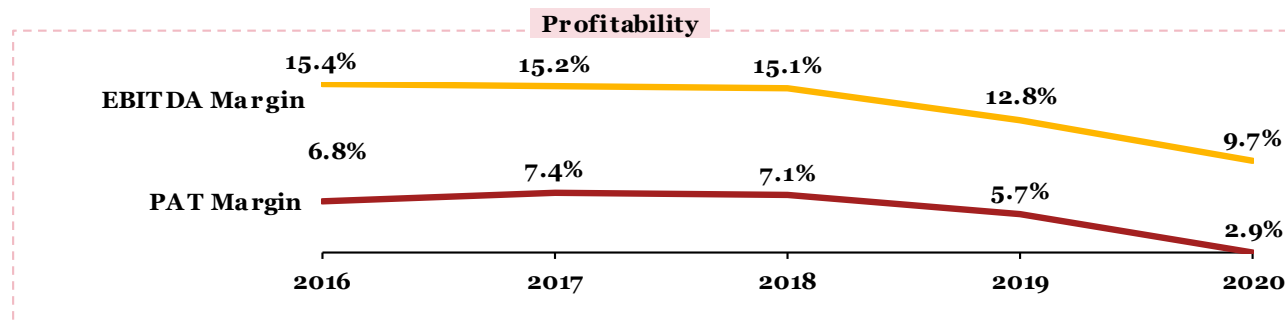


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



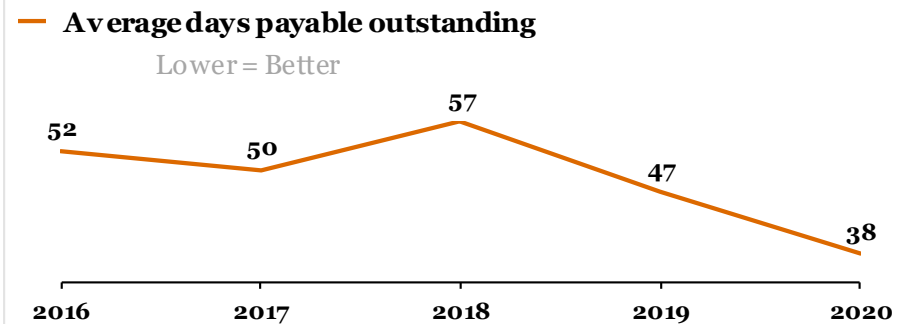
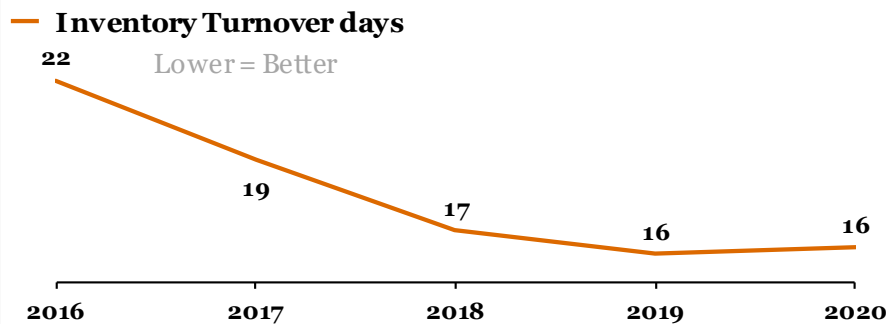
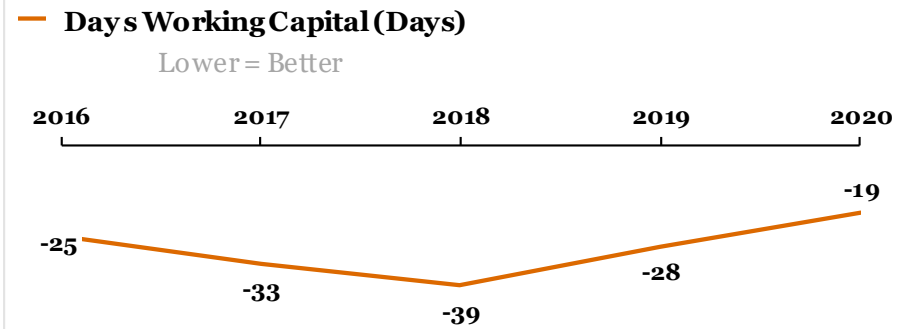
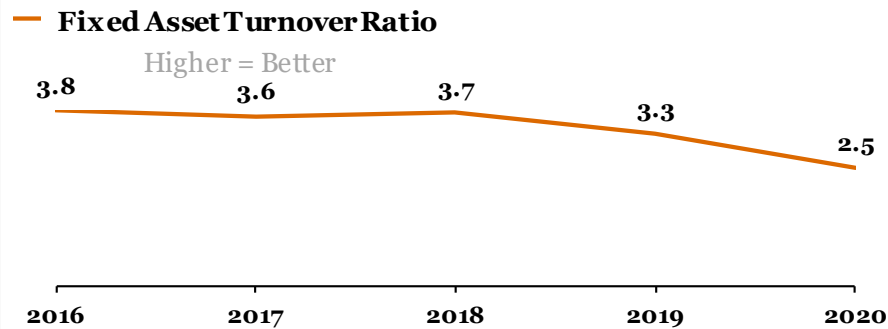
Margins (% of net sales)



# Maruti Suzuki



## Trends in efficiency

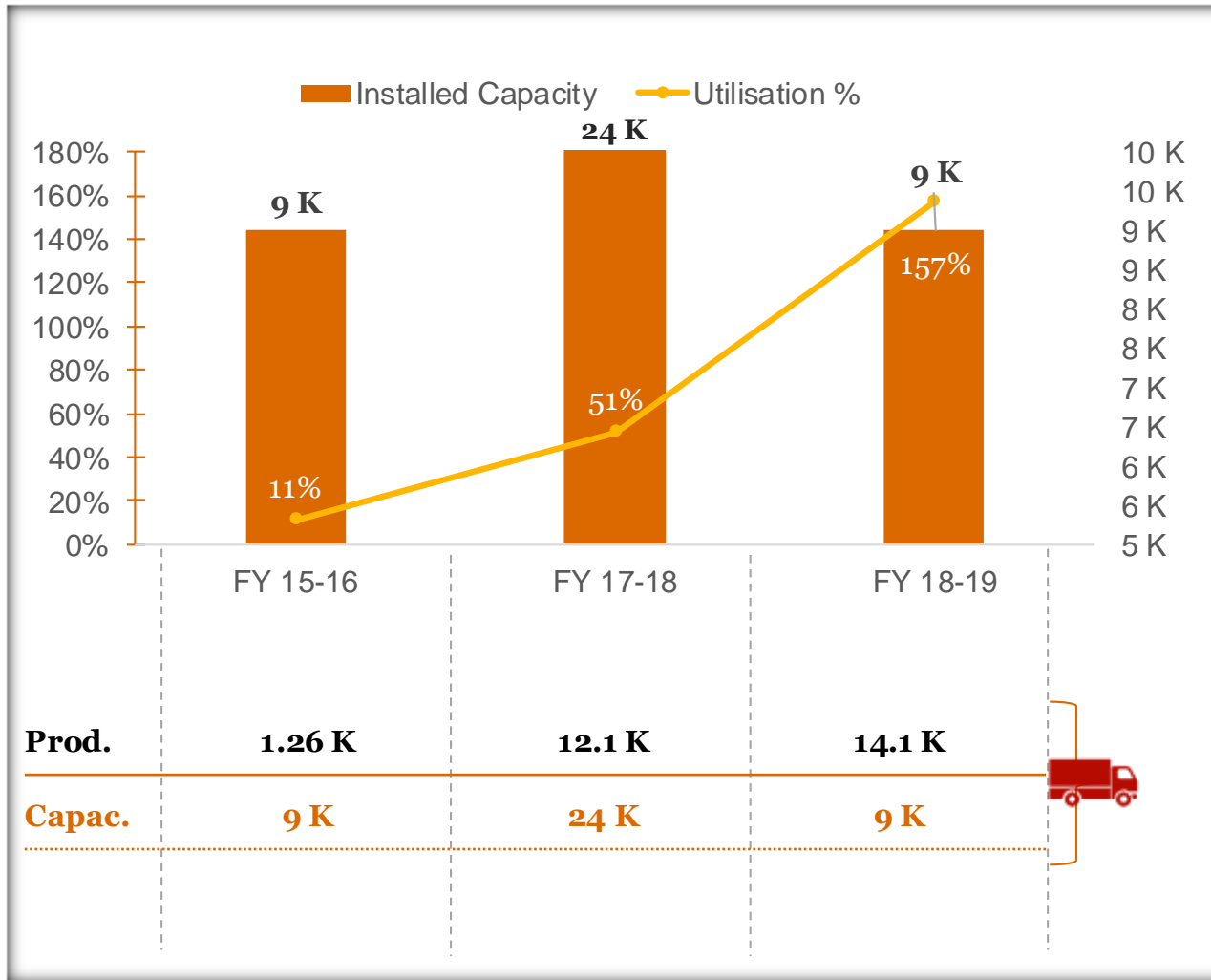


### In FY 20

- Maruti Suzuki saw a decline in profits, affected by lower sales volumes and higher promotional expense
- The company benefited from a lower corporate tax rate
- Maruti Suzuki sales declined ~18%

# *SML ISUZU*

# SML ISUZU



## Manufacturing Sites in India

### Ropar-PJ



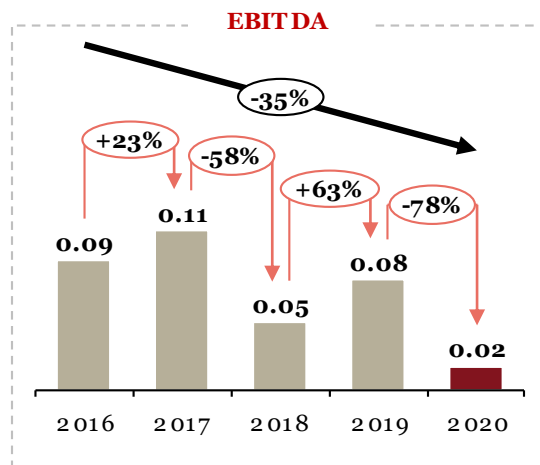
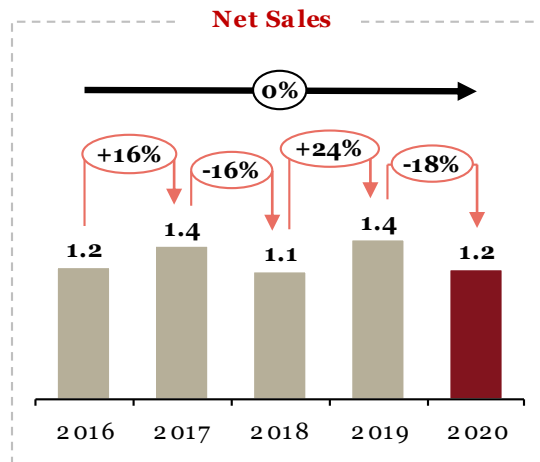
\*\* This map is not to scale. It is an indicative outline intended for general reference use only.

# SML ISUZU

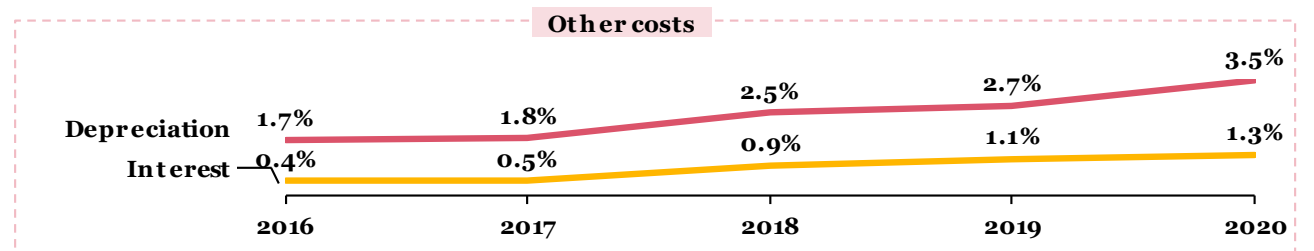
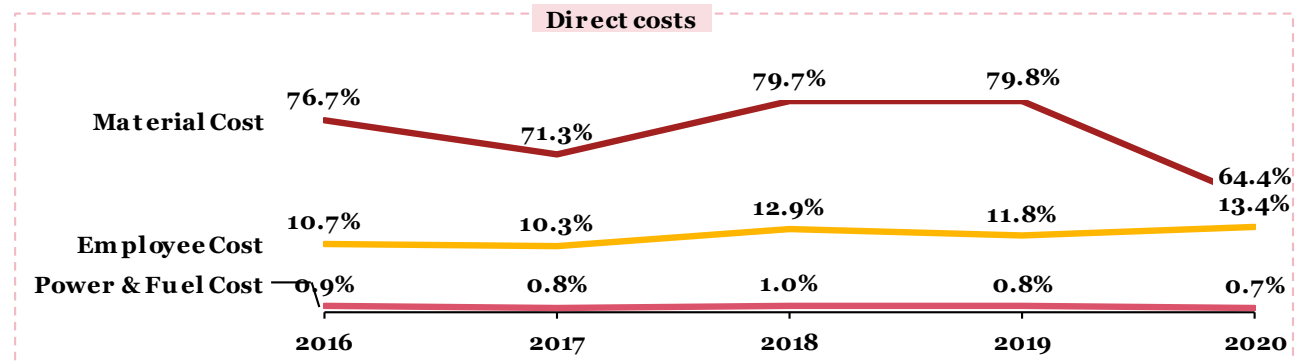
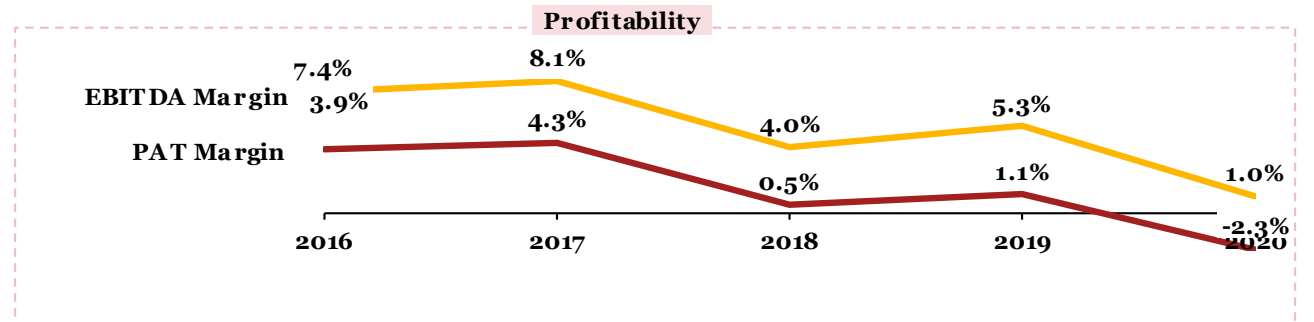


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



Margins (% of net sales)



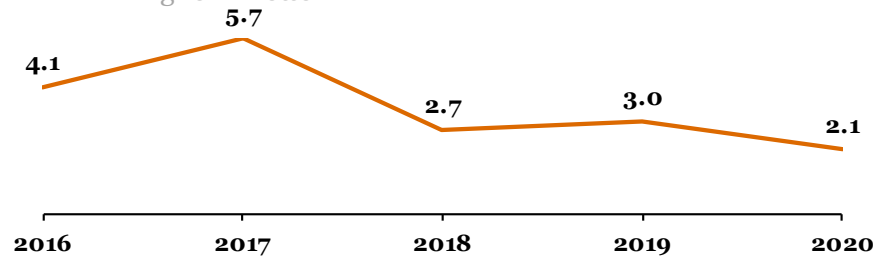
## SML ISUZU



### Trends in efficiency

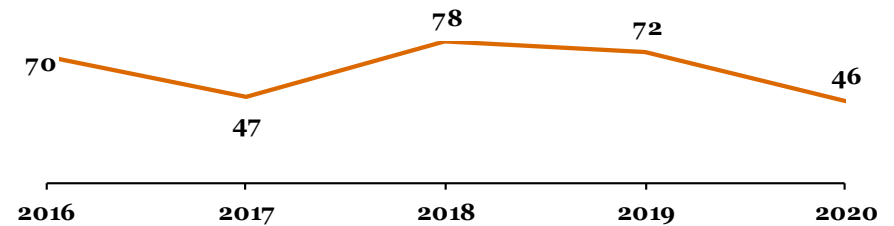
#### Fixed Asset Turnover Ratio

Higher = Better



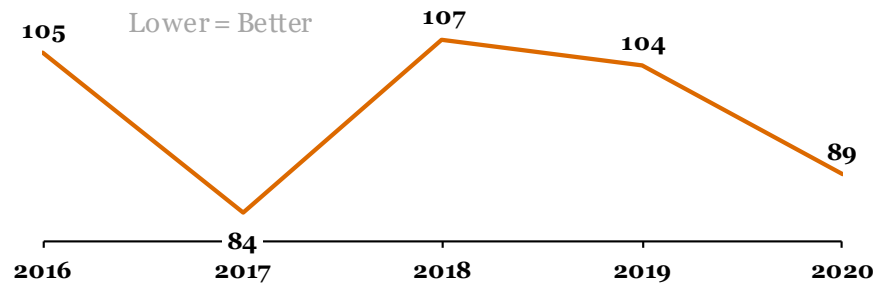
#### Days Working Capital (Days)

Lower = Better



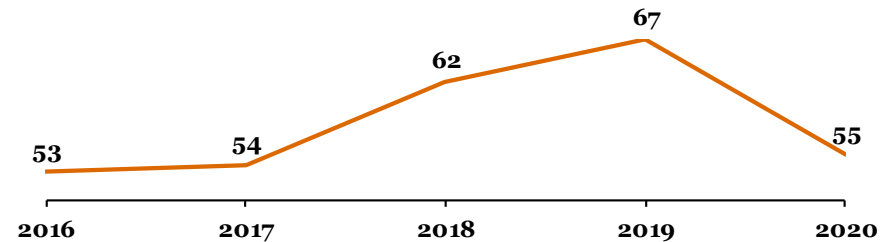
#### Inventory Turnover days

Lower = Better



#### Average days payable outstanding

Lower = Better

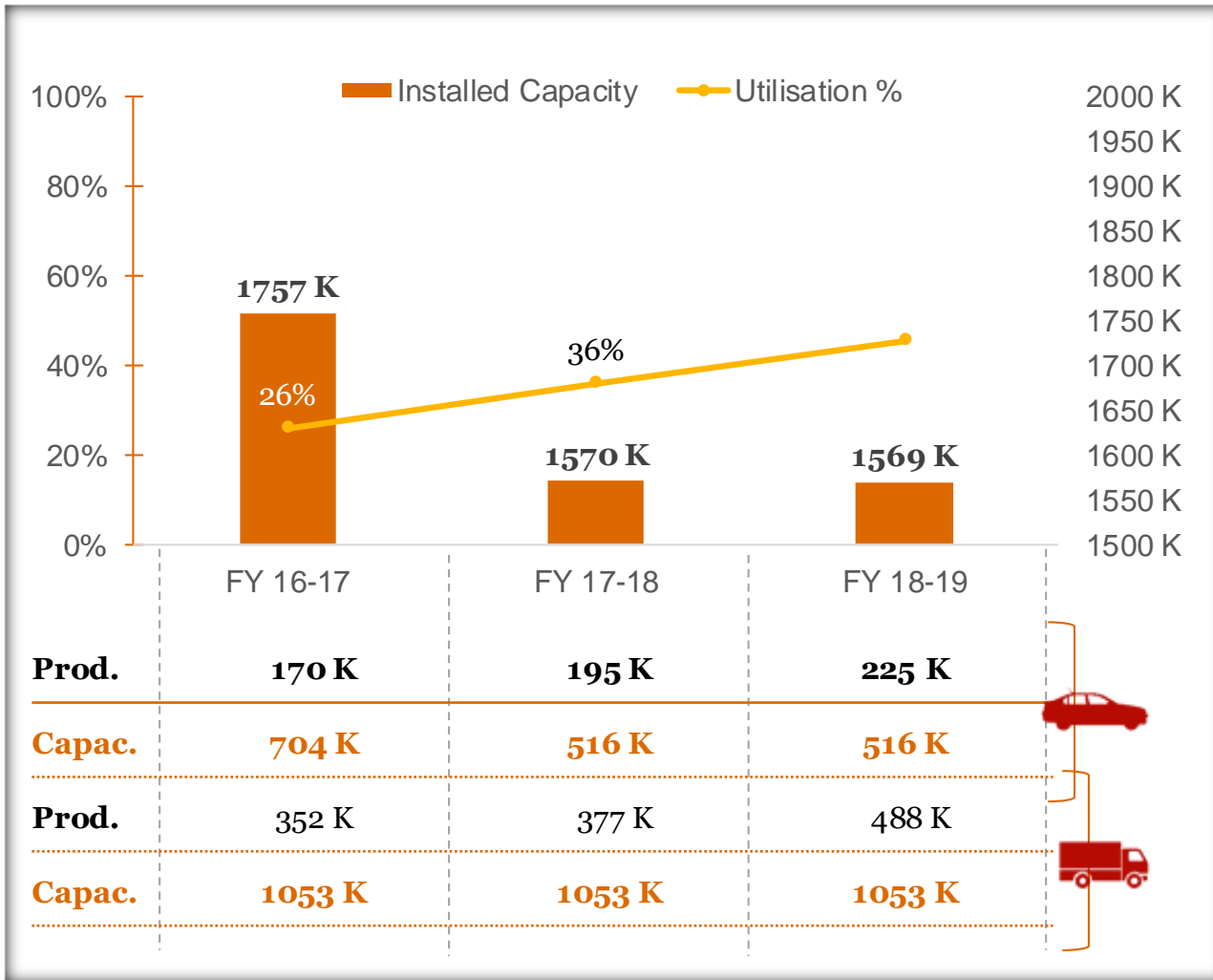


#### In FY 20

- SML Isuzu margins declined majorly, driven by lower sales volumes and higher costs
- The company had to face up to challenges created by the new axle norms, safety standards, transition to BS-VI
- COVID-19 shutdown will impact demand in FY 21

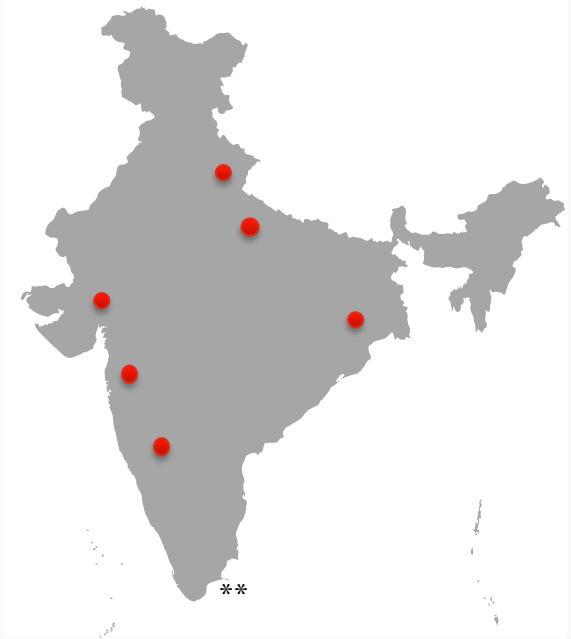
# *Tata Motors*

# Tata Motors



## Manufacturing Sites in India

<b>Pune-MH</b>	<b>Sanand-GJ</b>
<b>Lu cknow-UP</b>	<b>Jam shedpur-JH</b>
<b>Pantanagar-UK</b>	<b>Dharwad-KN</b>



\*\* This map is not to scale. It is an indicative outline intended for general reference use only.

\*\* Total production capacity has been segregated into PV and CV capacity in the ratio of production volumes for the year.

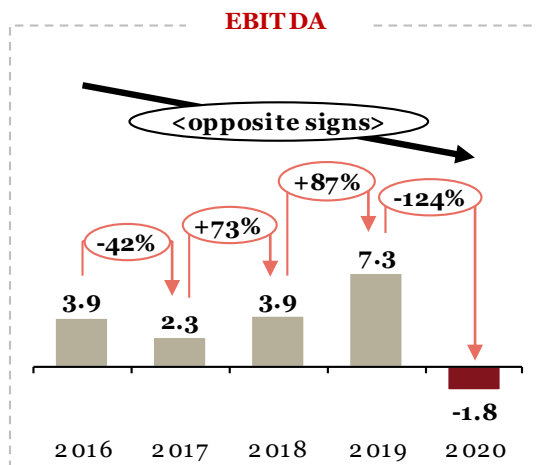
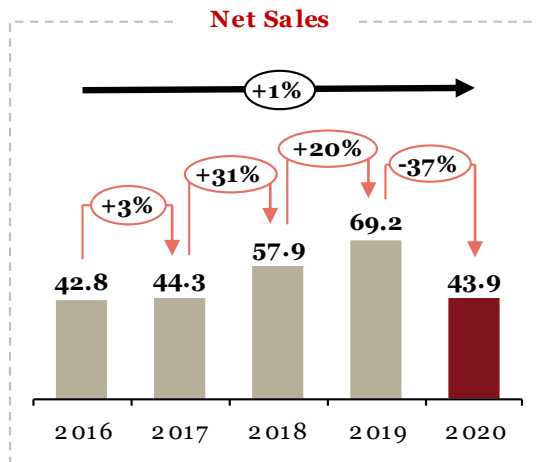


# Tata Motors

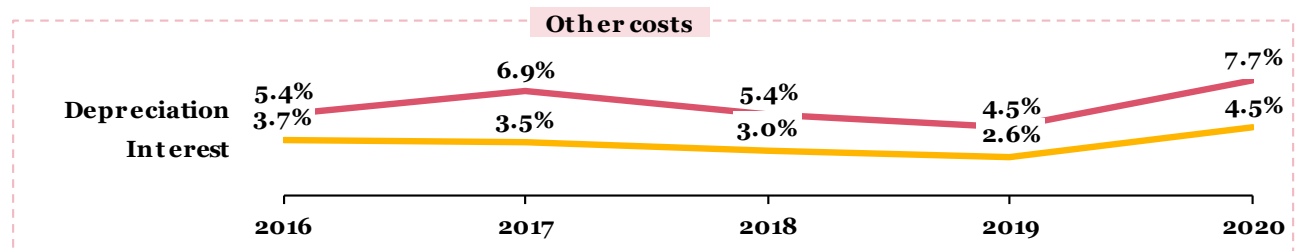
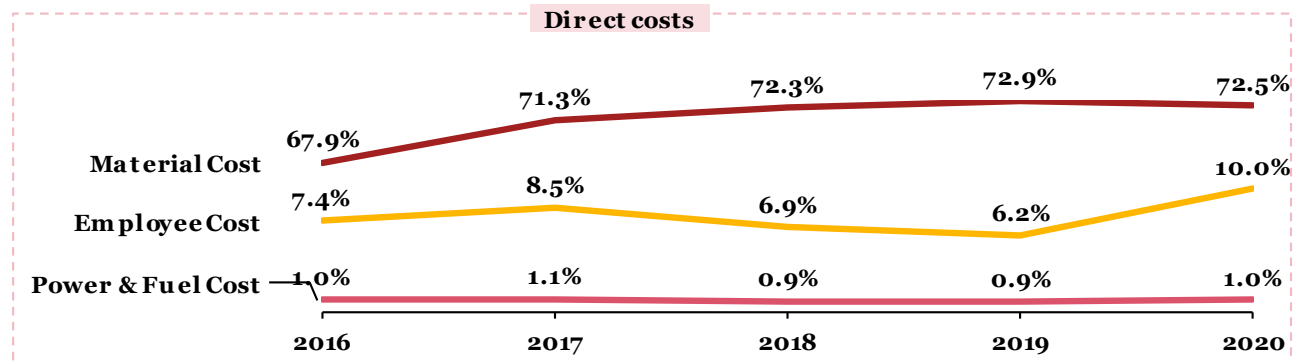
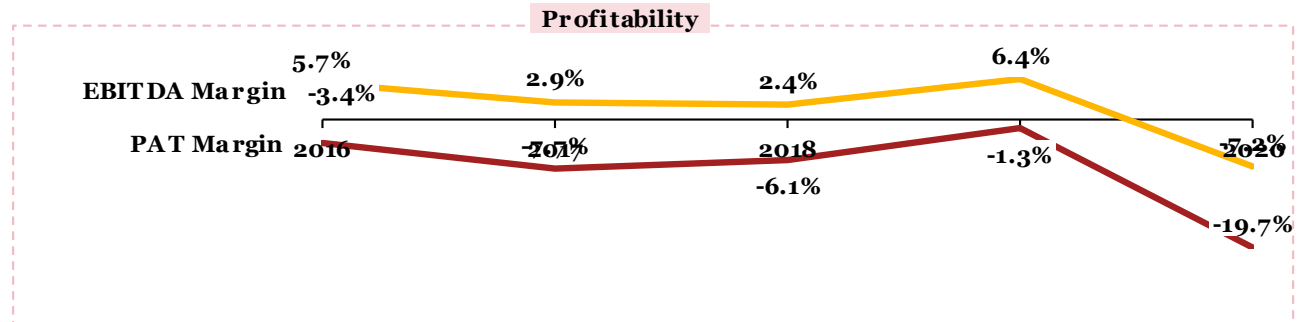


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



Margins (% of net sales)



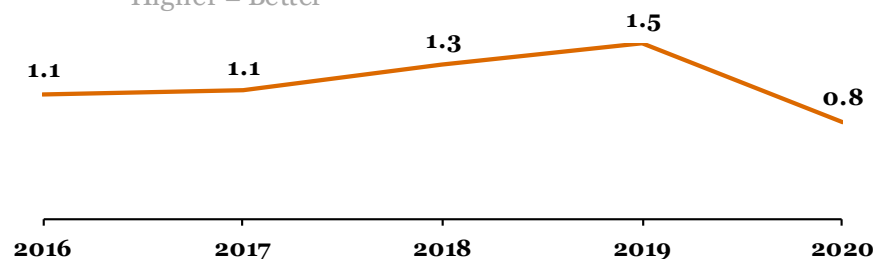
## Tata Motors



### Trends in efficiency

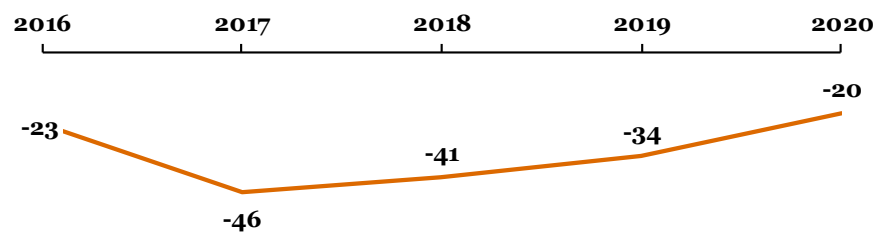
#### Fixed Asset Turnover Ratio

Higher = Better



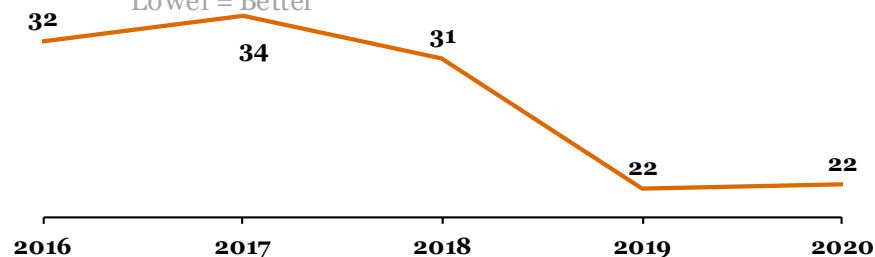
#### Days Working Capital (Days)

Lower = Better



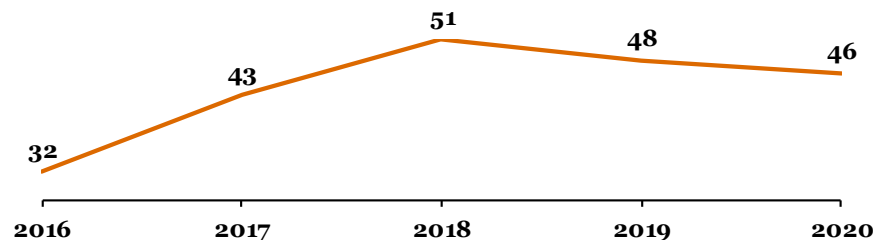
#### Inventory Turnover days

Lower = Better



#### Average days payable outstanding

Lower = Better

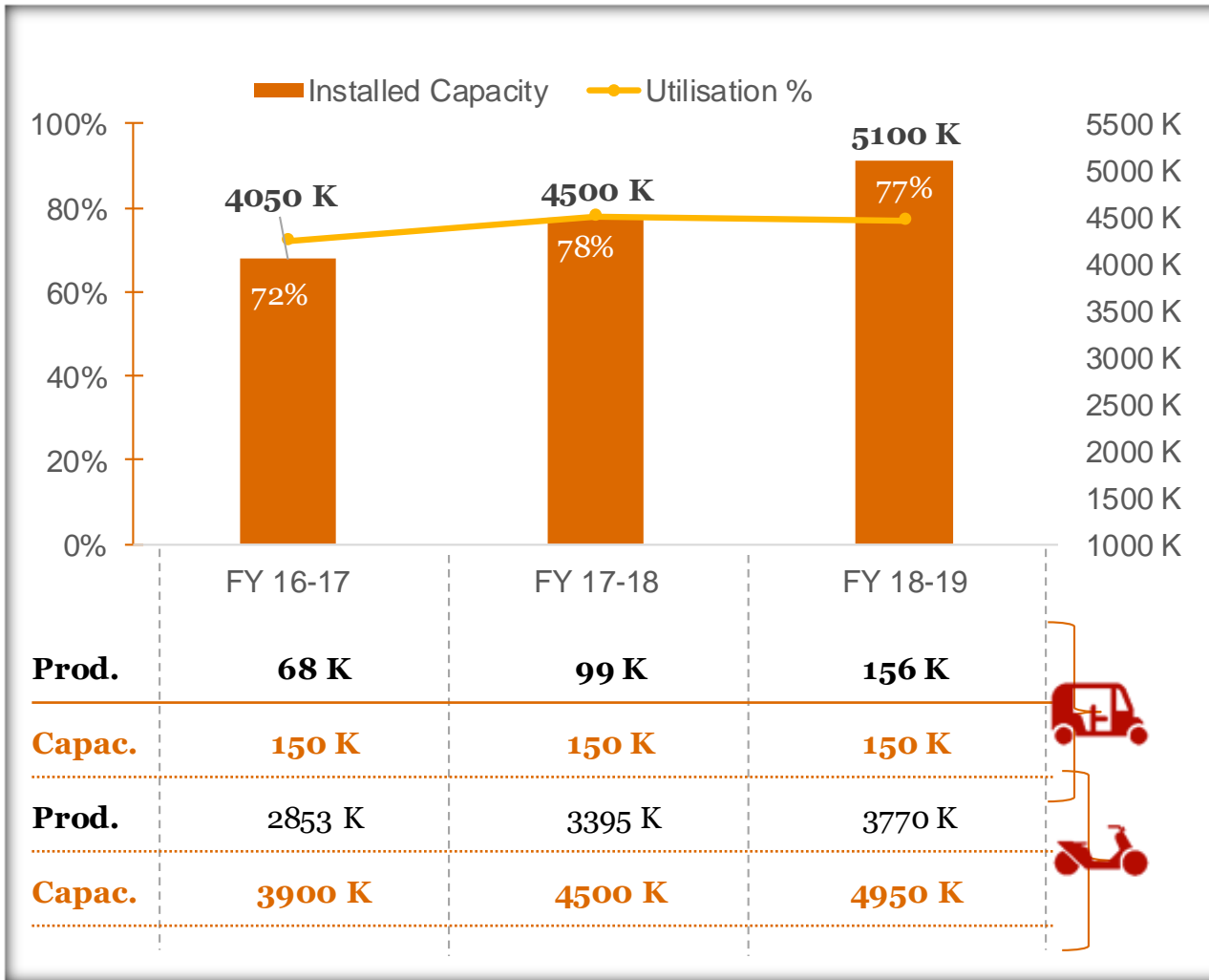


#### In FY 20

- Tata Motors had to contend with declining consumer sentiment, new axle norms, imposition of BS-VI emissions norms that have all had an impact on the business
- The company has intimated it is working towards becoming net debt free.

***TVS***

# TVS

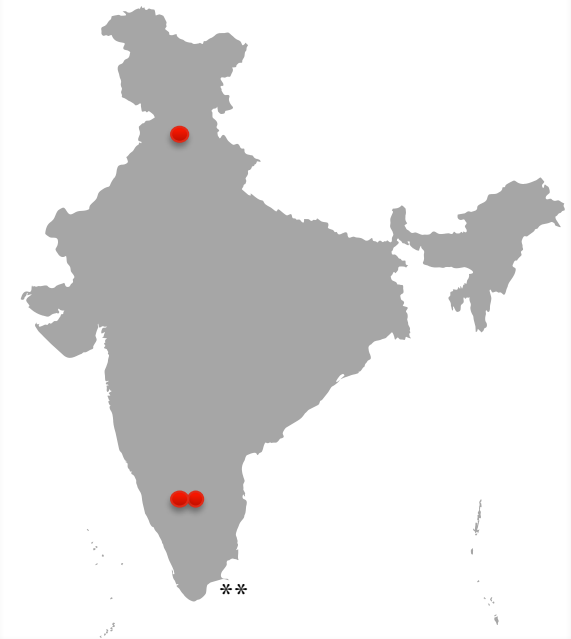


## Manufacturing Sites in India

Hosur-TN

Mysore-KN

Solan-HP



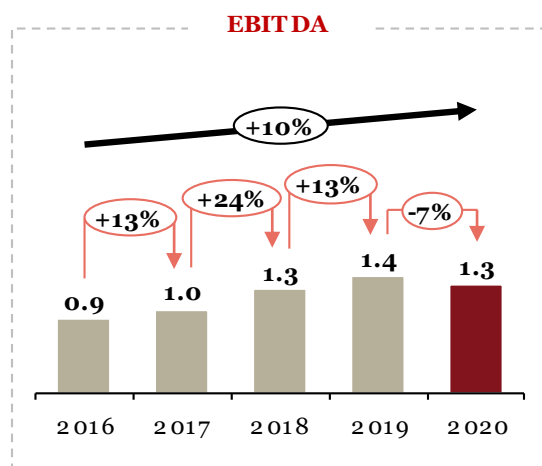
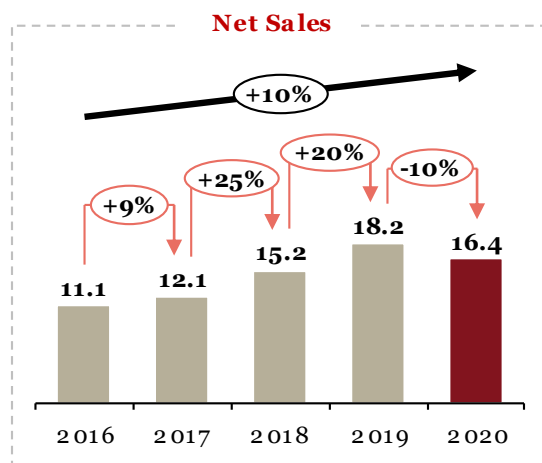
\*\* This map is not to scale. It is an indicative outline intended for general reference use only.

# TVS

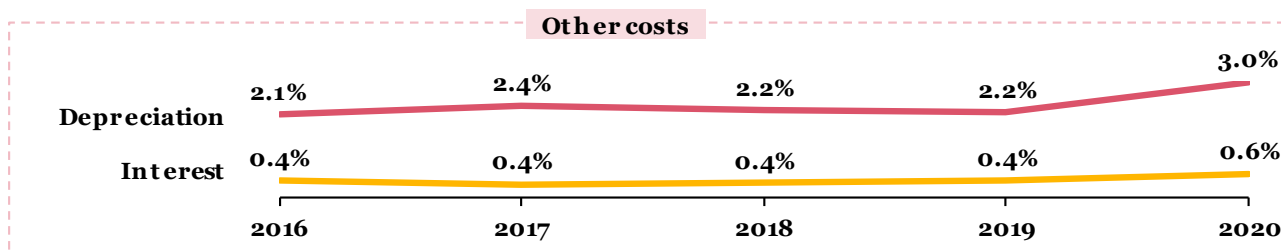
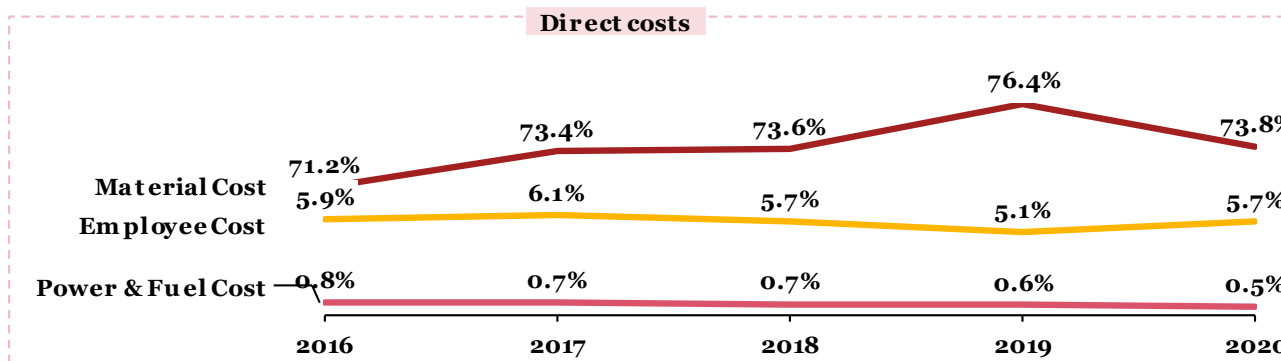
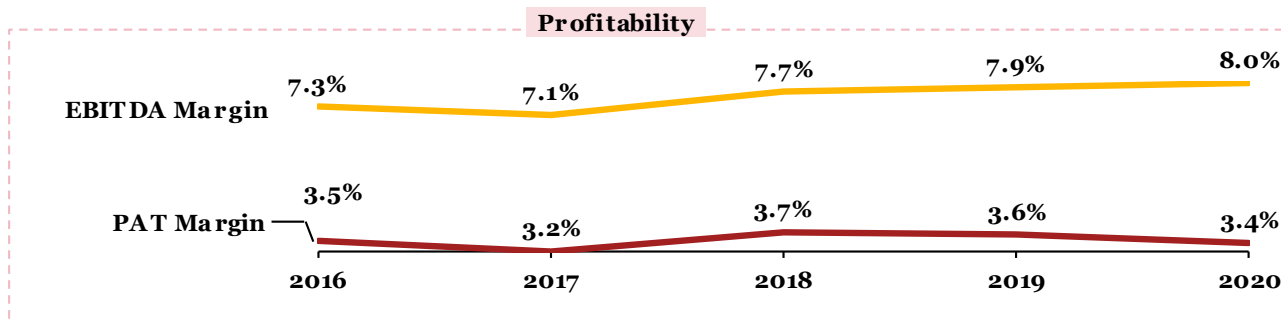


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



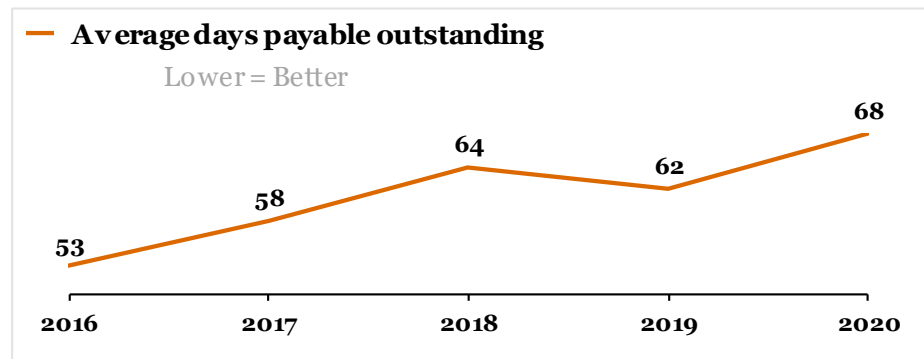
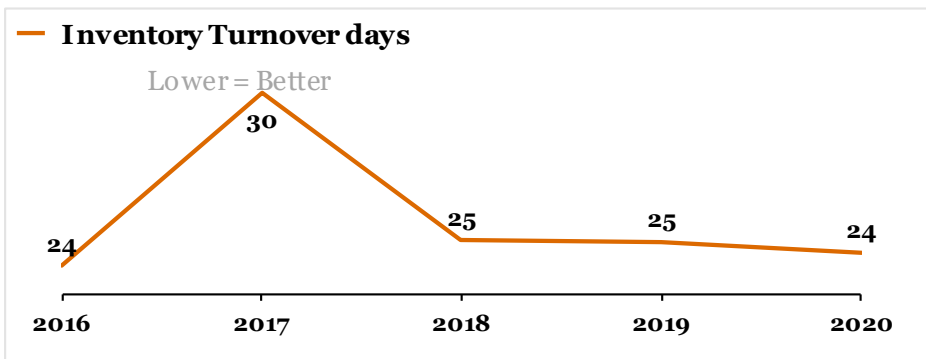
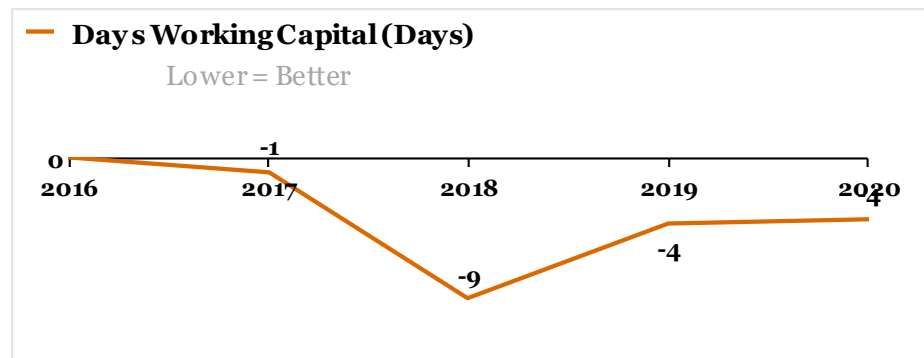
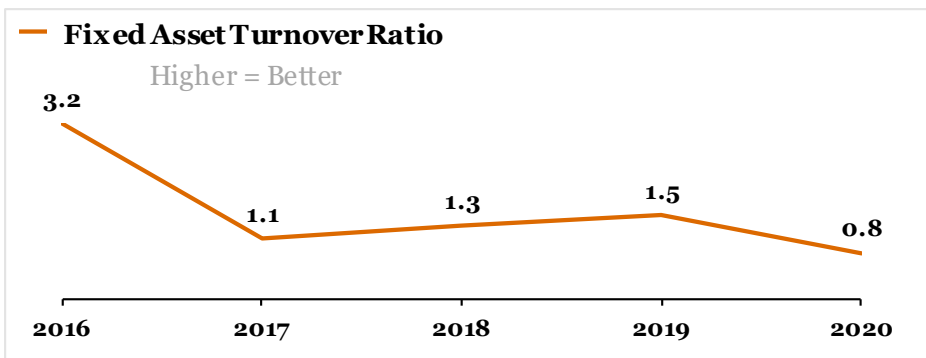
Margins (% of net sales)



# TVS



## Trends in efficiency



### In FY 20

- The 2W segment declined ~17%, due to higher costs of ownership and declining GDP
- TVS sales in the 2W segment declined ~23%



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PwC contacts for ACMA Knowledge Partnership

- Kavan Mukhtyar, Partner & Leader-Automotive, PwC India - [kavan.mukhtyar@pwc.com](mailto:kavan.mukhtyar@pwc.com) / +912261198735
- Somnath Chatterjee, ACMA Knowledge Partnership Manager – [somnath.chatterjee@in.pwc.com](mailto:somnath.chatterjee@in.pwc.com) / +91124620724