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# *OEM- Financial Analysis*

## *FY 22*

*Strictly private  
and confidential  
September 2022*



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# *List of Companies and Ratios*

<b>List of Companies and Ratios</b>		<b>3</b>
1	List of companies	4
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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>

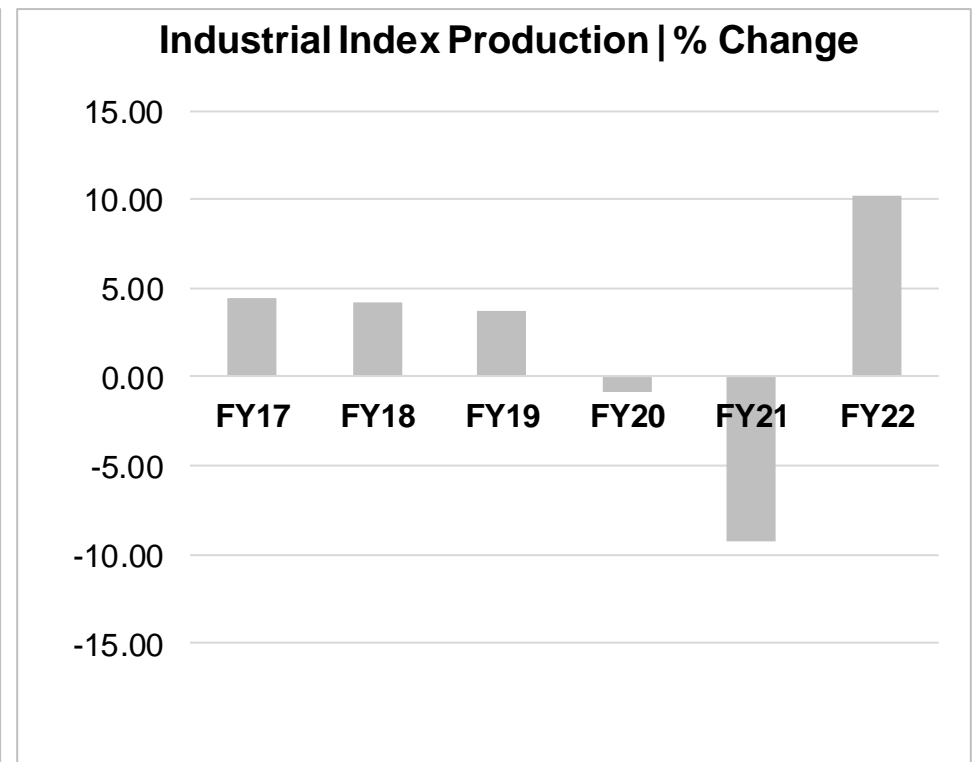
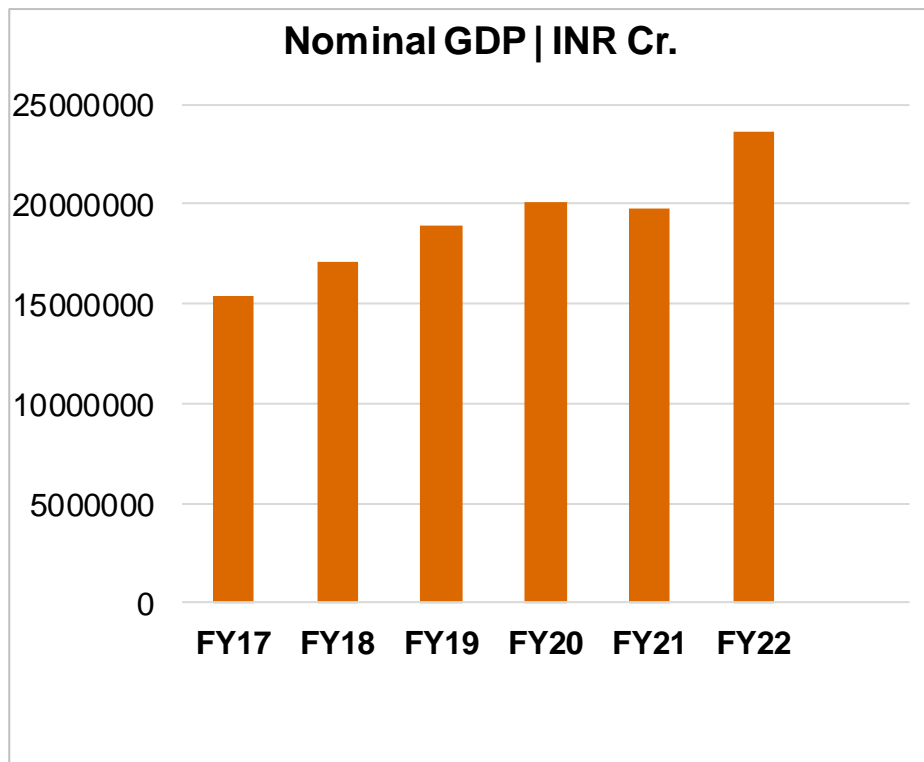
## Ratios used

EBITDA Margin	$(\text{Reported Net Profit} + \text{Tax Expenses} + \text{Interest} + \text{Depreciation} - \text{other income}) / \text{Net Sales}$
PAT Margin	$(\text{Reported Profit} - \text{other income}) / \text{Net Sales}$
EBIT Margin	$(\text{Reported Net Profit} + \text{Tax Expenses} + \text{Interest} - \text{other income}) / \text{Net Sales}$
Debt-Equity Ratio	Total Liabilities / Total Shareholders' Funds
Working Capital Ratio	Total Current Assets / Total Current Liabilities
Quick Ratio	$(\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$
Average Days Payable outstanding	$365 / (\text{COGS} / \text{Creditors for goods})$
Inventory Turnover days	$365 / (\text{COGS} / \text{Inventories})$
Working Capital Cycle Days	$(\text{Total Current Assets} - \text{Total Current Liabilities}) * 365 / \text{Net Sales}$
Fixed Asset Turnover Ratio	Annual Net Sales / Net Block

# *Macro Economic Climate in India*

## India-key economic indicators

COVID-19 continues to provide challenges to the economy



Source: RBI Publication  
(2017 and onwards)

# *OEM Financial analysis*

<b>OEM Financial analysis</b>		<b>10</b>
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# *Ashok Leyland*

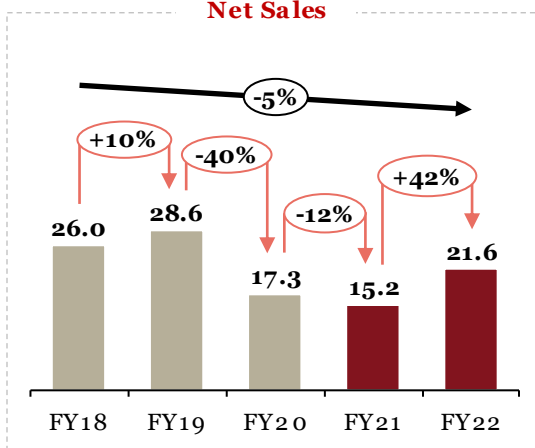
# Ashok Leyland



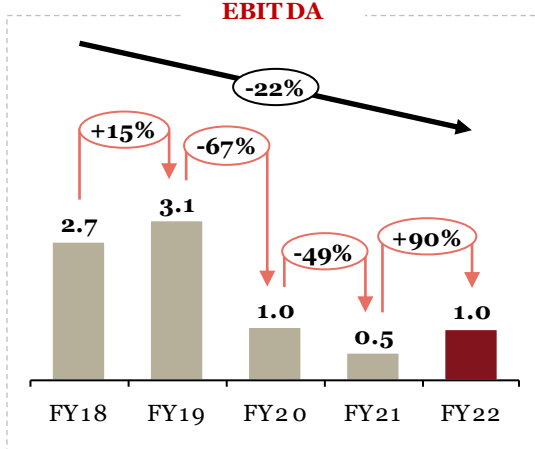
## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

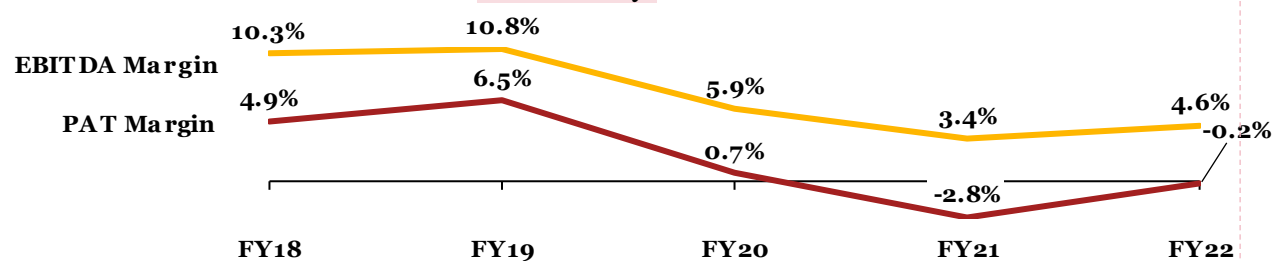


EBITDA

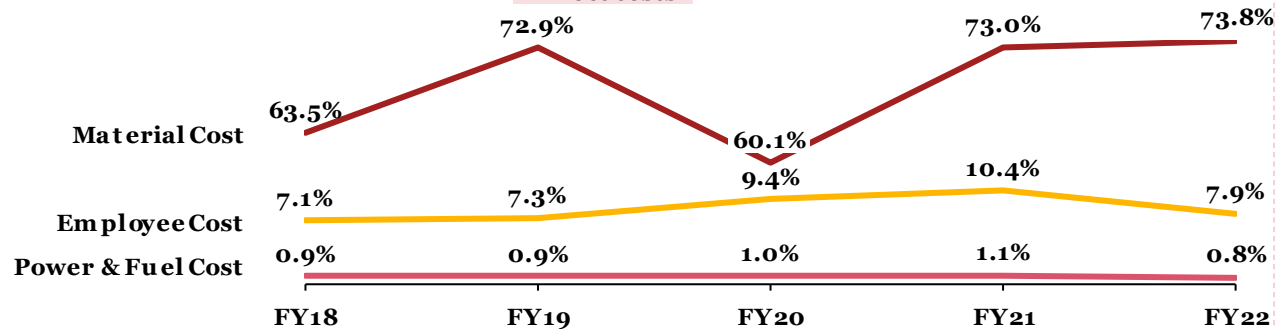


Margins (% of net sales)

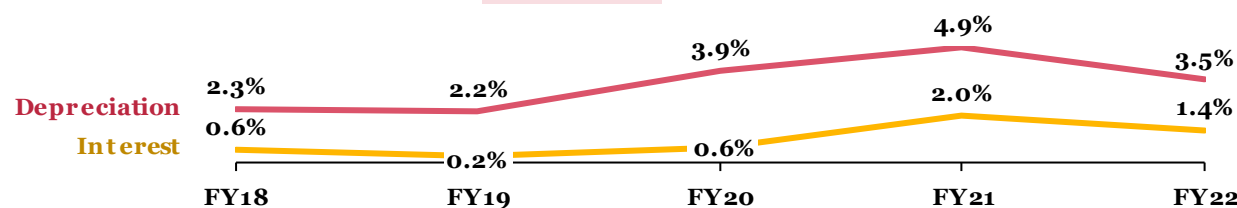
Profitability



Direct costs



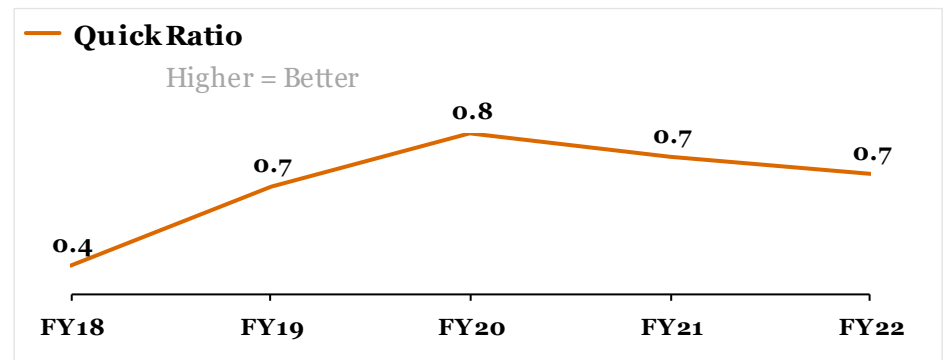
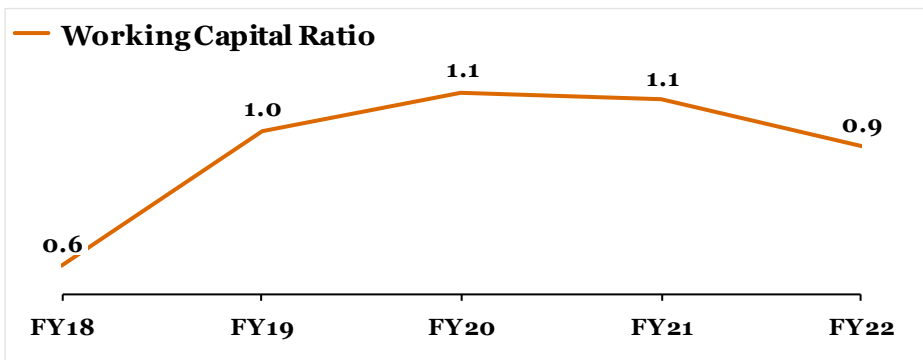
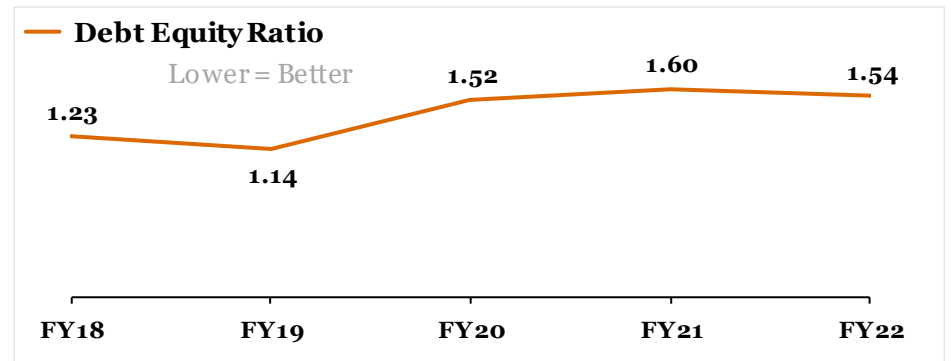
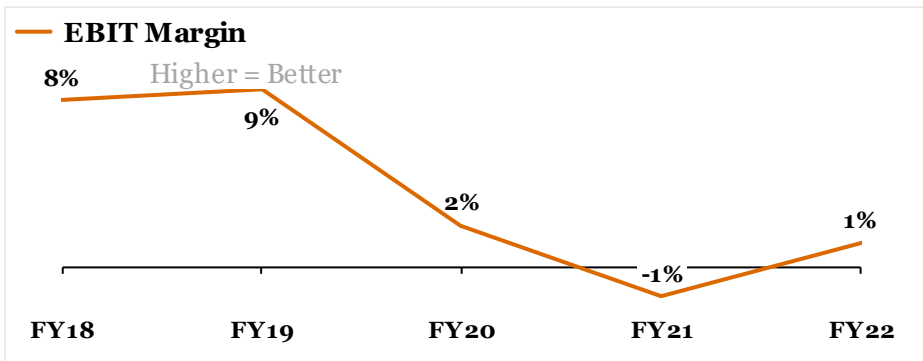
Other costs



# Ashok Leyland



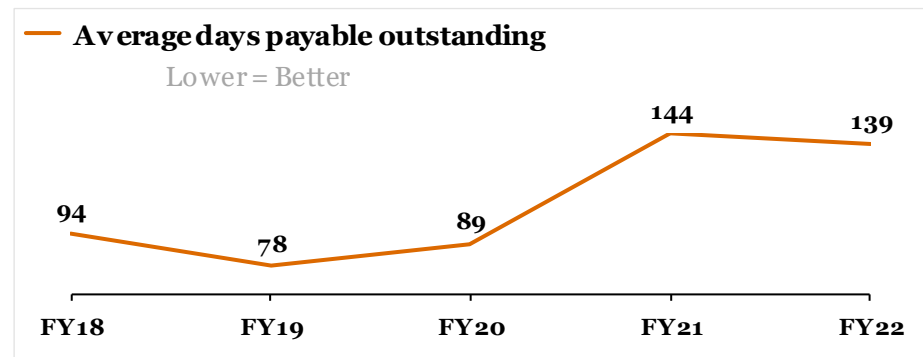
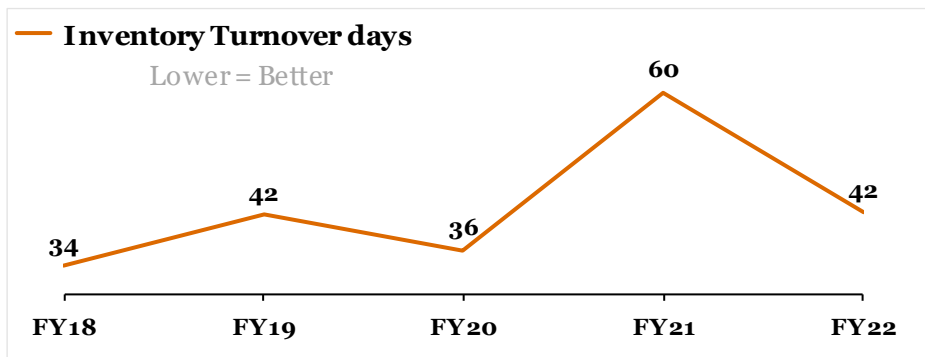
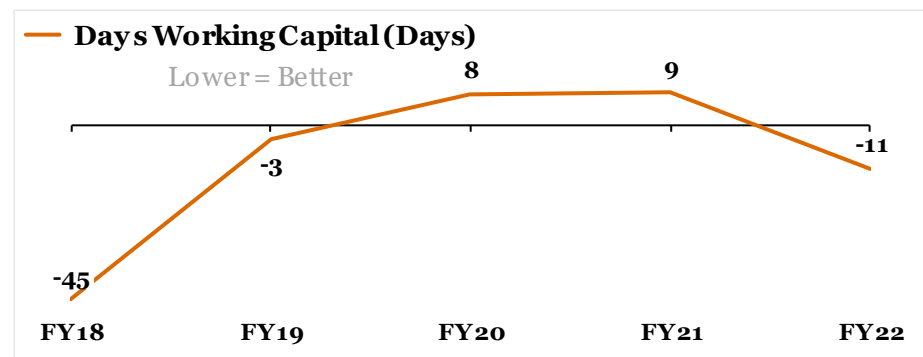
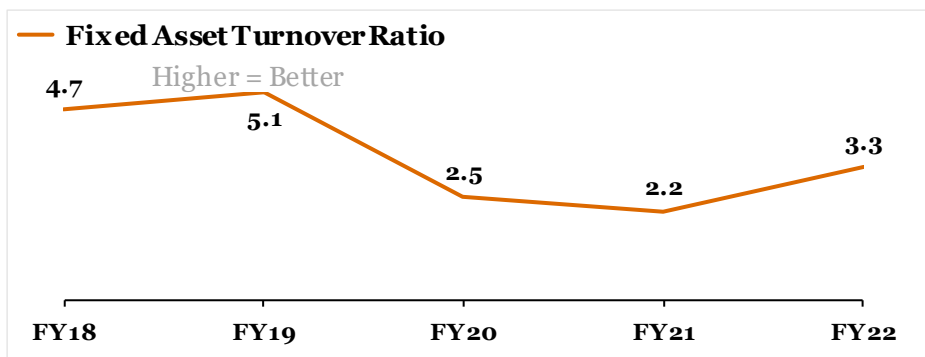
## Financial ratios



# Ashok Leyland



## Trends in efficiency



### In FY 22

- Inventory turnover days and days working capital saw a steep decline due to an increase in sales– particularly in the LCV & MHCV sectors – along with an rise in aftermarket demand and exports
- An increase in end-consumer demand, coupled with a drastic reduction in employee healthcare expenses, oversaw a sharp rise in EBITDA

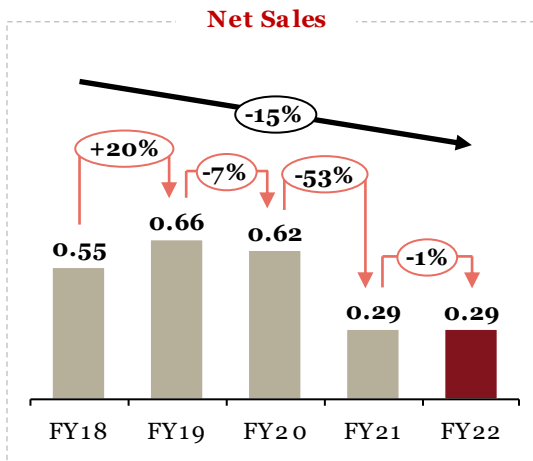
# *Atul Auto*

# Atul Auto

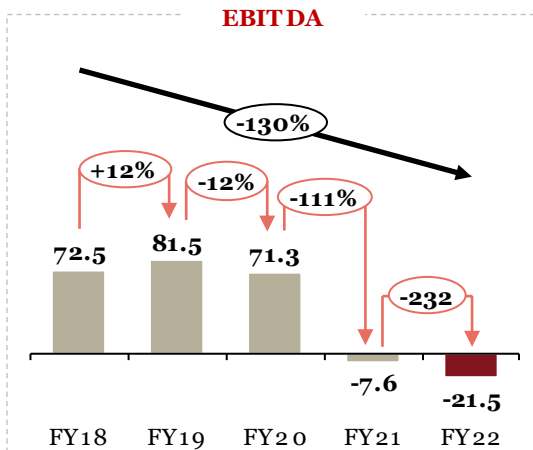


## Trends in aggregates, profitability and costs

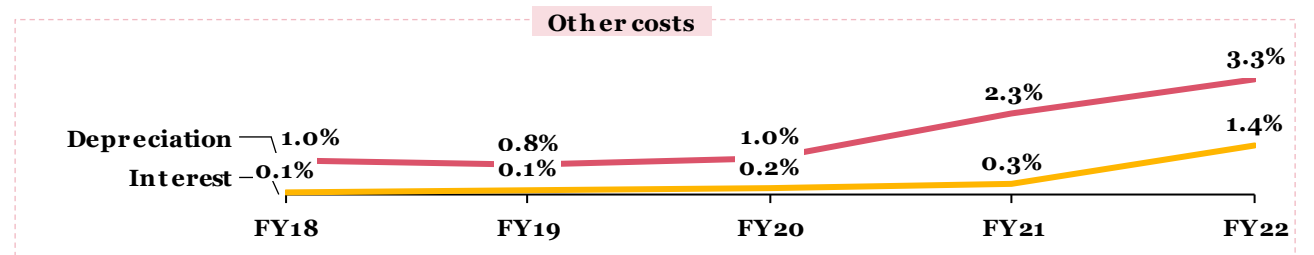
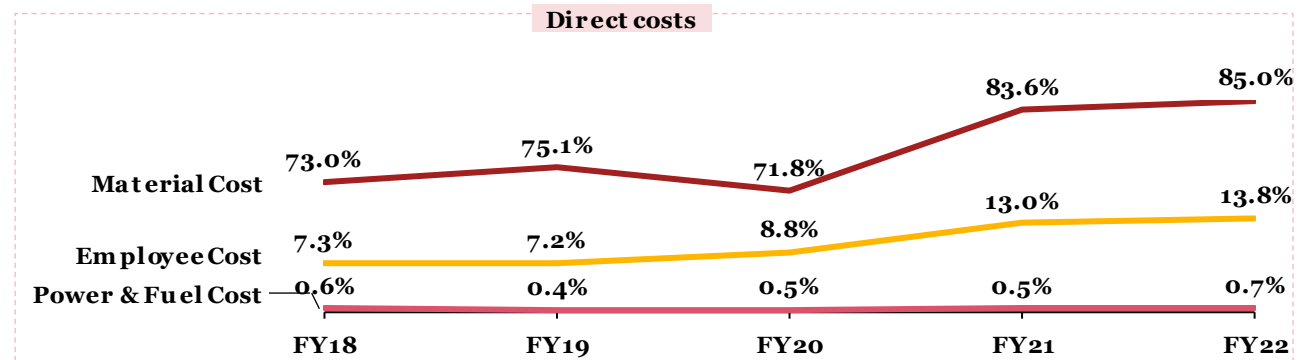
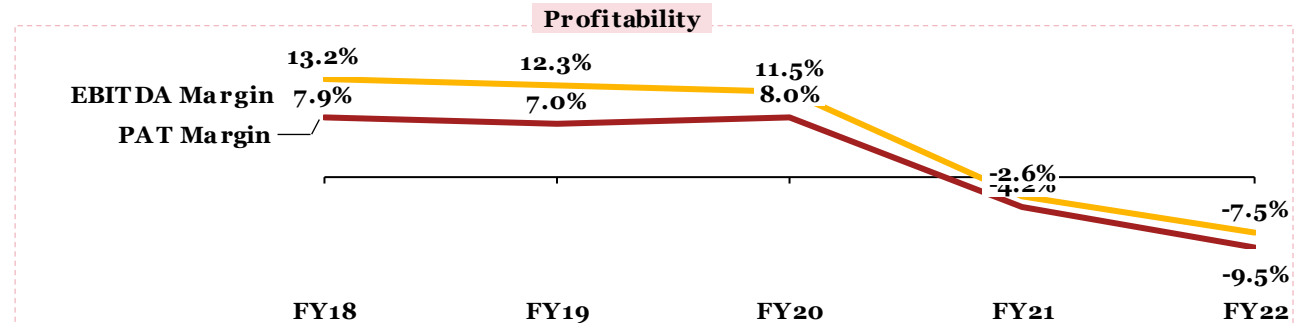
### Aggregates (INR '000 Cr)



### Aggregates (INR Cr)



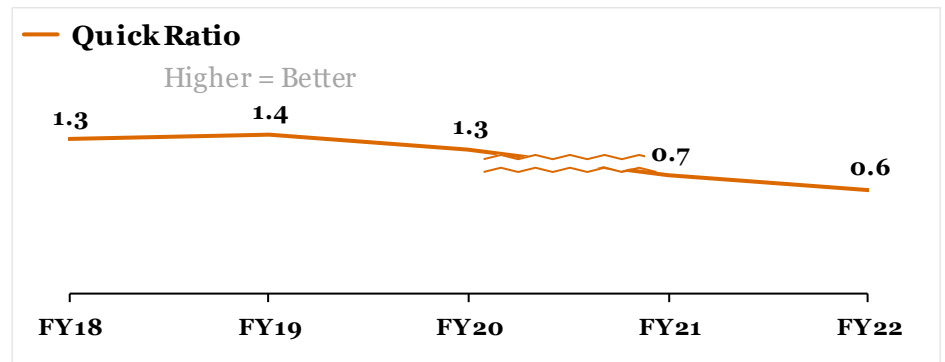
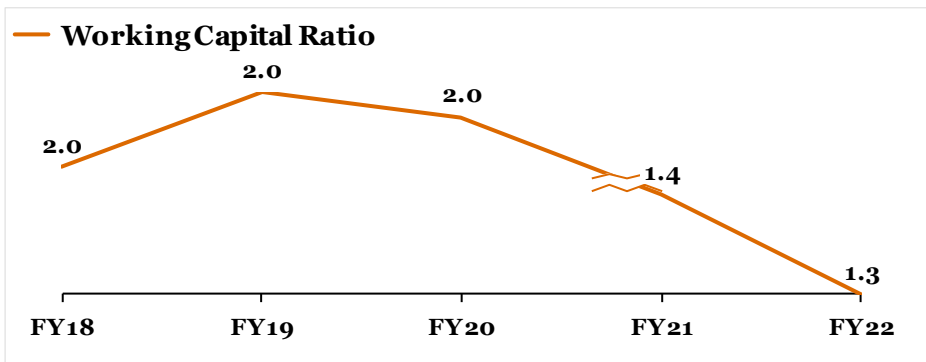
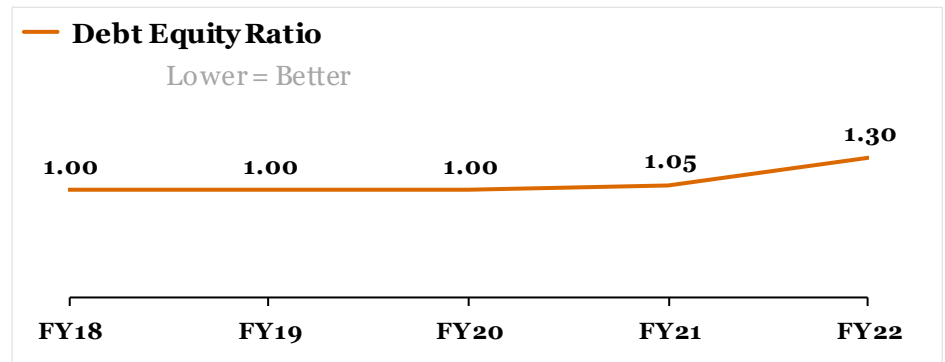
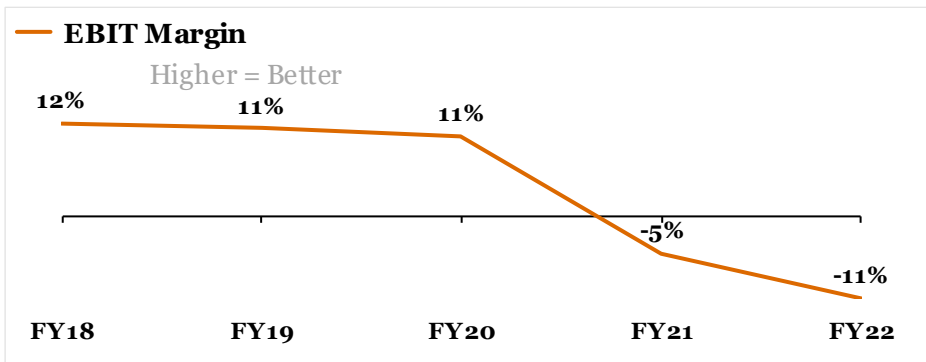
### Margins (% of net sales)



# Atul Auto



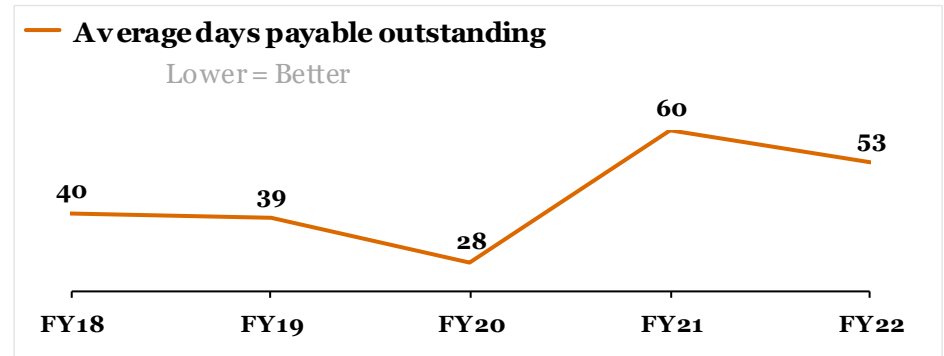
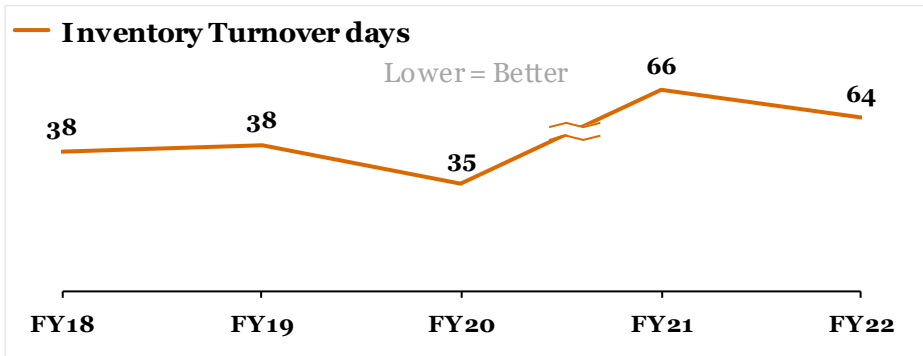
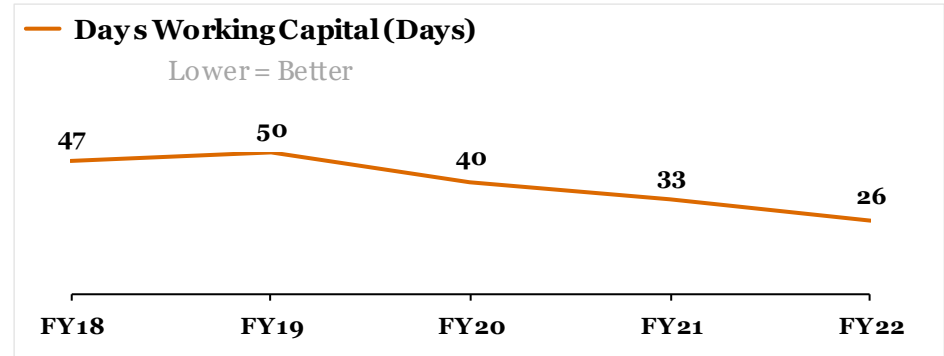
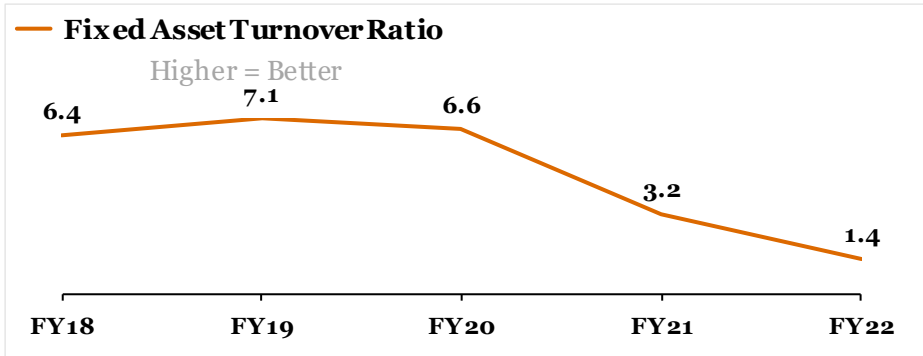
## Financial ratios



# Atul Auto



## Trends in efficiency



### In FY 22

- Sluggish demand recovery within the three-wheeler segment due to the second and third waves of COVID-19, aided by a sustained rise in material and energy costs, meant that the company failed to oversee a rise in Net Sales, and caused a sharp decline in EBITDA
- Inventory Turnover Days & Days Working Capital declined as rigorous cost restructuring and efficiency improvements were made



# *Bajaj Auto*

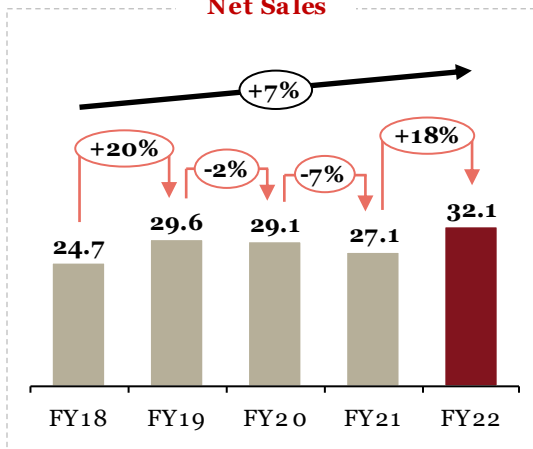
# Bajaj Auto



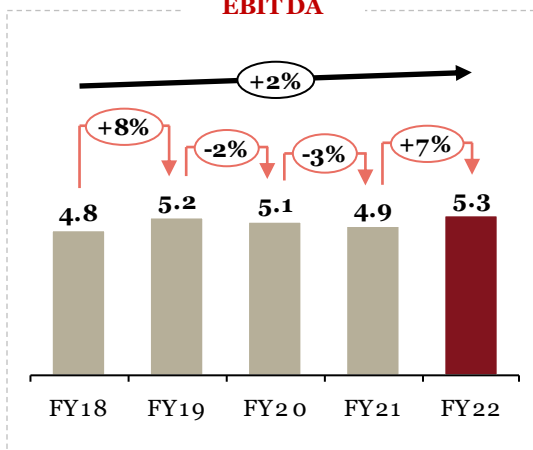
## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

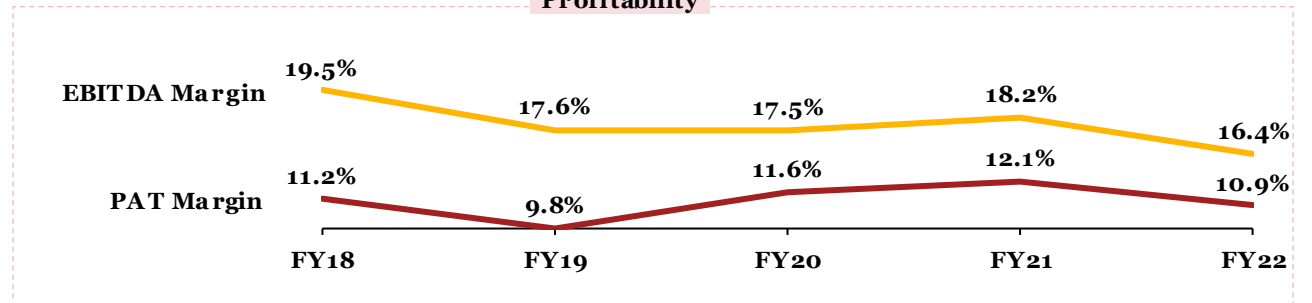


EBITDA

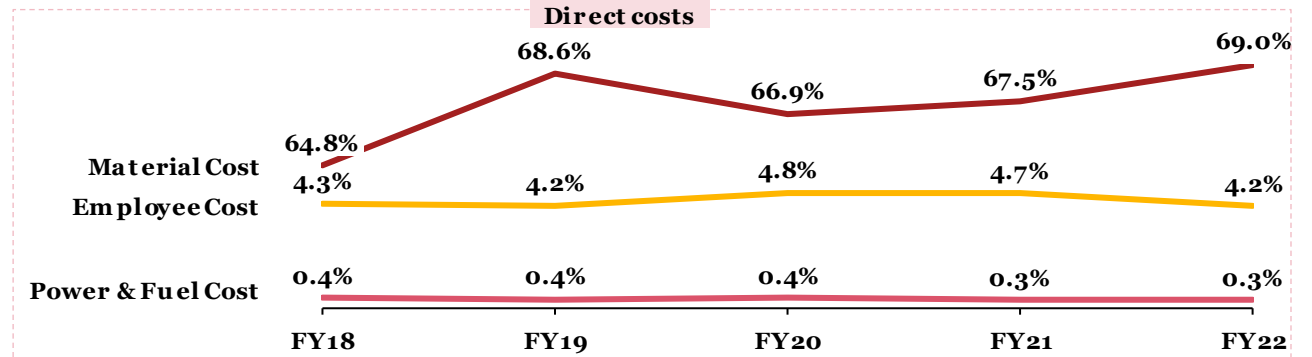


Margins (% of net sales)

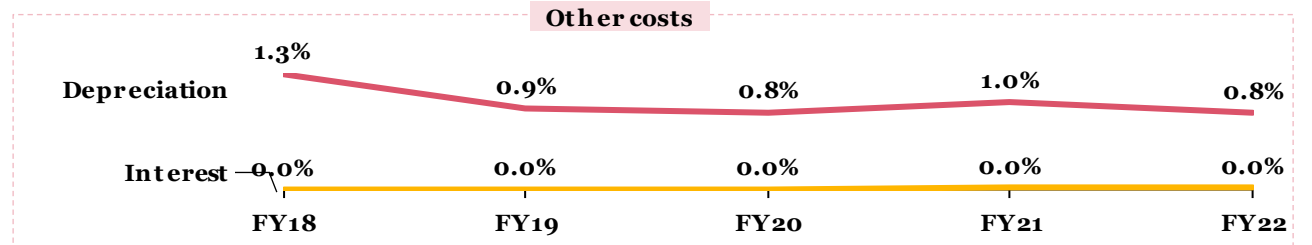
Profitability



Direct costs



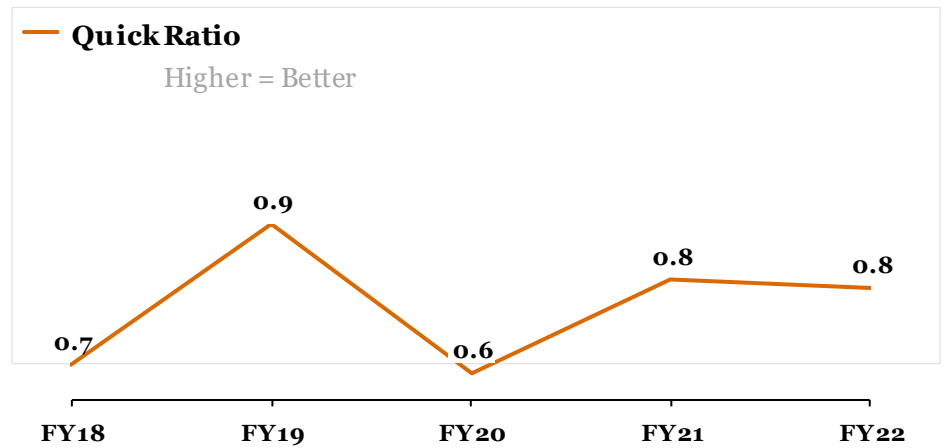
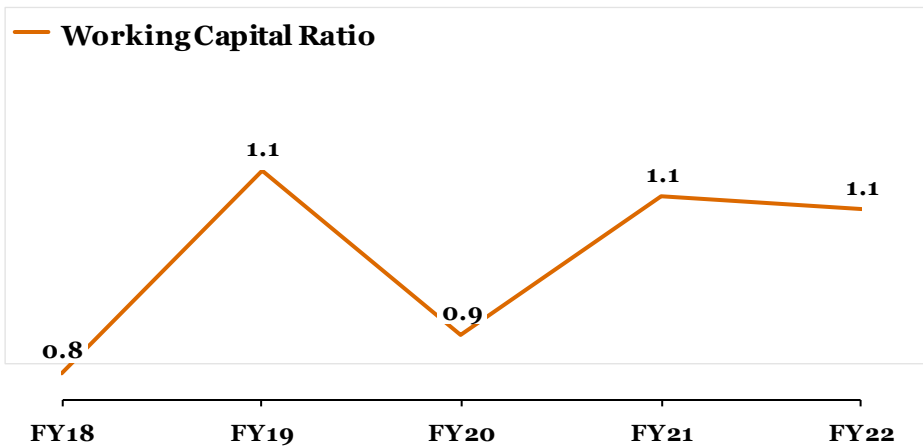
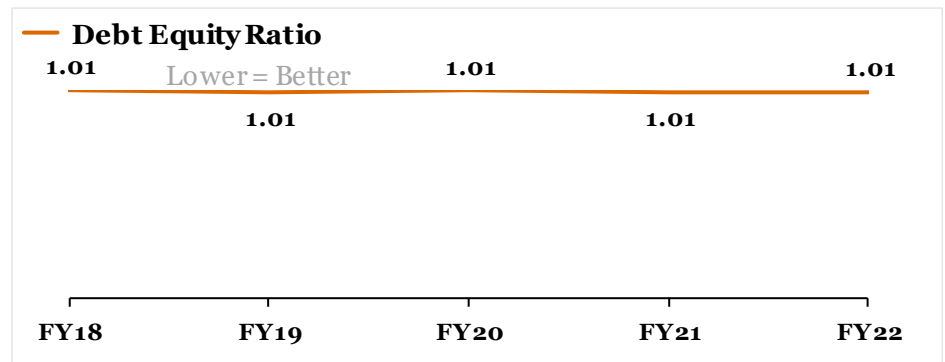
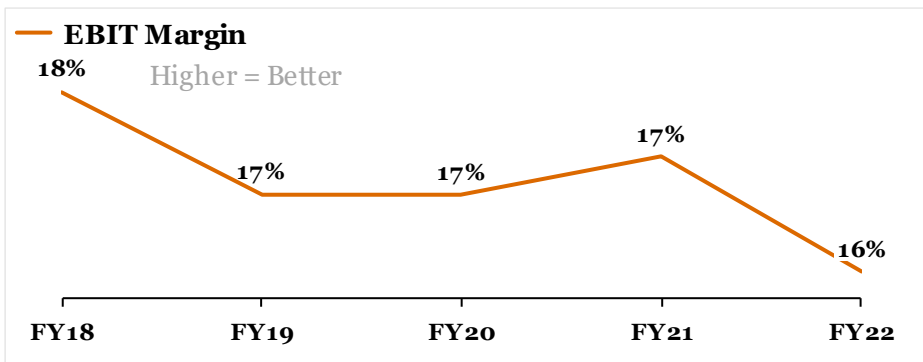
Other costs



# Bajaj Auto



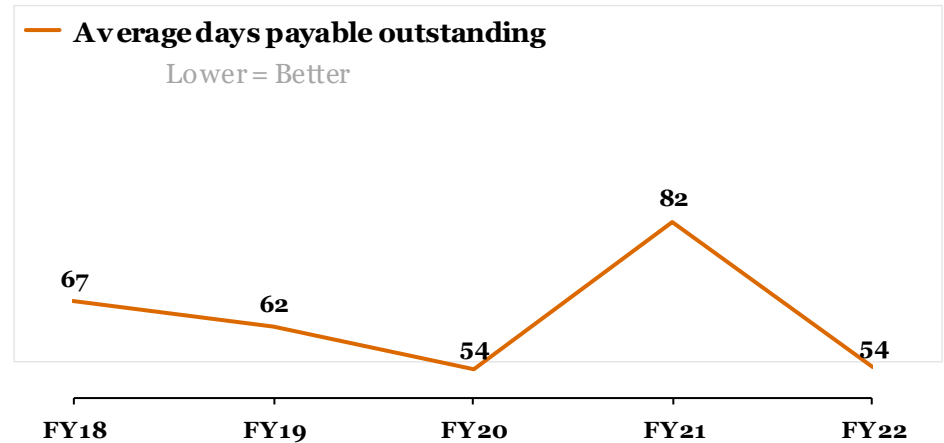
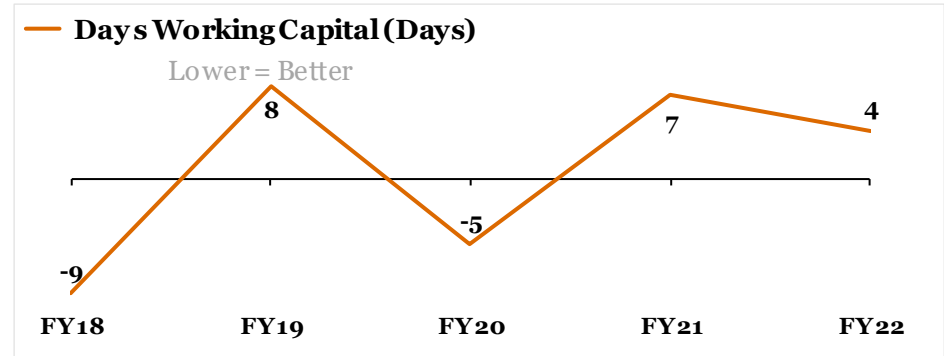
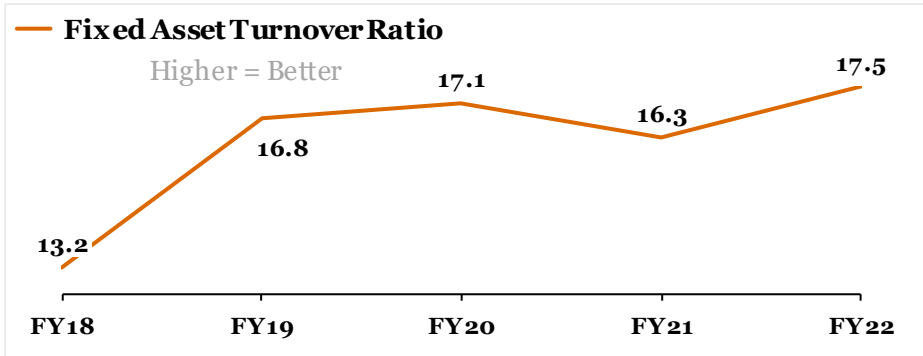
## Financial ratios



# Bajaj Auto



## Trends in efficiency



In FY 22

- EBITDA & PAT Margins declined due to supply chain disruptions – particularly in the 4<sup>th</sup> quarter – caused by COVID-19-imposed lockdowns (which particularly impacted the 2W & CV segments), as well as a rise in material costs
- All efficiency trends showed signs of improvement due to a sharp increase in Net Sales, caused by a rise in end-consumer demand

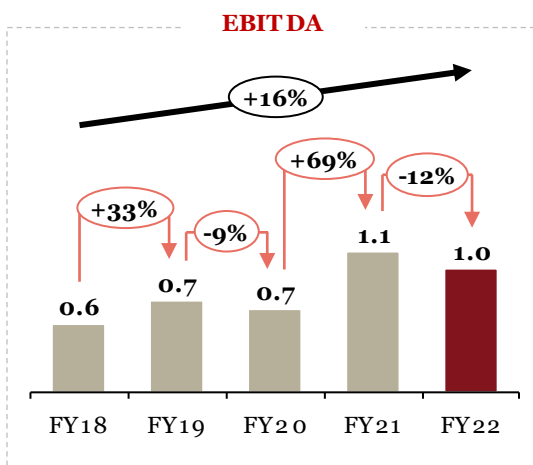
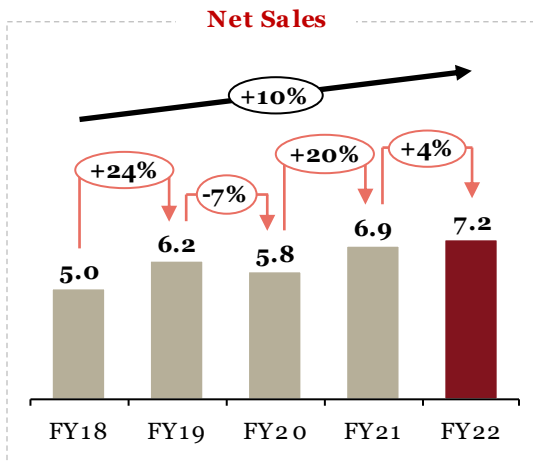
# *Escorts*

# Escorts

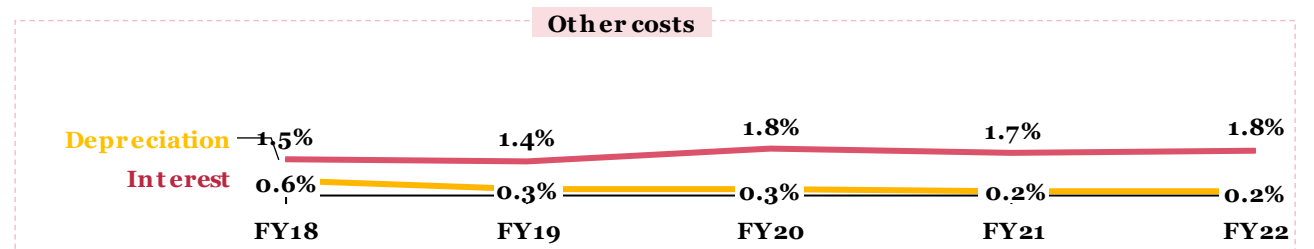
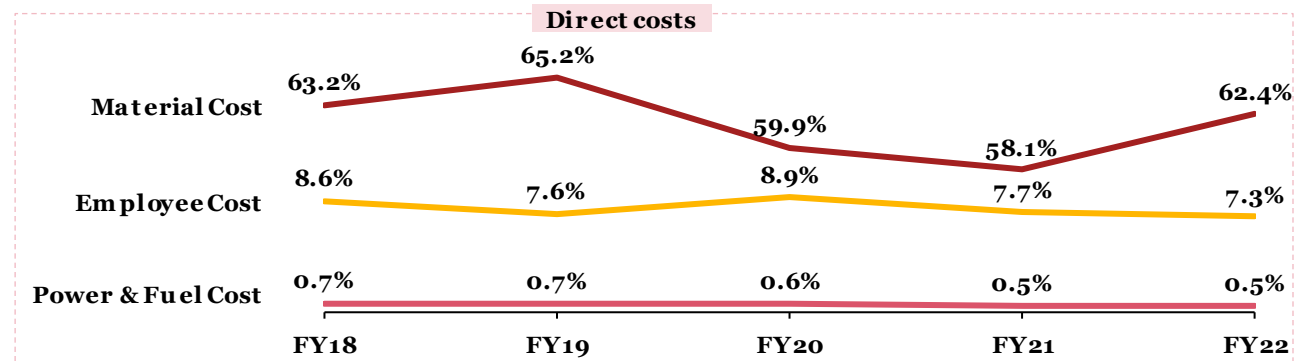
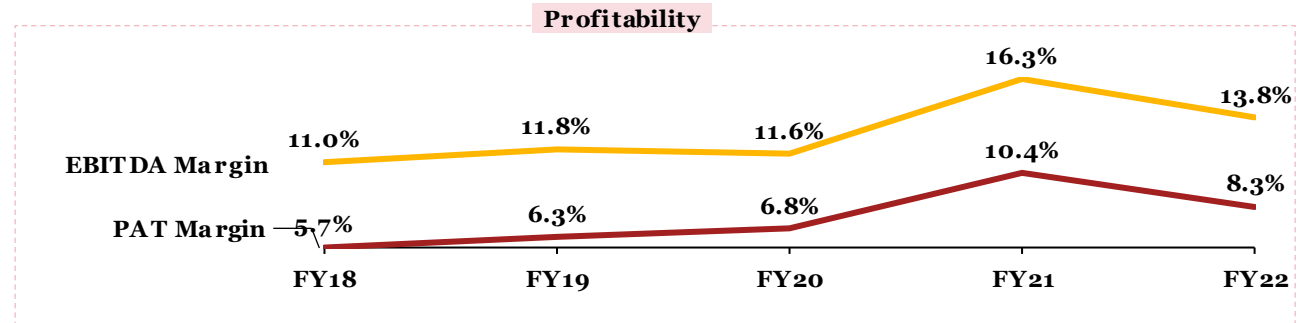


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



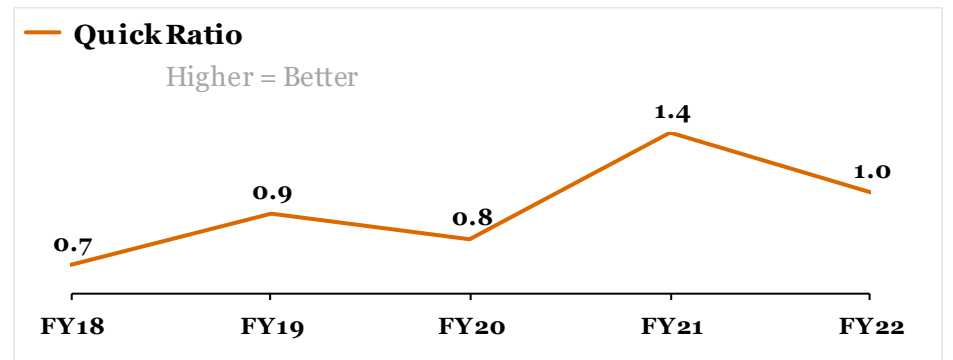
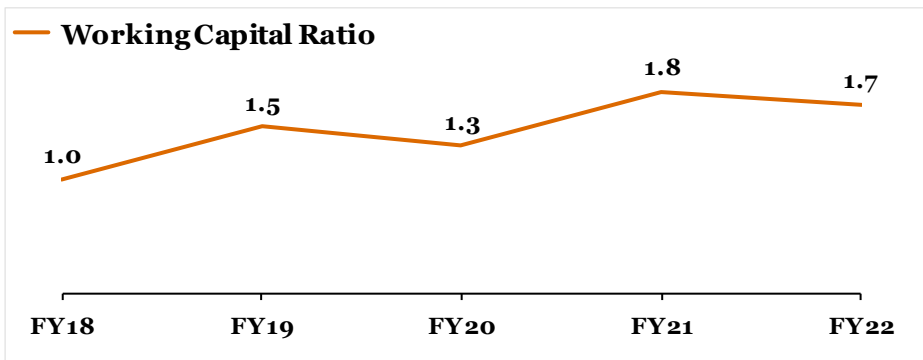
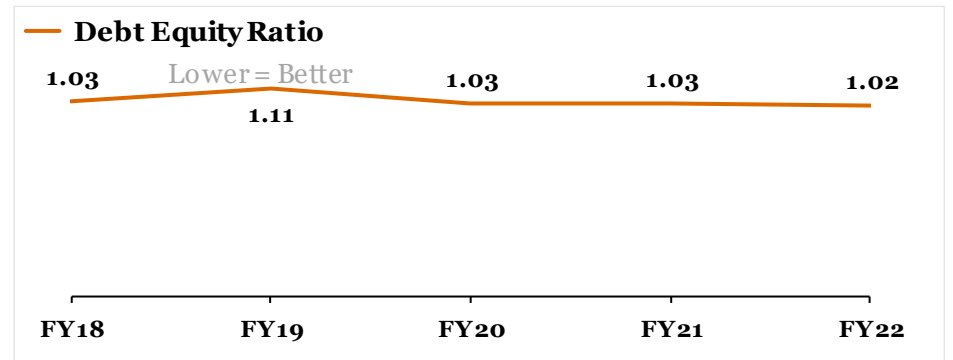
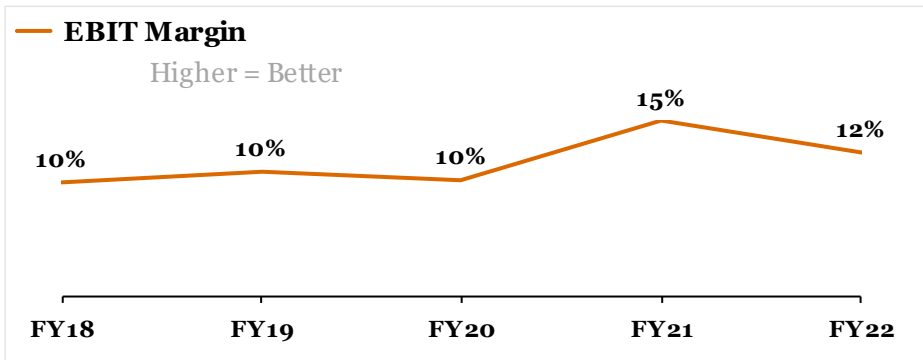
Margins (% of net sales)



# Escorts



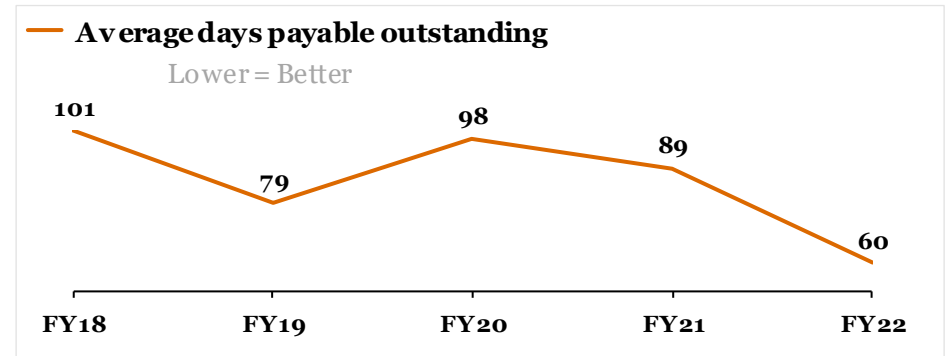
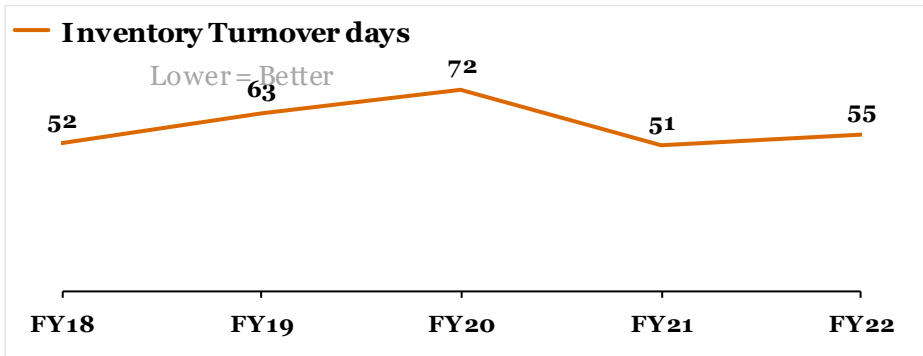
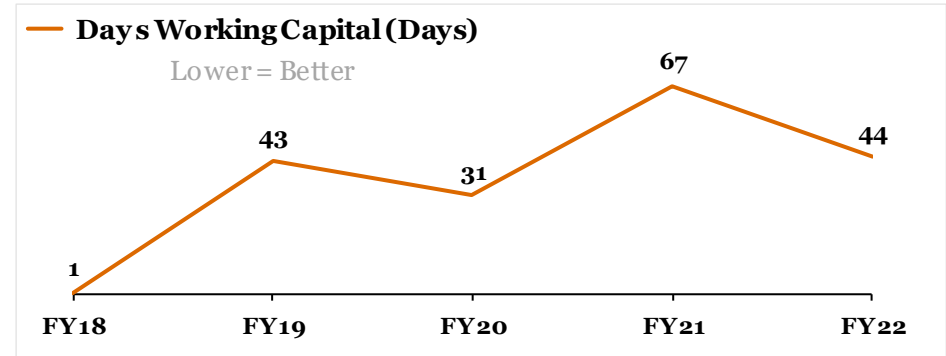
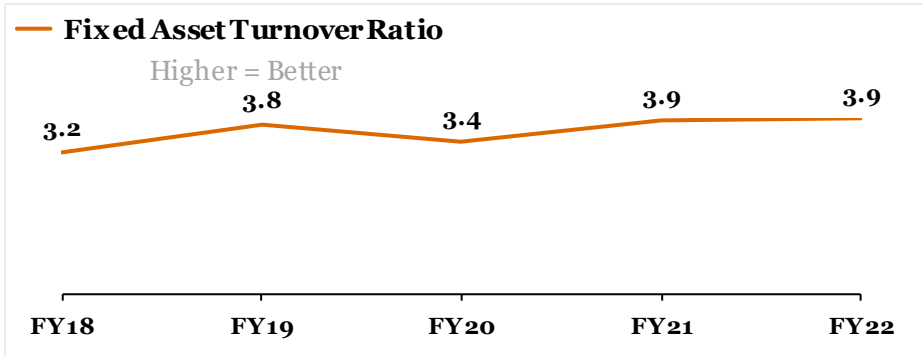
## Financial ratios



## Escorts



### Trends in efficiency



#### In FY 22

- Amidst rising commodity prices, supply chain disruptions and subdued rural demand, a weak farm equipment market oversaw a decline in EBITDA and Inventory Turnover Days – nearly 70% of Escorts' revenue is accounted for by its Tractors segment
- Net sales slightly increased while Days Working Capital & Avg. Days Payable Outstanding sharply decline on the back of a weak base year



# *Force Motors*

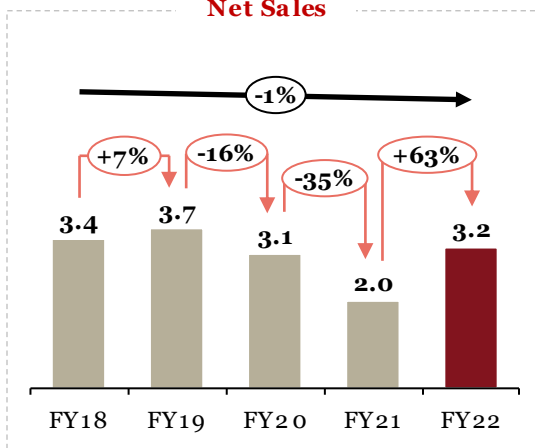
# Force Motors



## Trends in aggregates, profitability and costs

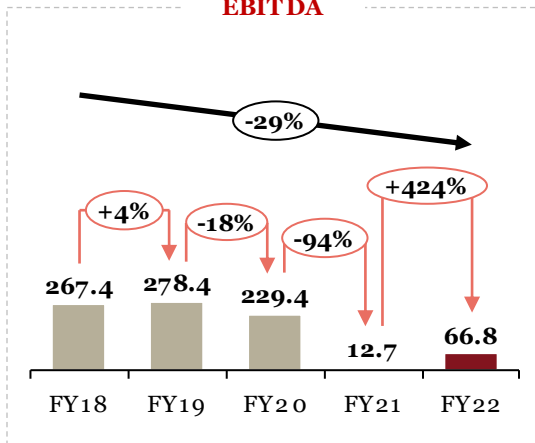
Aggregates (INR '000 Cr)

Net Sales



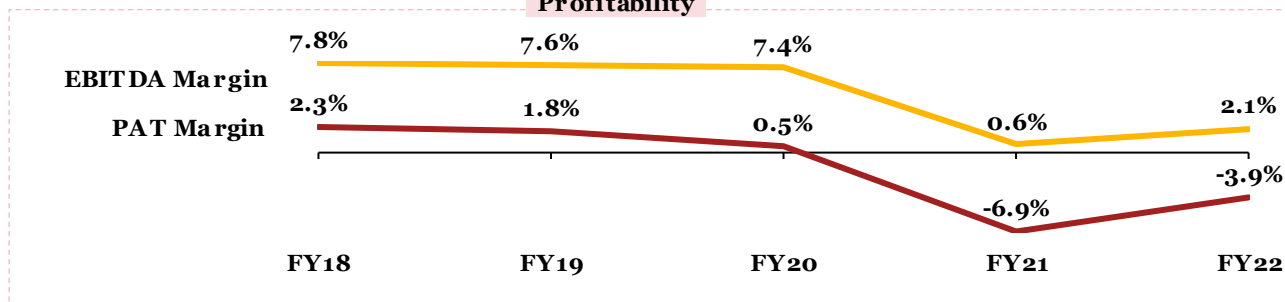
Aggregates (INR Cr)

EBITDA

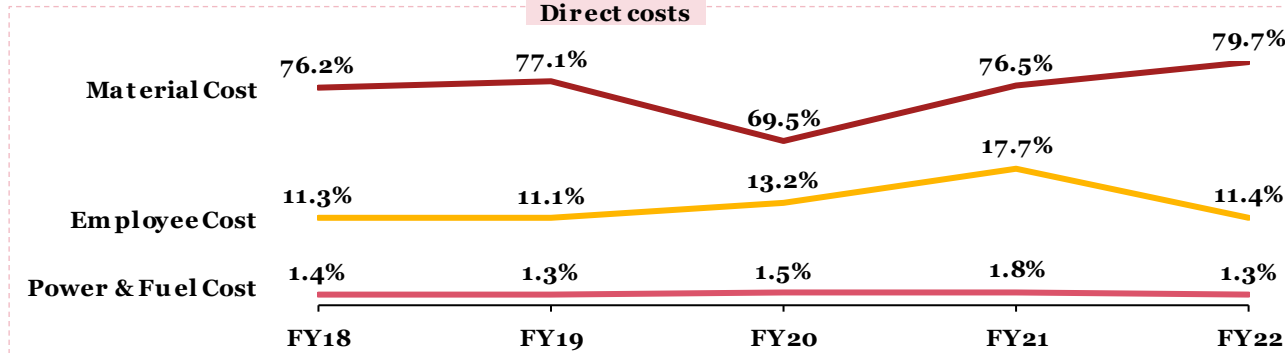


Margins (% of net sales)

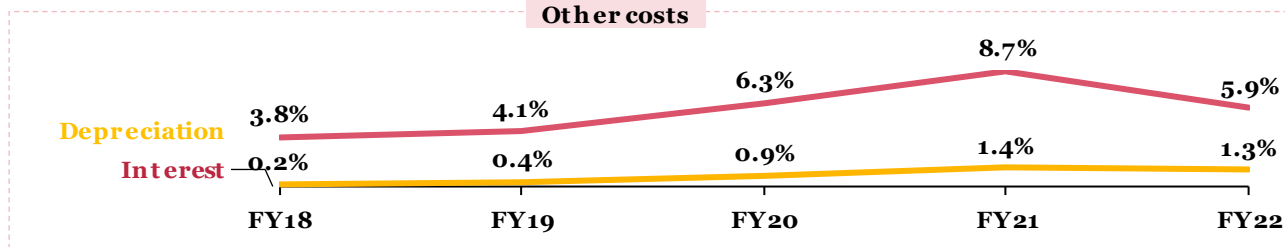
Profitability



Direct costs



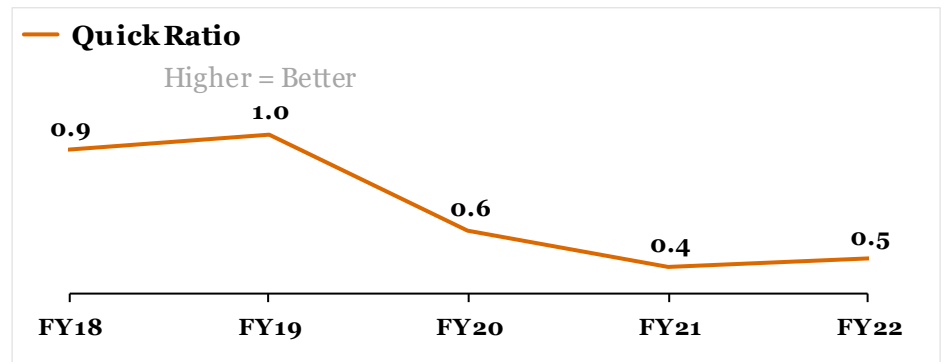
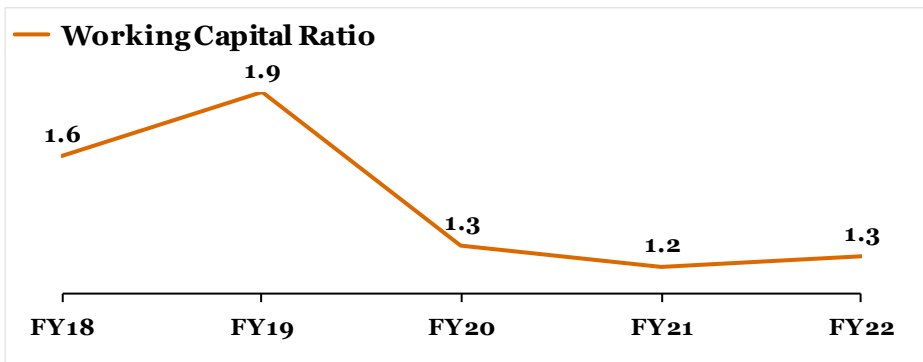
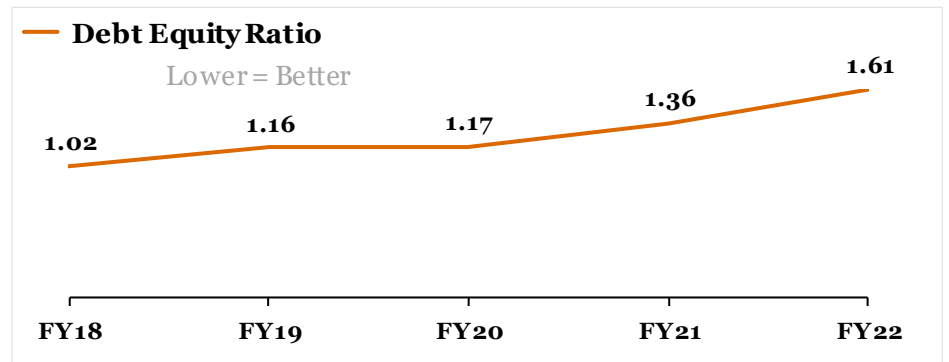
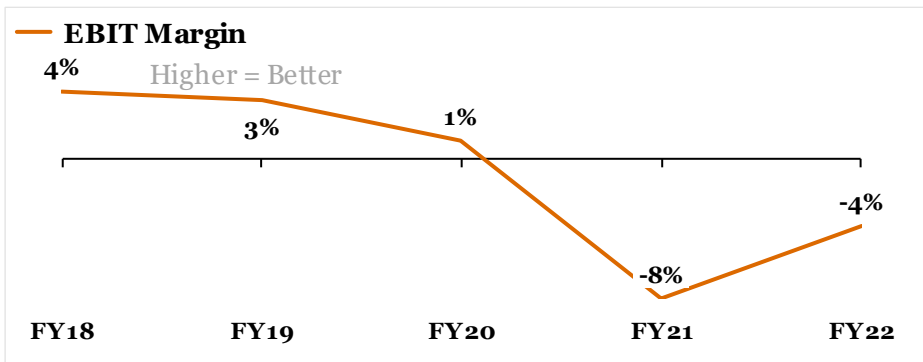
Other costs



# Force Motors



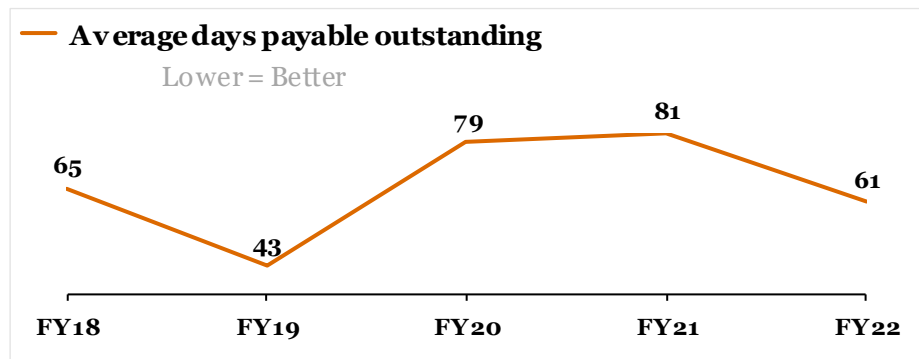
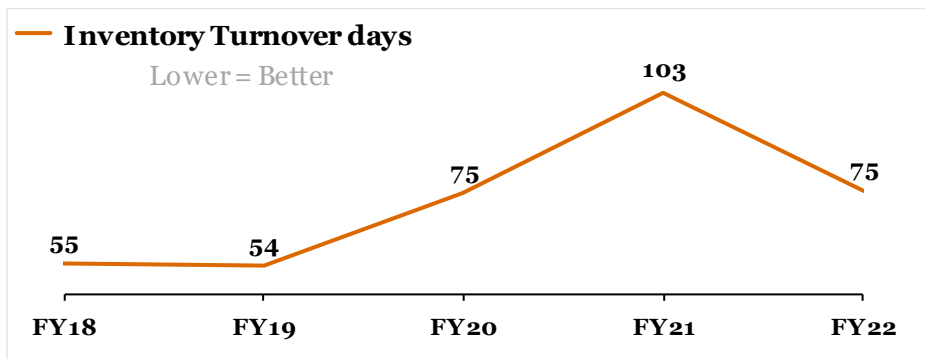
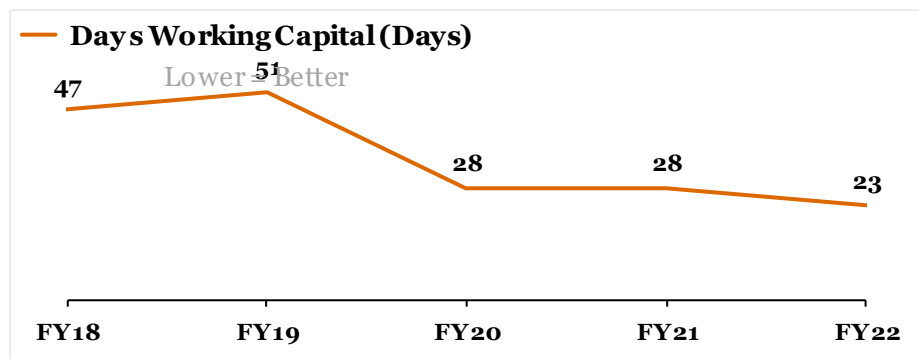
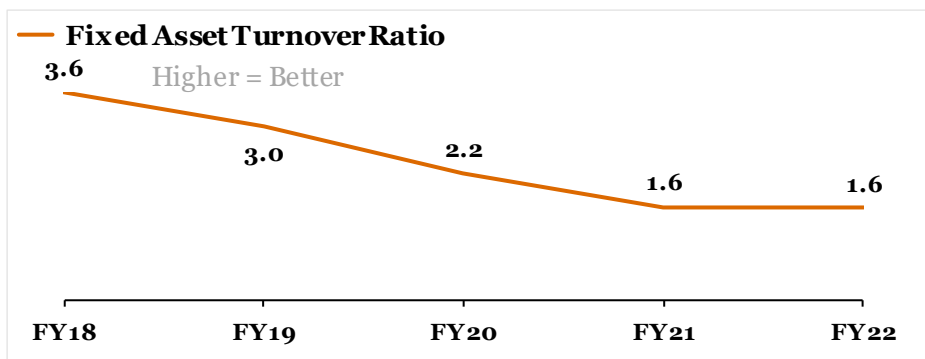
## Financial ratios



## Force Motors



### Trends in efficiency



#### In FY 22

- Net Sales and EBITDA rose sharply, as higher material costs were offset by a sharp decline in employee and power costs, along with a spike in consumer demand and an increased supply of high-end engines
- Debt to equity ratio increased due to an increase in borrowings for an ongoing Capex program

# *Hero Motocorp*

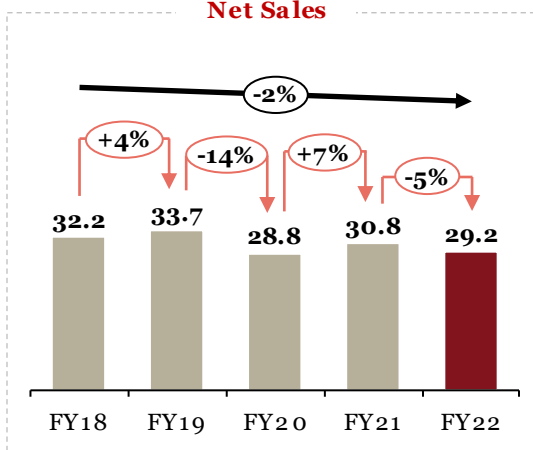
# Hero Motocorp



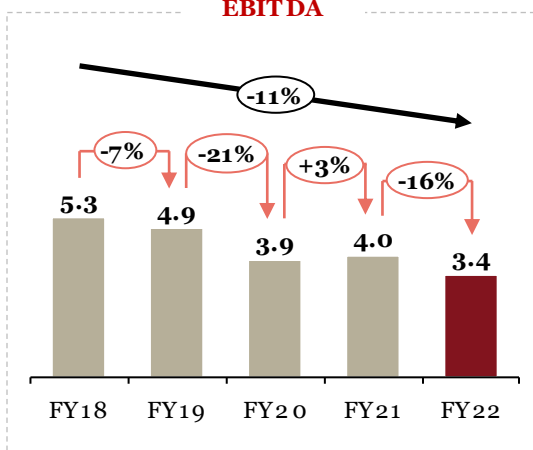
## Trends in aggregates, profitability and costs

### Aggregates (INR '000 Cr)

#### Net Sales

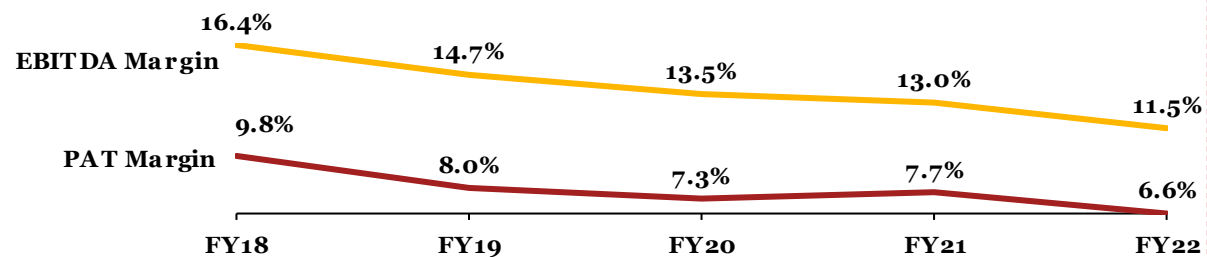


#### EBITDA

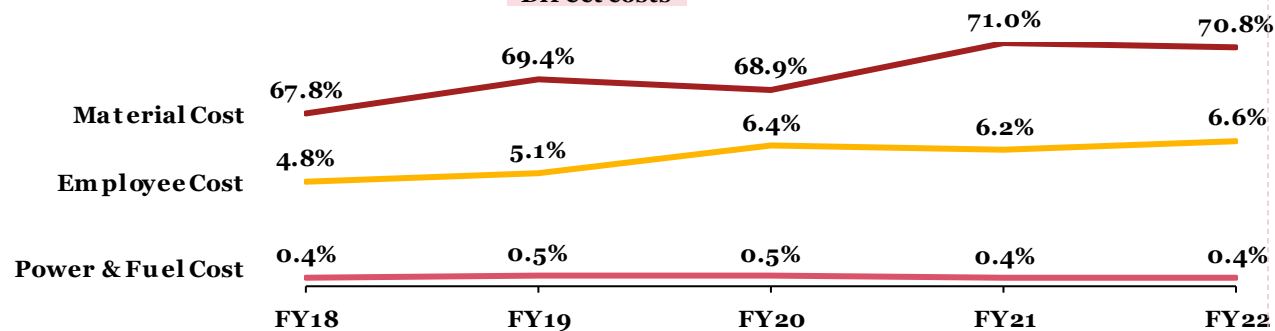


### Margins (% of net sales)

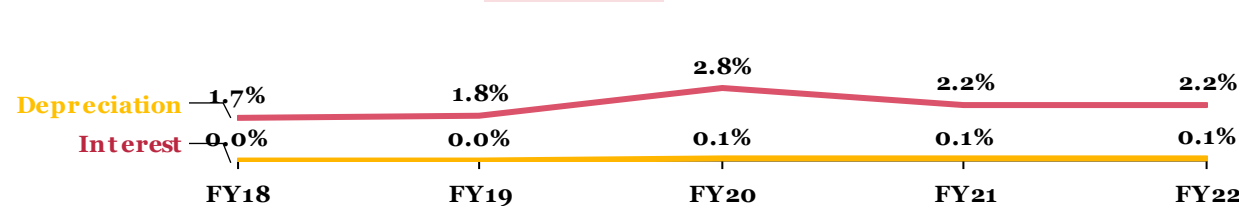
#### Profitability



#### Direct costs



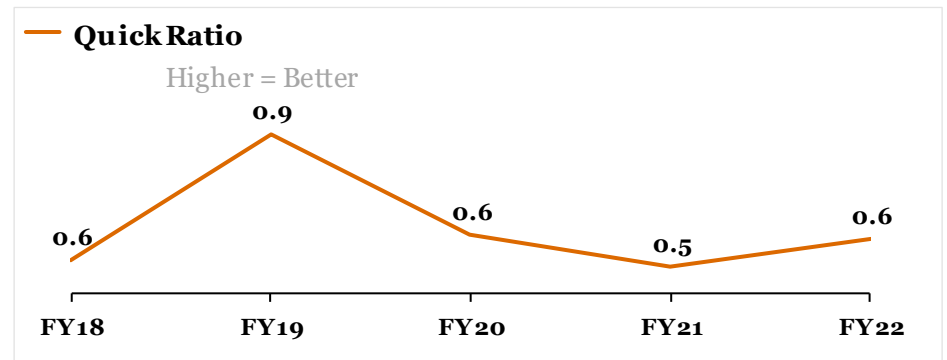
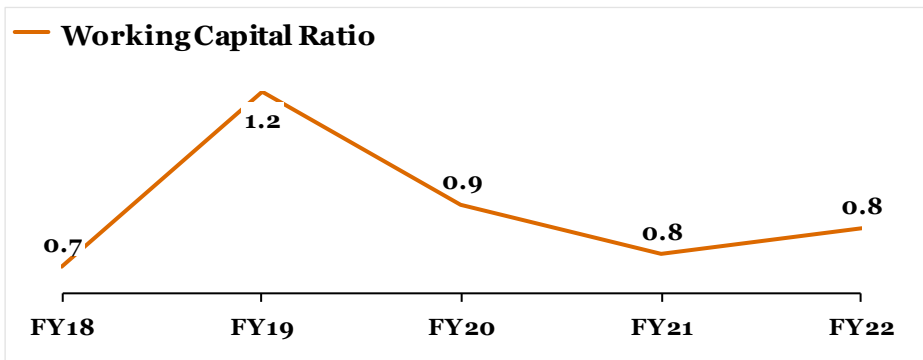
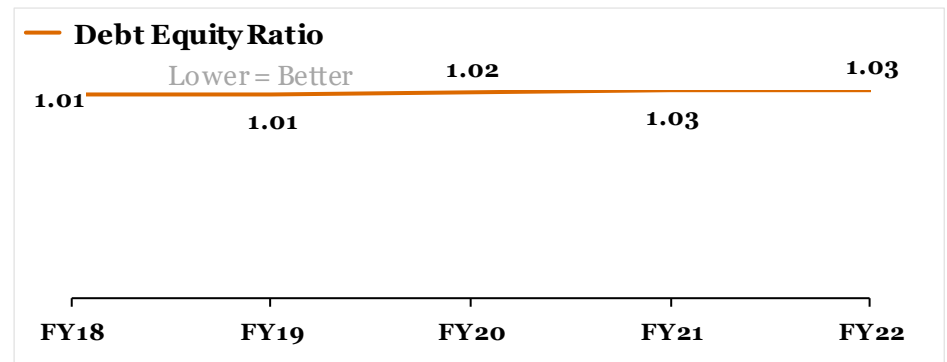
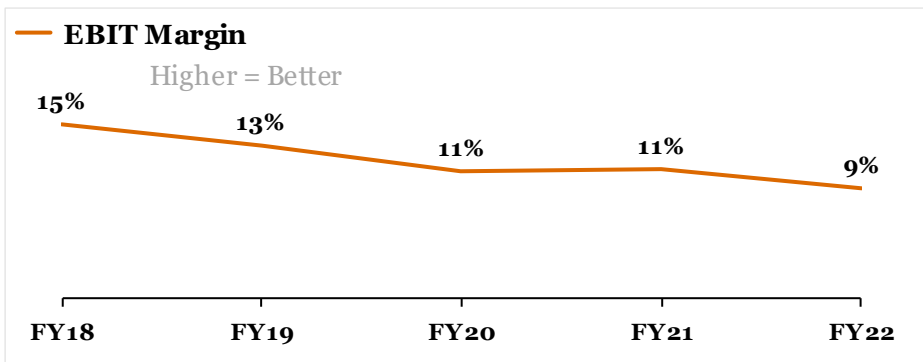
#### Other costs



# Hero Motocorp



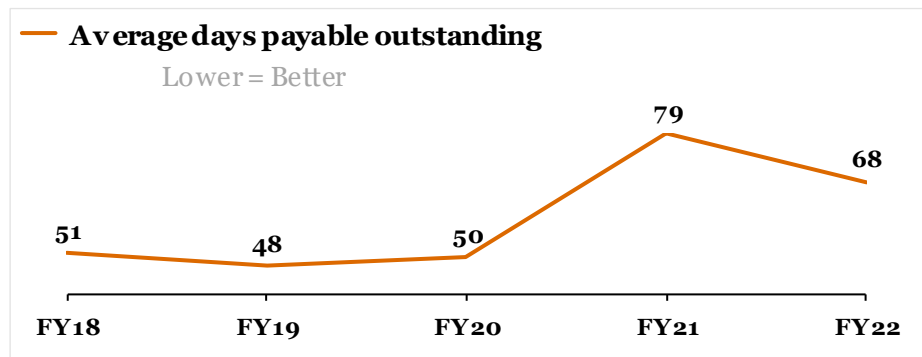
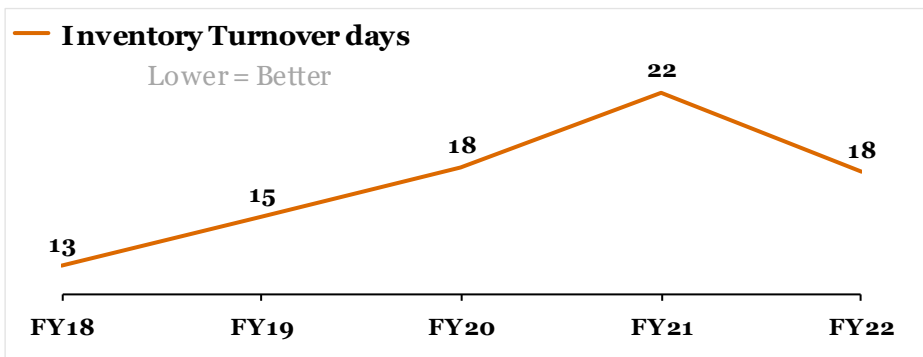
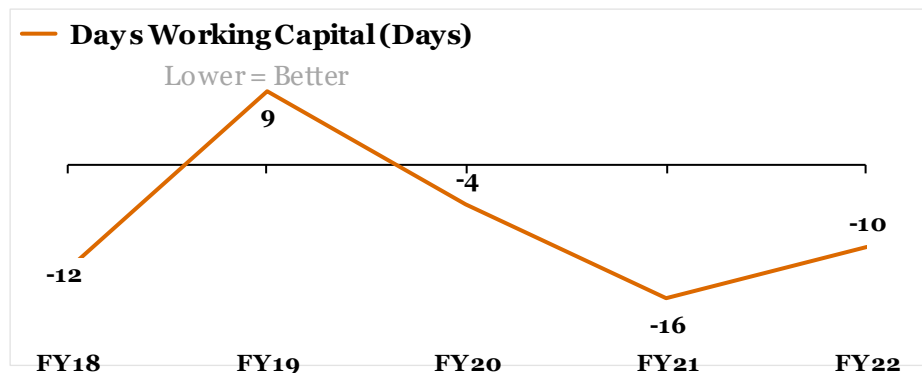
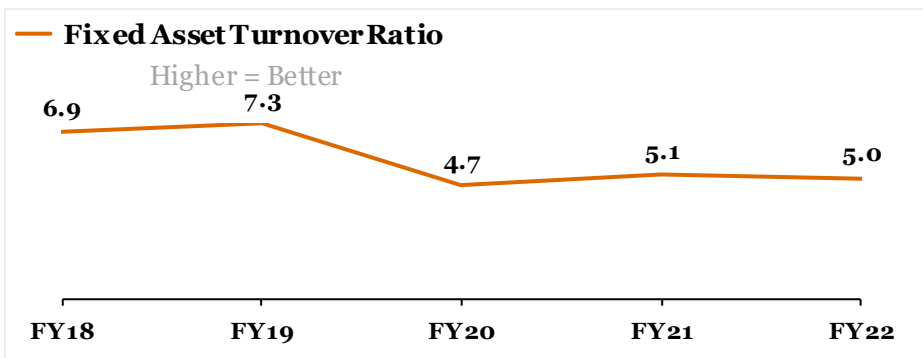
## Financial ratios



## Hero Motocorp



### Trends in efficiency



#### In FY 22

- Net Sales and EBITDA fell slightly due to a substantial fall in rural demand caused by staggered state-wise lockdowns, restrictions on short and medium-distance travel, and an increased cost of ownership
- Average Payable Days Outstanding & Inventory Turnover Days saw improvements on the back of a weak base year



# *Mahindra and Mahindra*

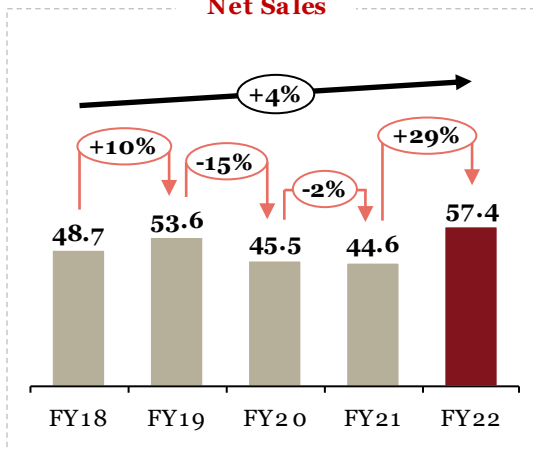
# Mahindra and Mahindra



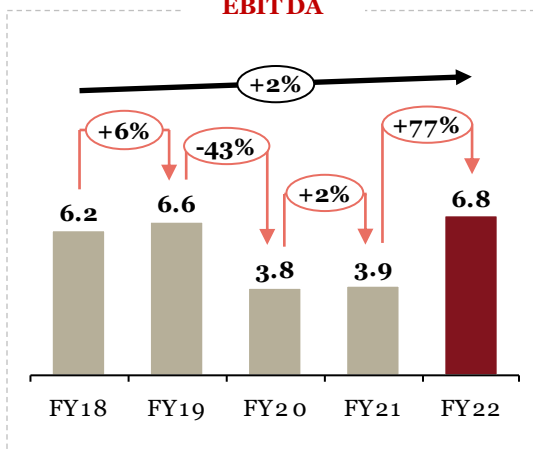
## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

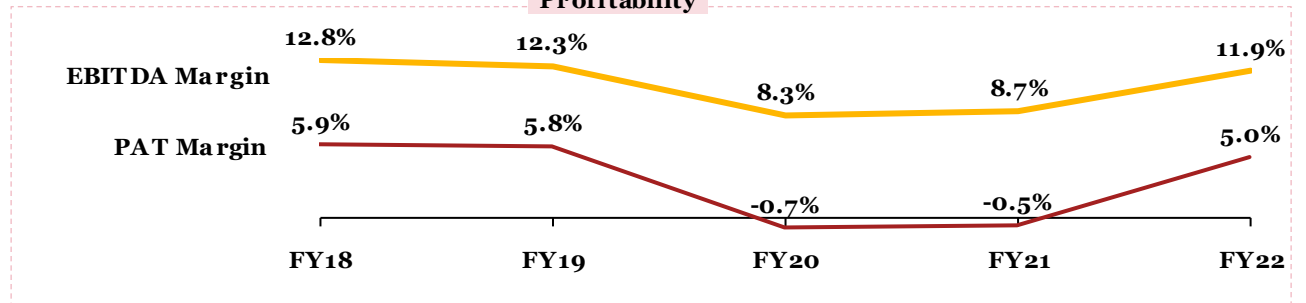


EBITDA

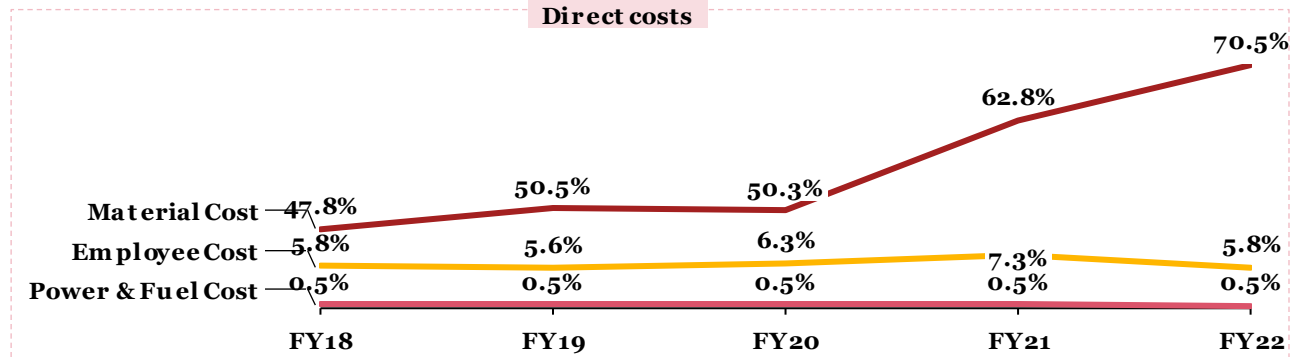


Margins (% of net sales)

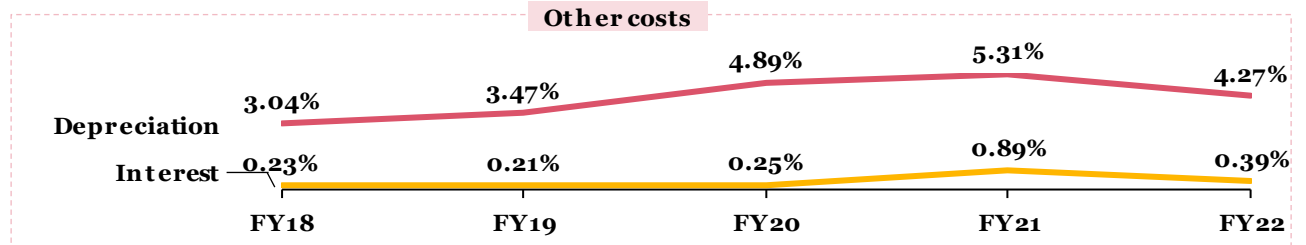
Profitability



Direct costs



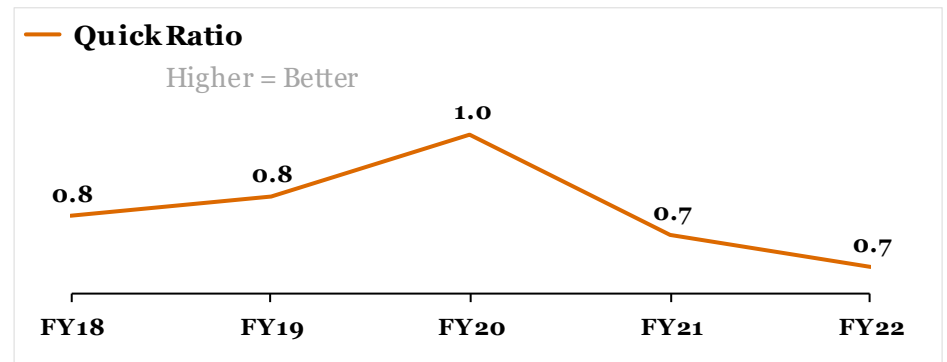
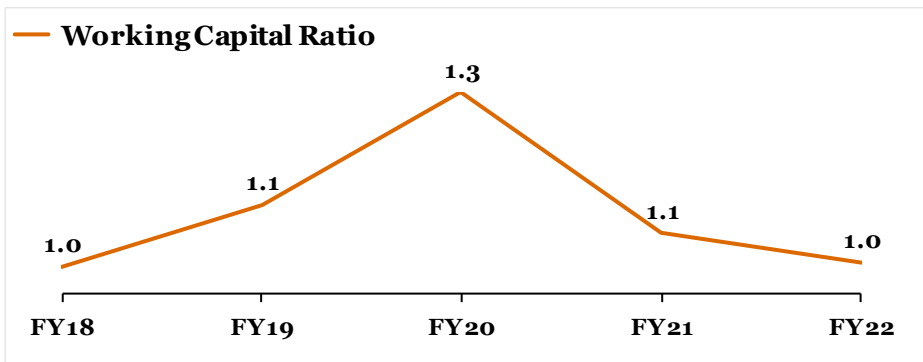
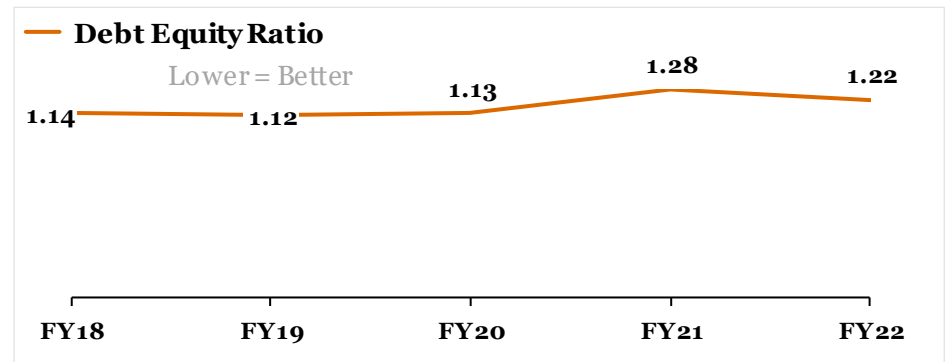
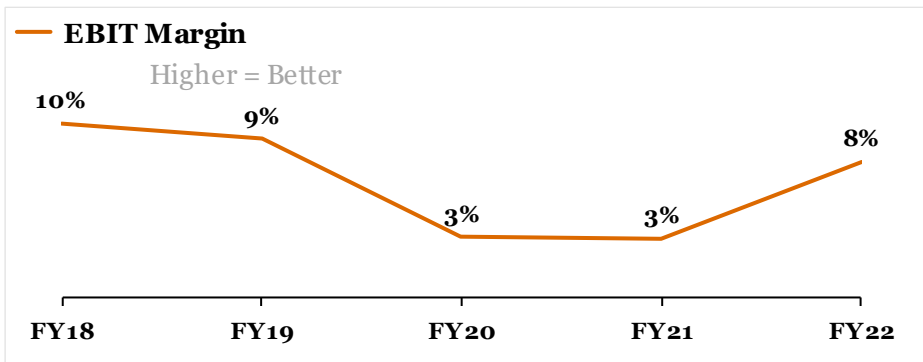
Other costs



# Mahindra and Mahindra



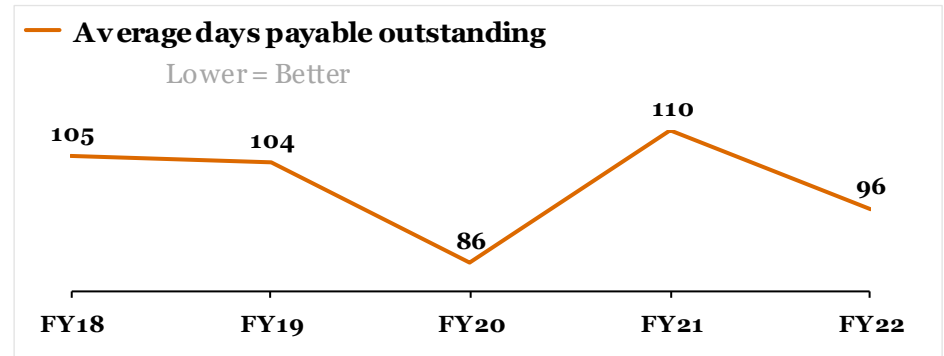
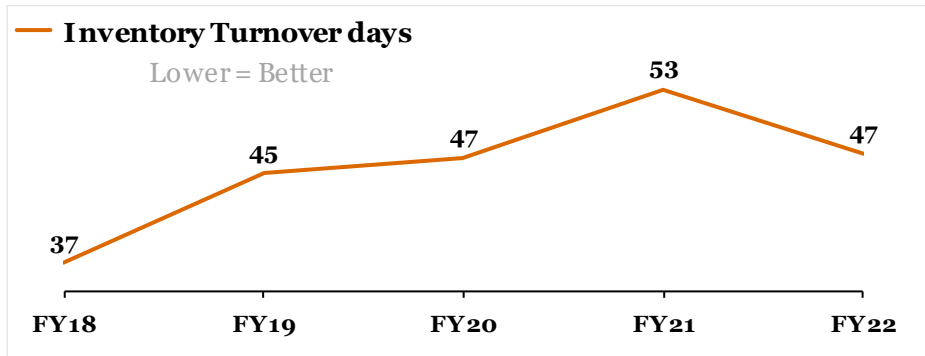
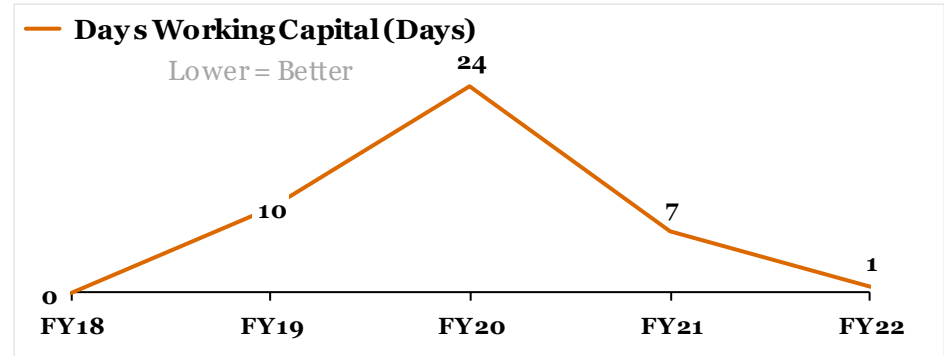
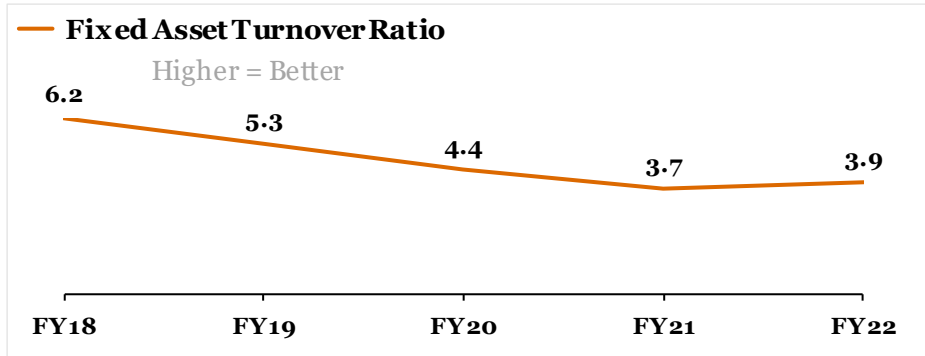
## Financial ratios



# Mahindra and Mahindra



## Trends in efficiency



### In FY 22

- Mahindra and Mahindra's presence across all vehicle segments enabled the firm to remain largely unaffected during phases of lean demand (due to COVID-19); NET Sales & EBITDA rose sharply due to a rise in demand and fewer disruptions in the supply chain during the latter stages of the year, as a rise in input costs was successfully passed on to the end-user

# *Maruti Suzuki*

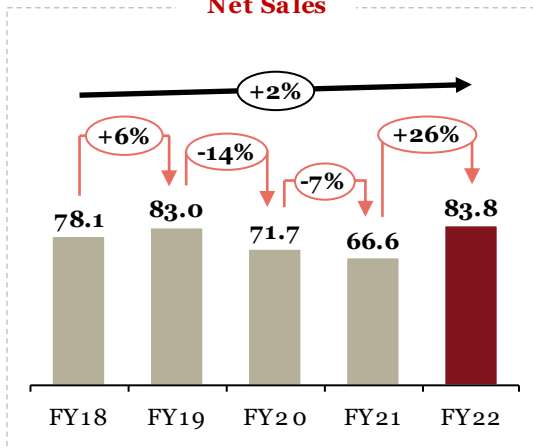
# Maruti Suzuki



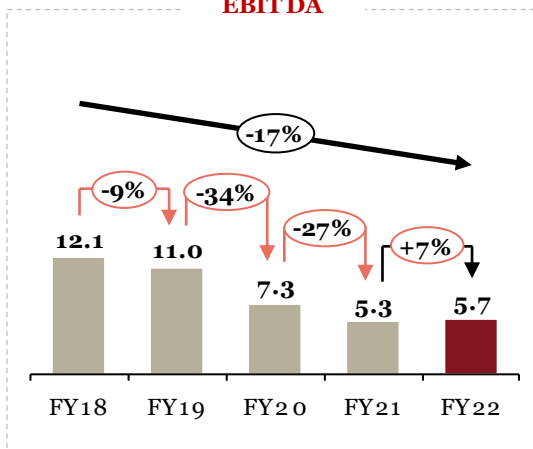
## Trends in aggregates, profitability and costs

### Aggregates (INR '000 Cr)

#### Net Sales

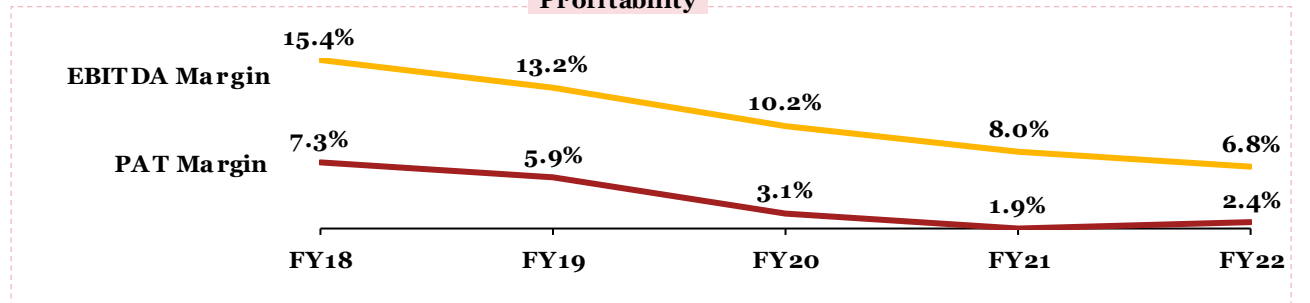


#### EBITDA

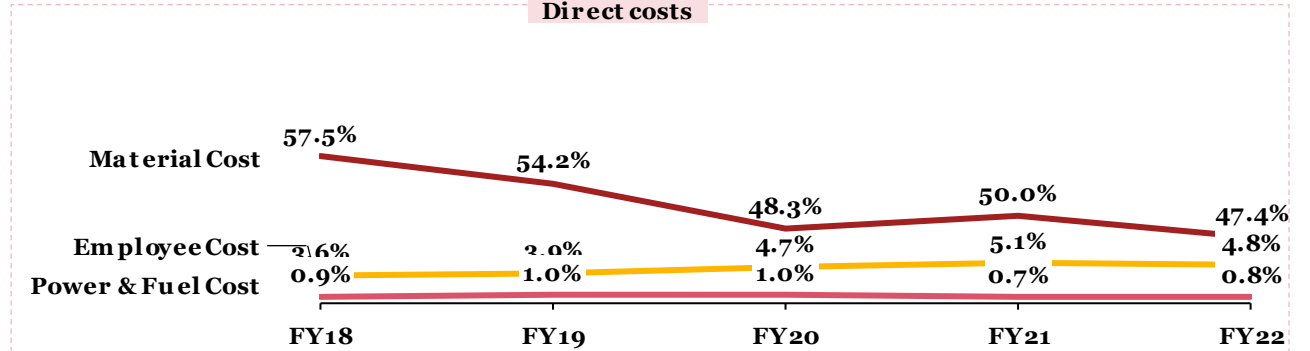


### Margins (% of net sales)

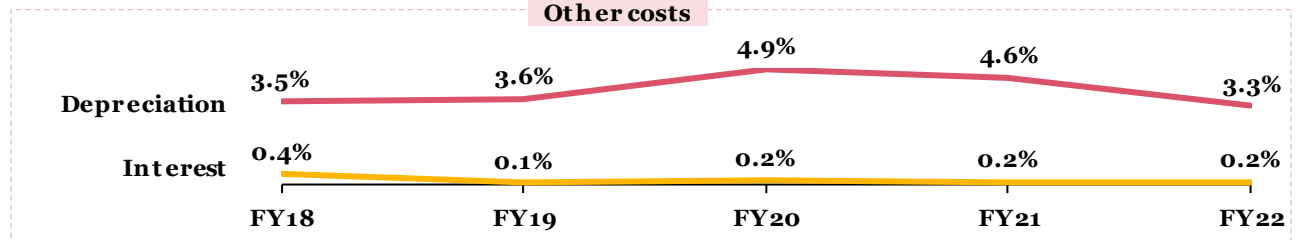
#### Profitability



#### Direct costs



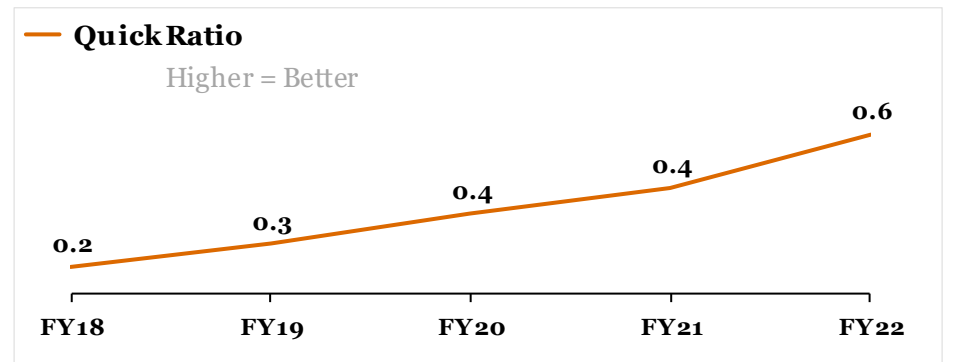
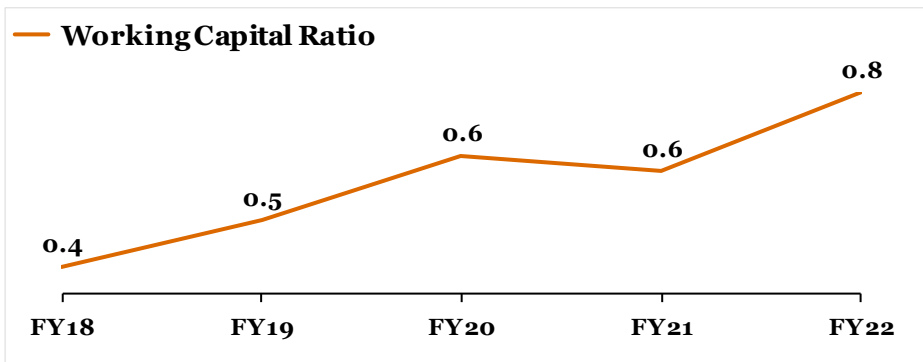
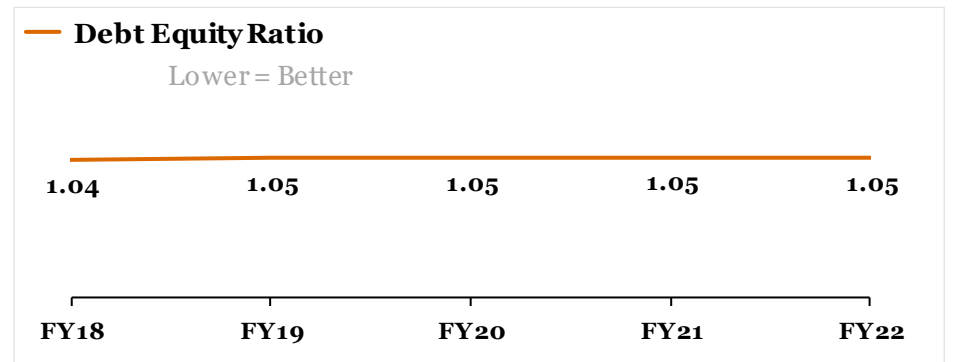
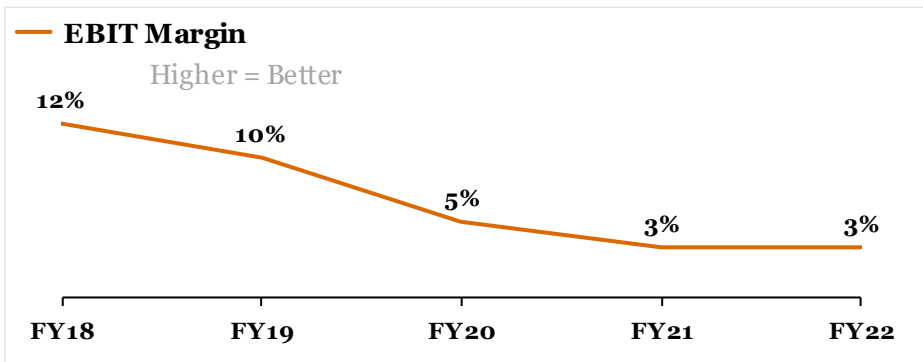
#### Other costs



# Maruti Suzuki



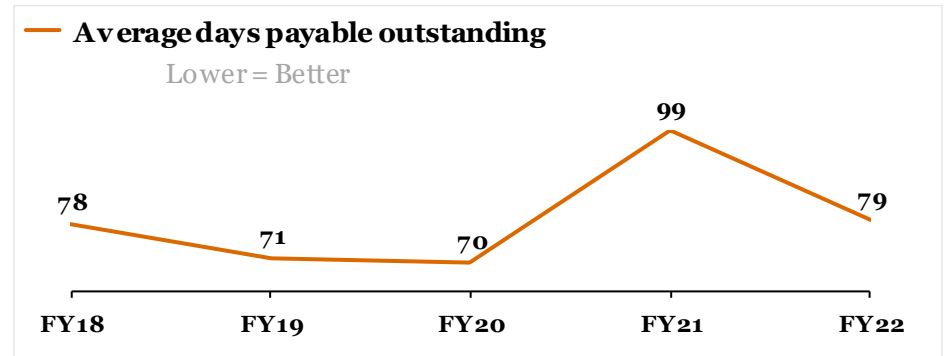
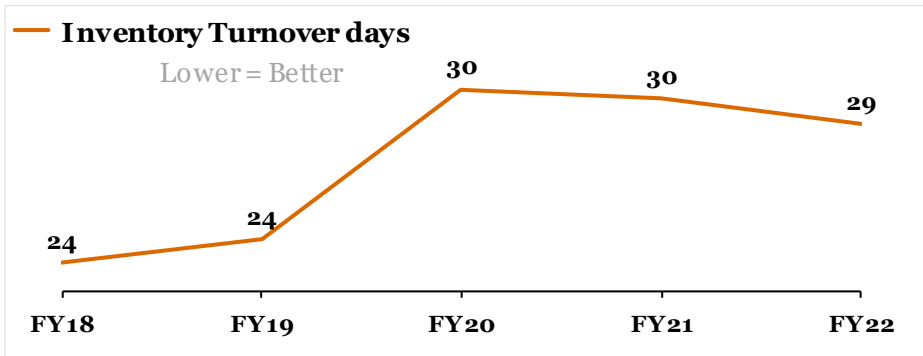
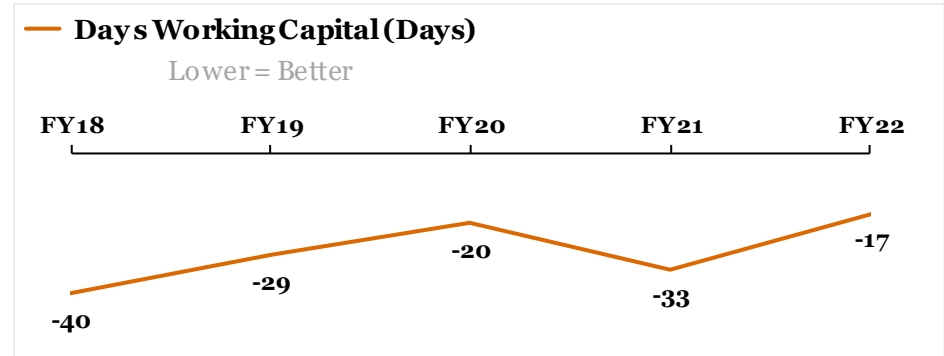
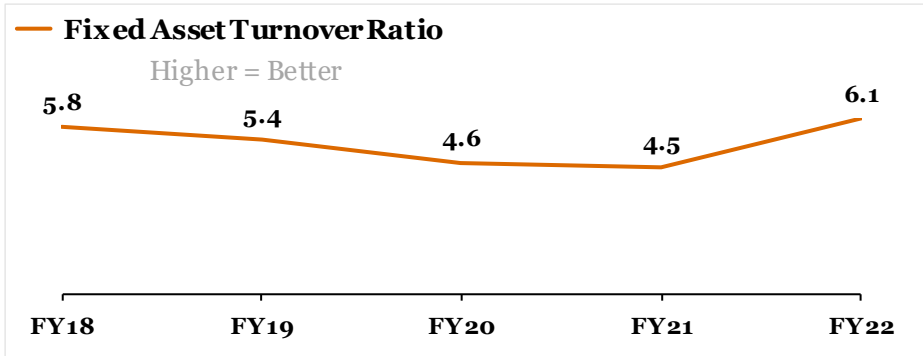
## Financial ratios



# Maruti Suzuki



## Trends in efficiency



### In FY 22

- Net Sales rose considerably on the back of increased end-user demand and better availability of parts
- However, EBITDA and PAT margins fell considerably due to increased borrowings – as evidenced by a near 50% increase in days working capital – along with a sharp rise in commodity and power prices towards the latter stages of the year



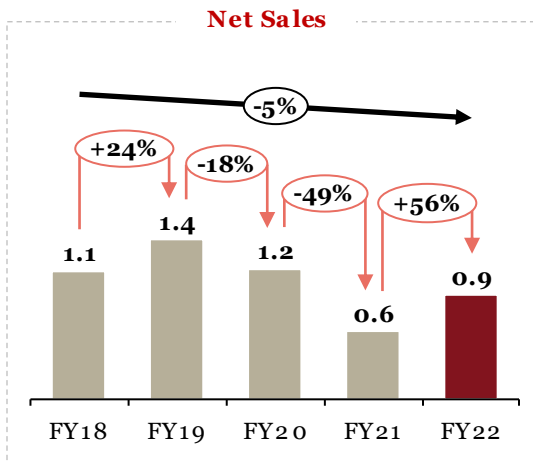
# *SML ISUZU*

# SML ISUZU

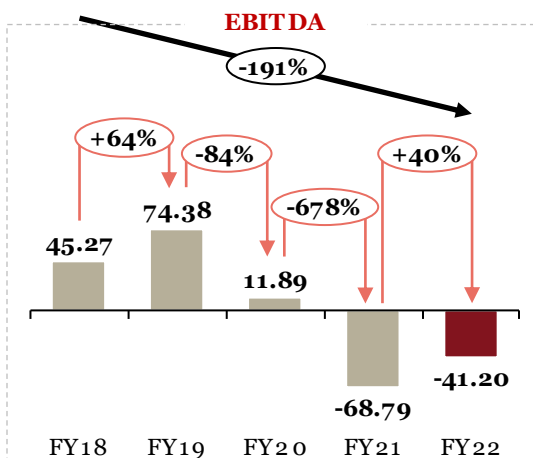


## Trends in aggregates, profitability and costs

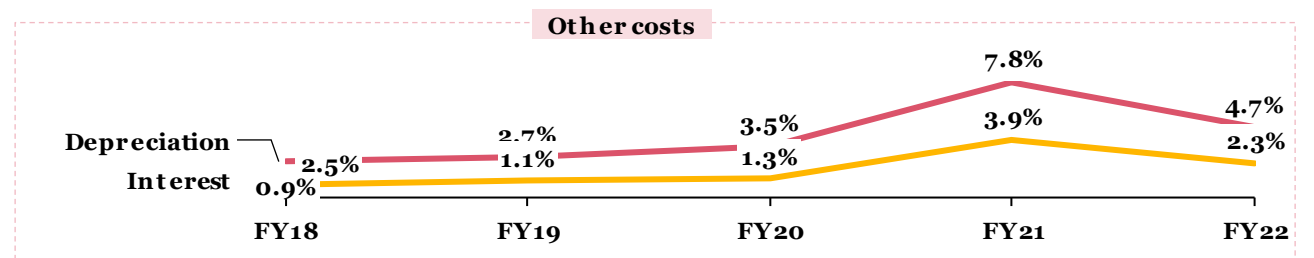
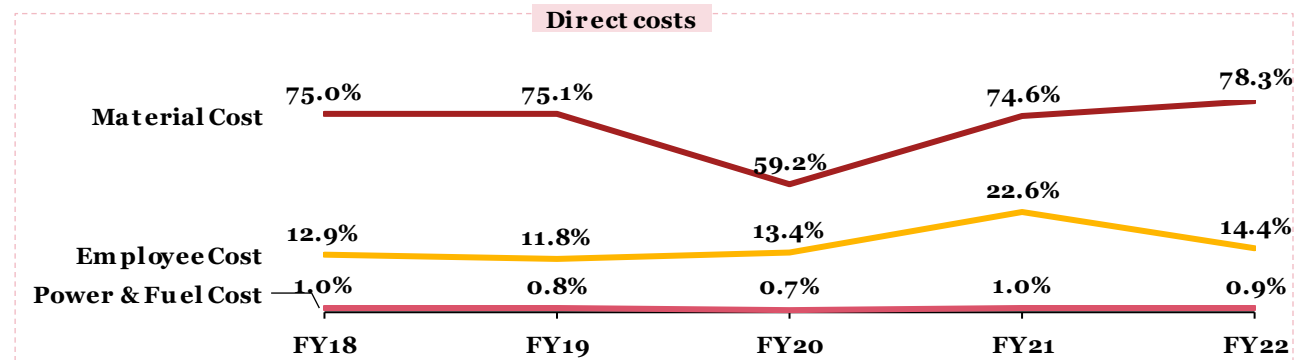
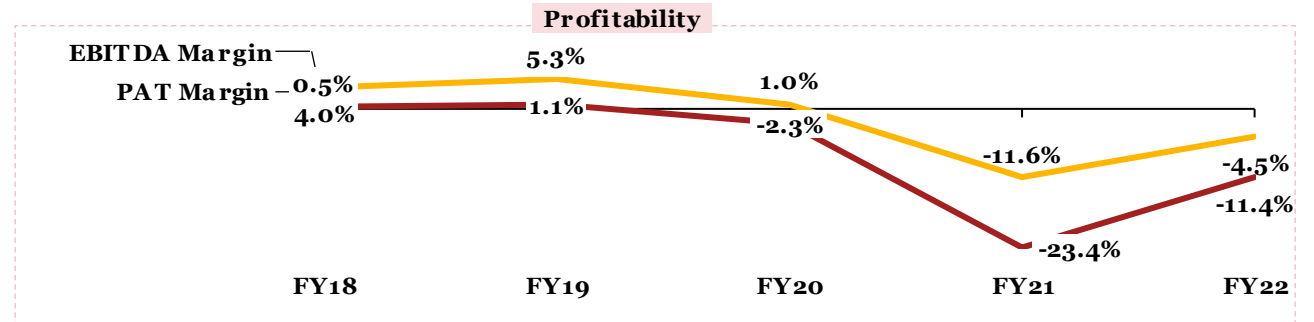
### Aggregates (INR '000 Cr)



### Aggregates (INR Cr)



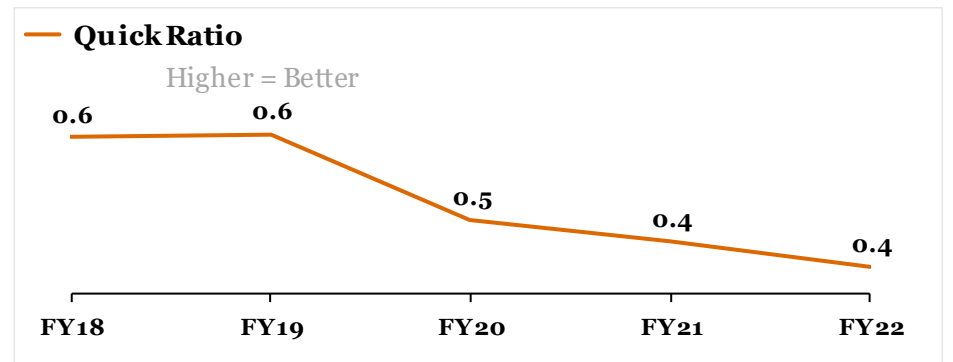
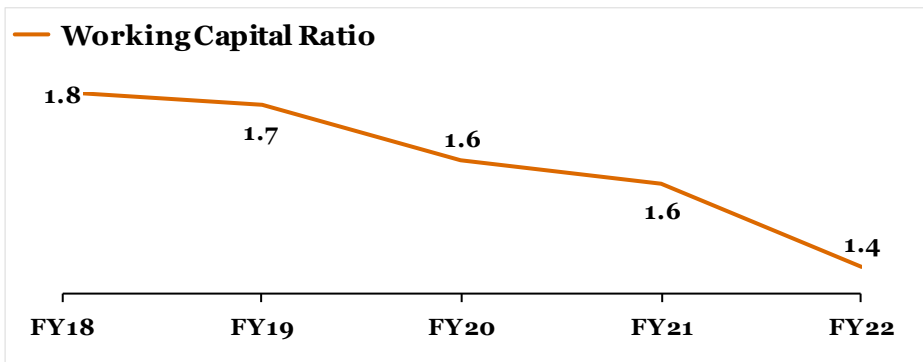
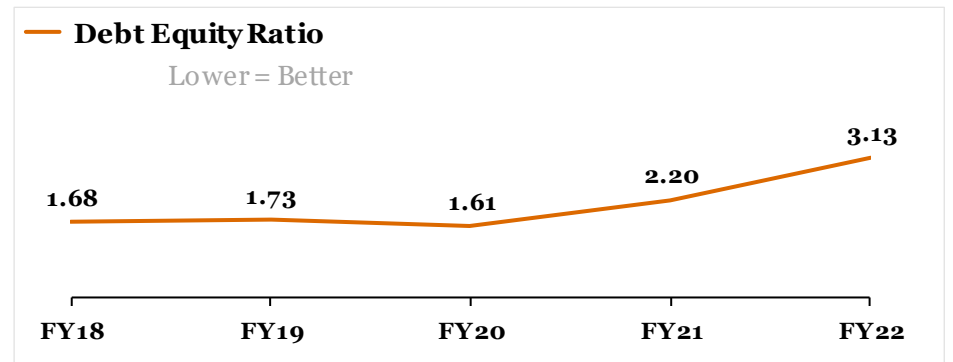
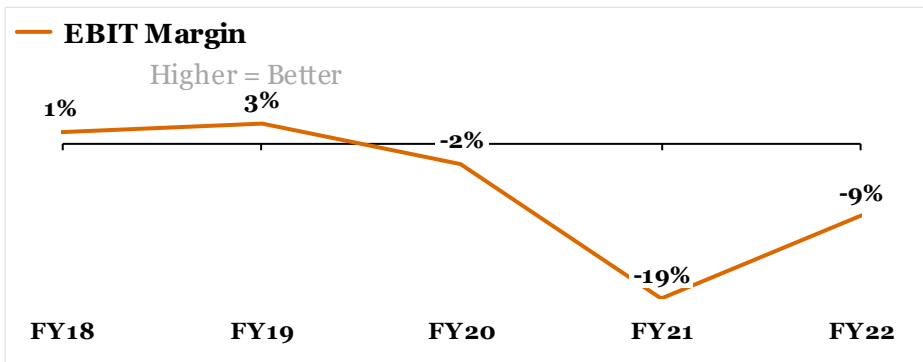
### Margins (% of net sales)



# SML ISUZU



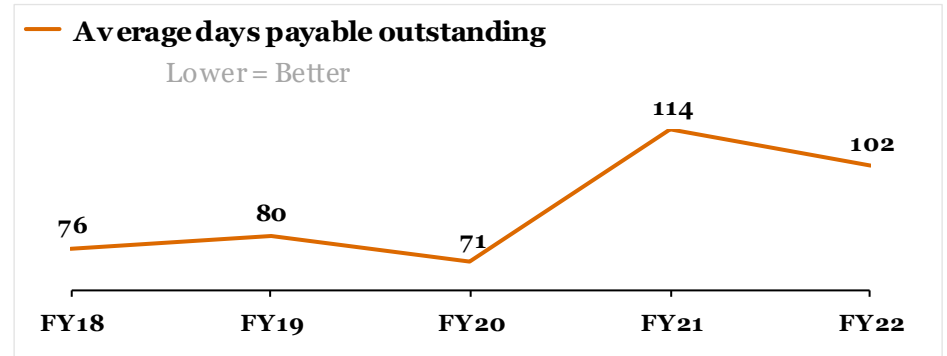
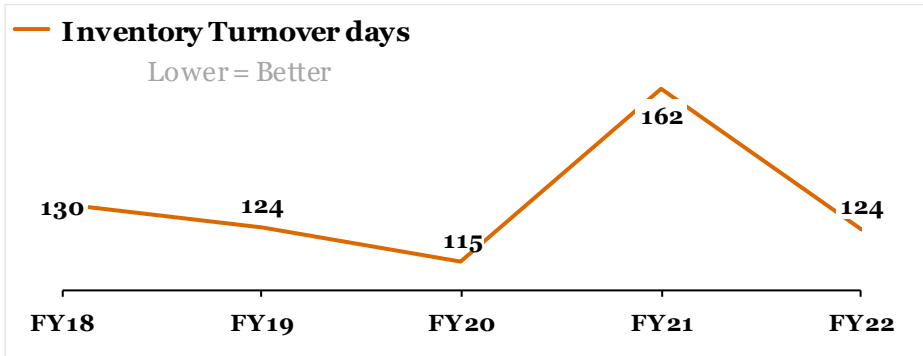
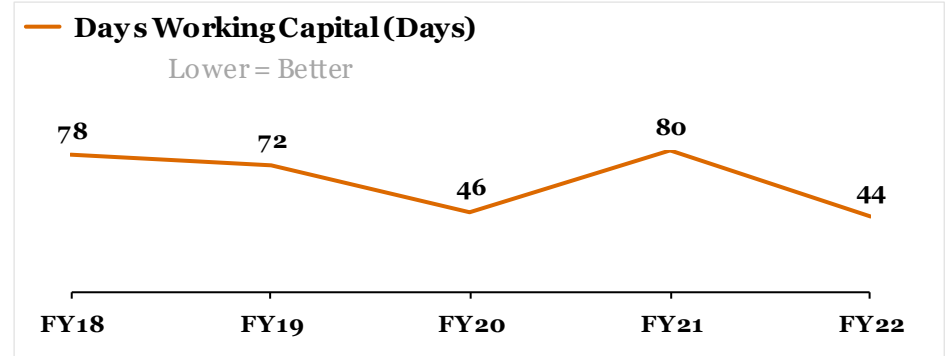
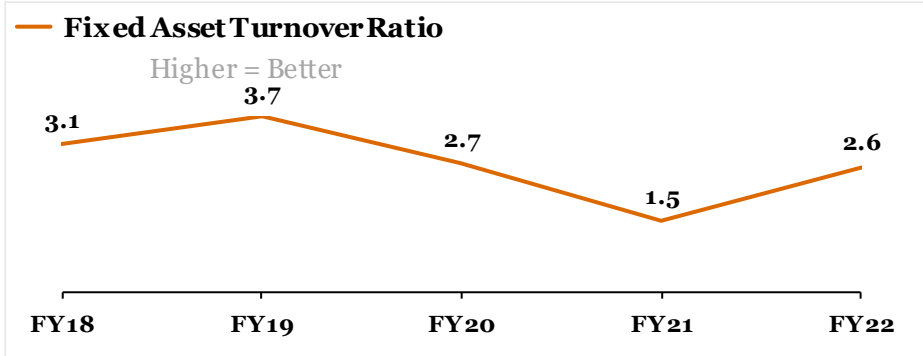
## Financial ratios



# SML ISUZU



## Trends in efficiency



### In FY 22

- Net Sales rose by over 50% due to the expansion of the company’s PV segment and gradual opening up of lockdowns
- A rise in commodity prices was offset by a sharp reduction in employee healthcare costs, resulting in improvements in all efficiency trends as well as sharp rises in EBITDA and PAT margins

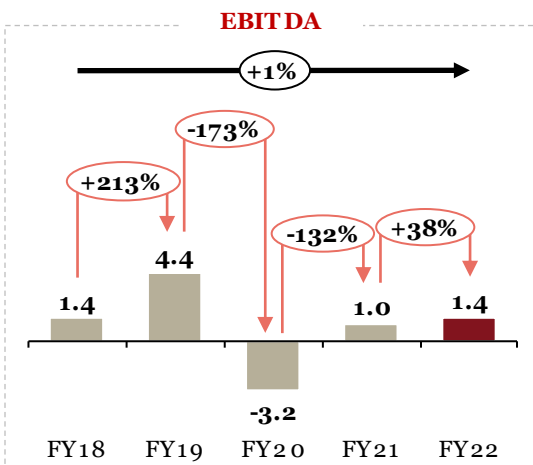
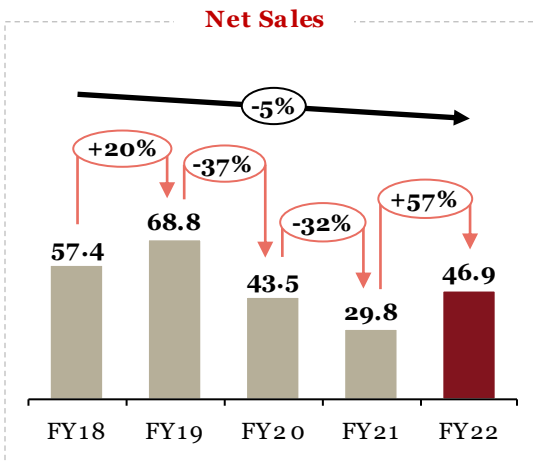
# *Tata Motors*

# Tata Motors

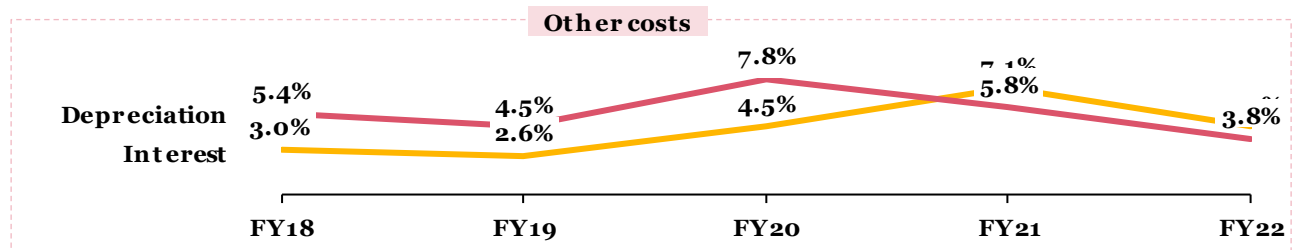
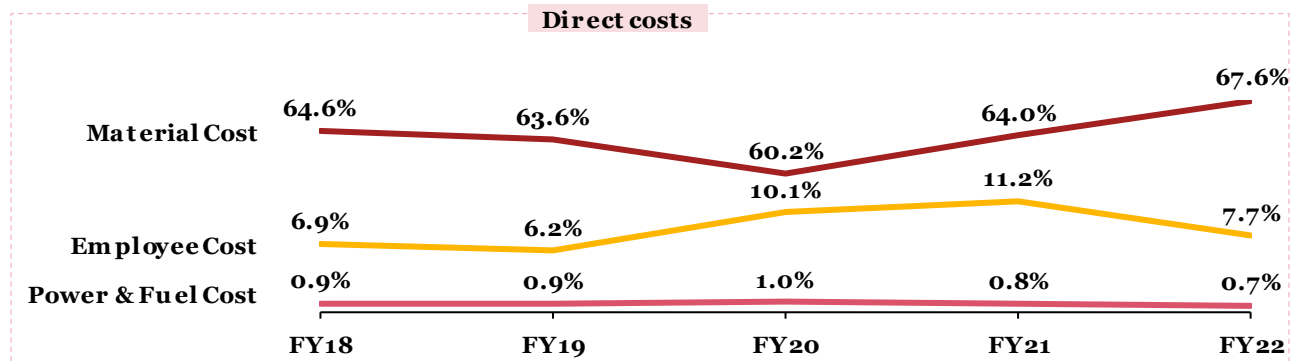
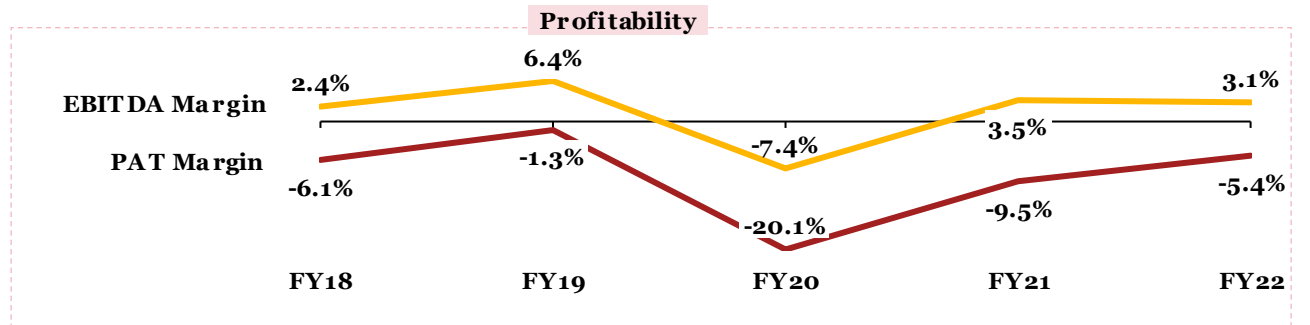


## Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



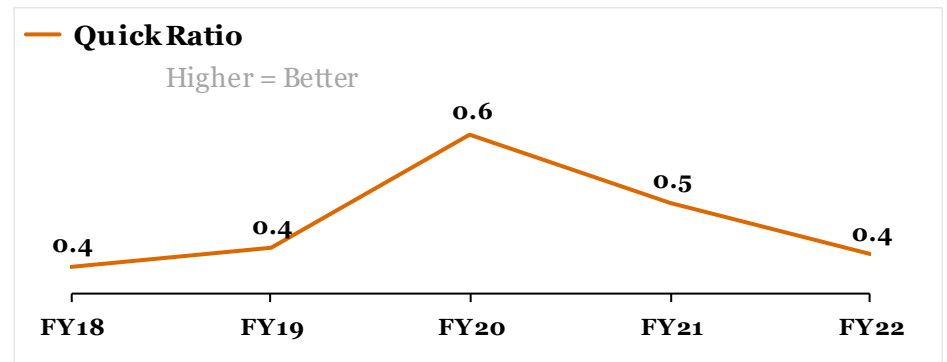
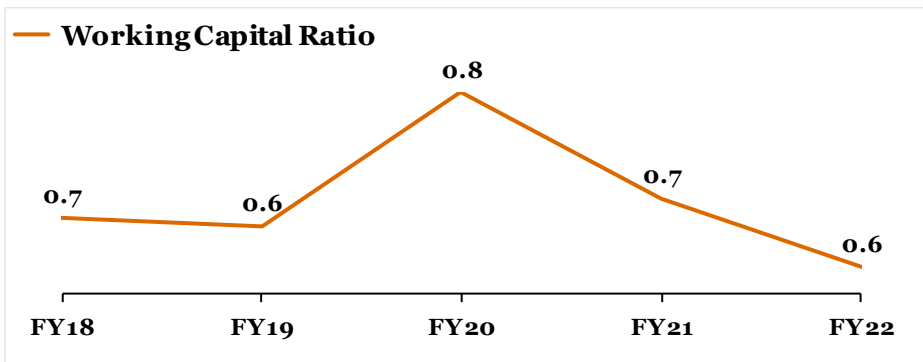
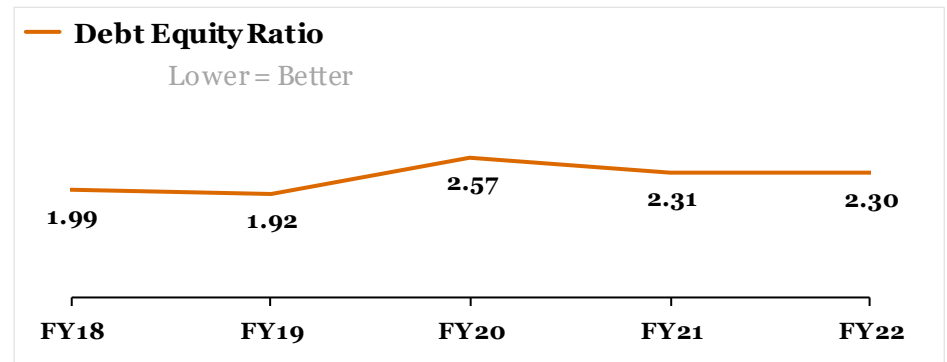
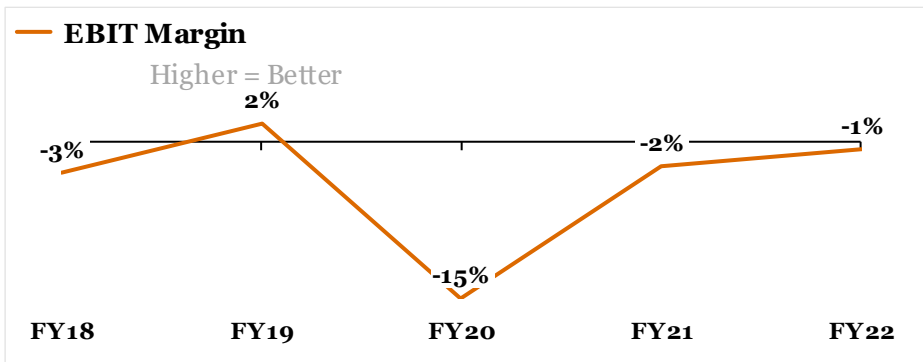
Margins (% of net sales)



# Tata Motors



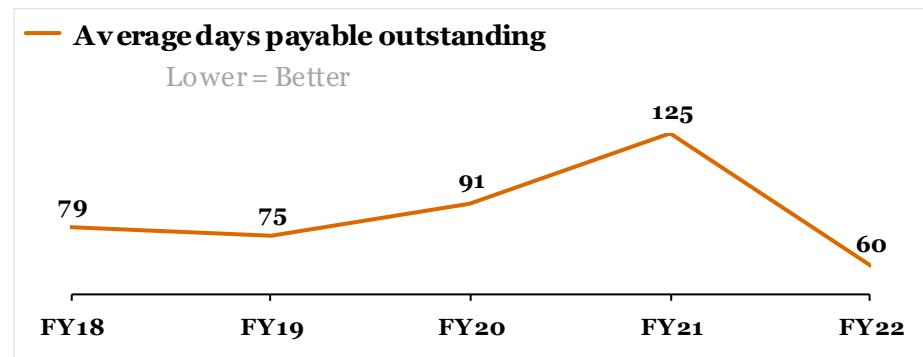
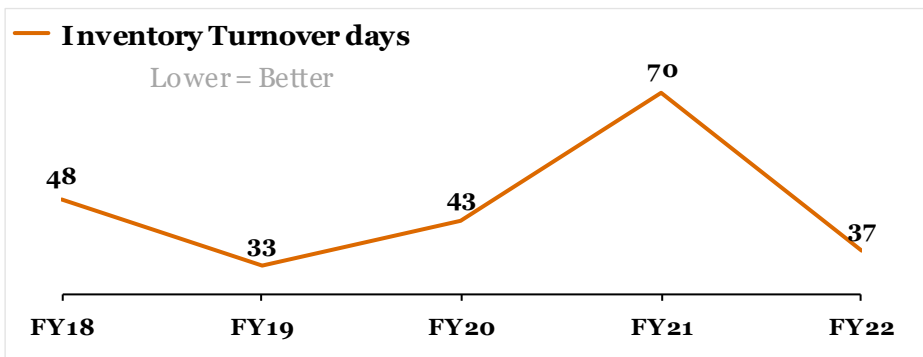
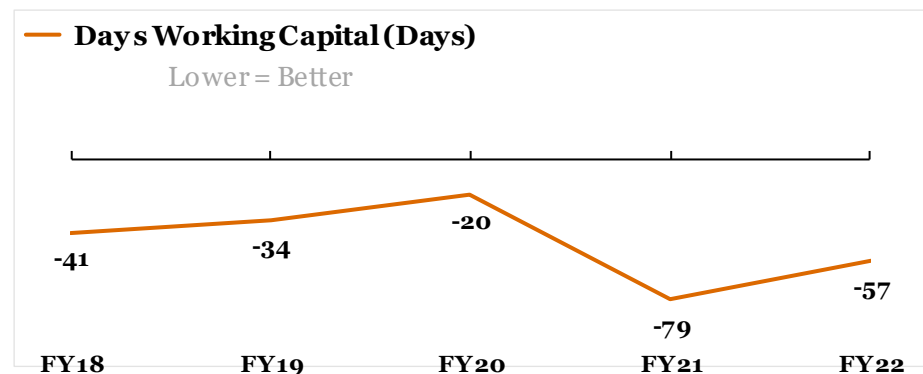
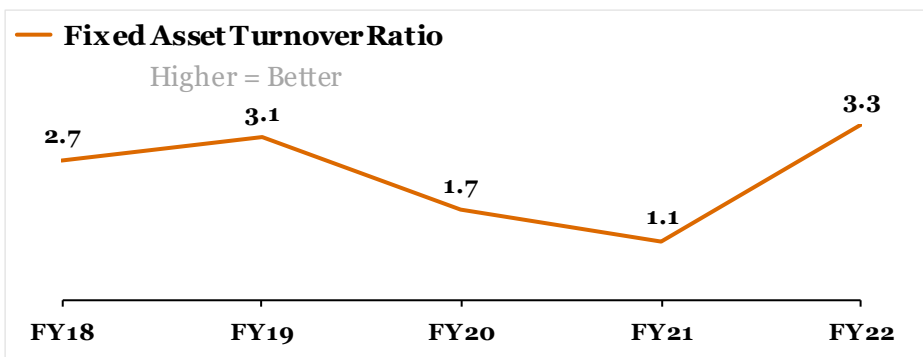
## Financial ratios



## Tata Motors



### Trends in efficiency



#### In FY 22

- Net Sales rose by over 50% due to an increase in industrial and commercial activity, resulting in higher end-user demand
- Lower healthcare expenditures offset the rise in commodity & power costs, and resulted in a rise in EBITDA



***TVS***

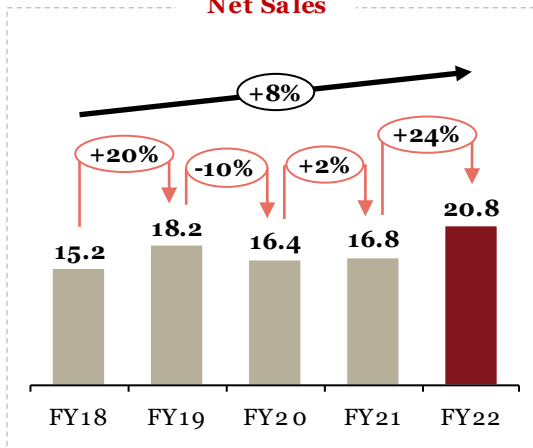
# TVS



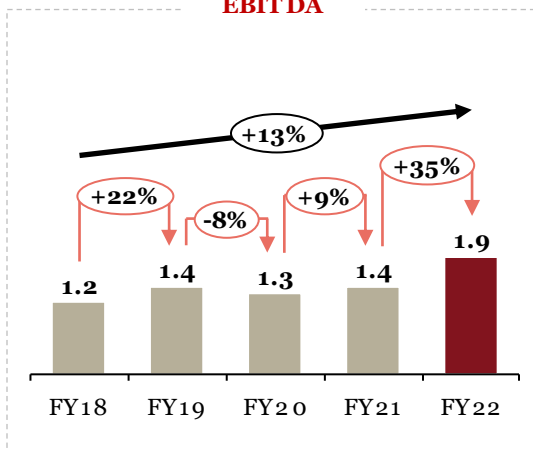
## Trends in aggregates, profitability and costs

### Aggregates (INR '000 Cr)

#### Net Sales

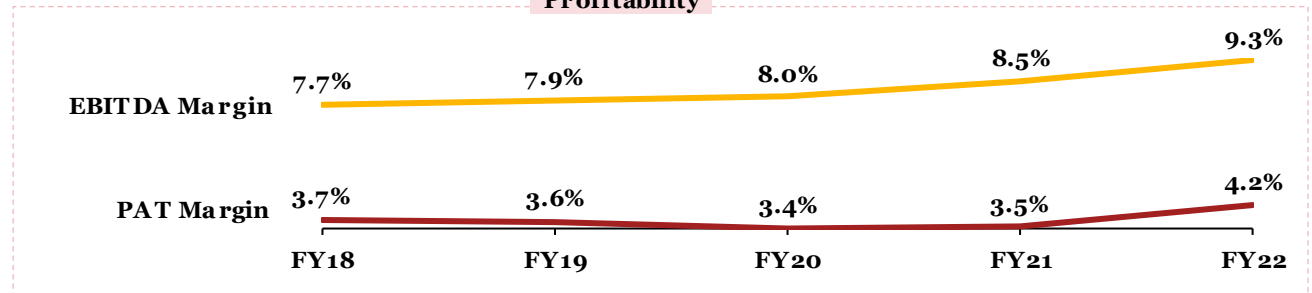


#### EBITDA

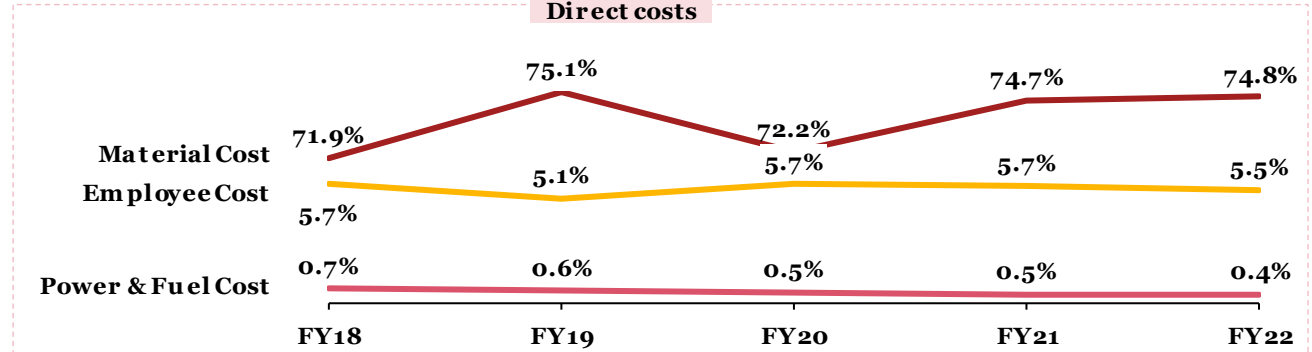


### Margins (% of net sales)

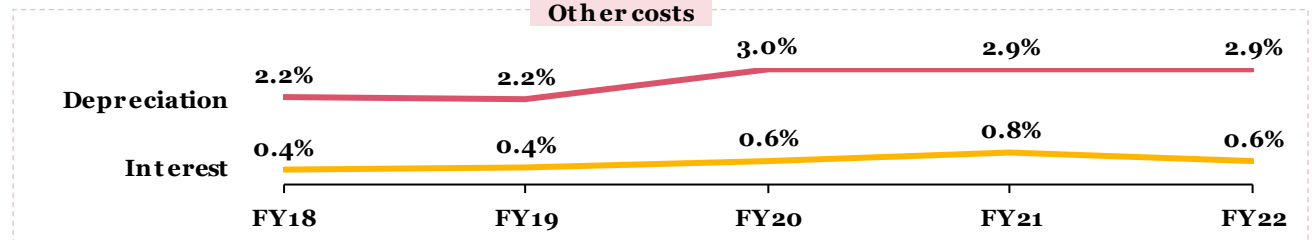
#### Profitability



#### Direct costs



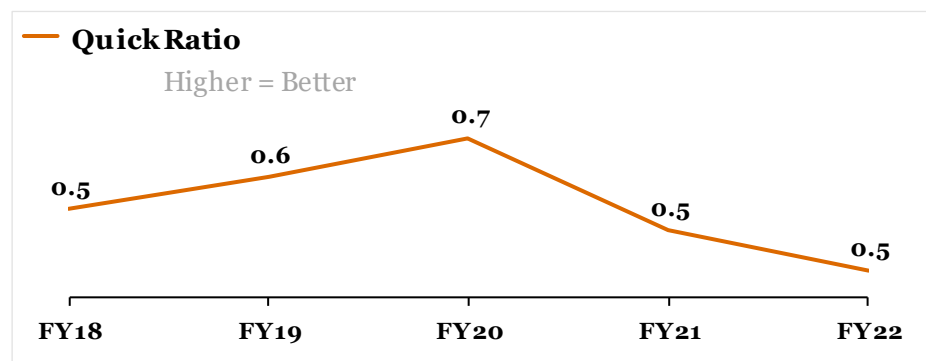
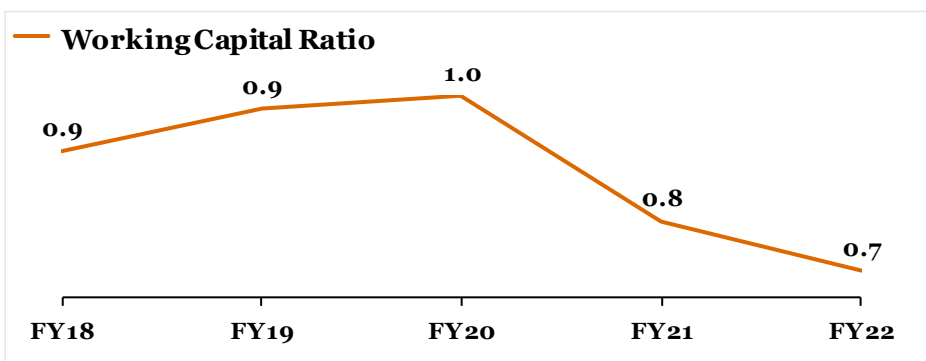
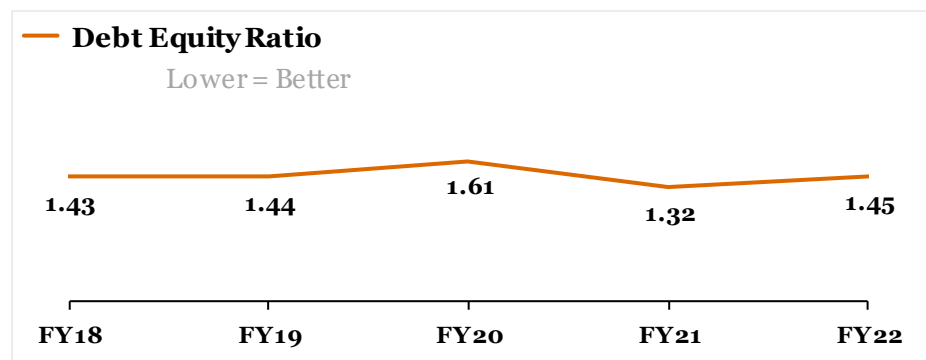
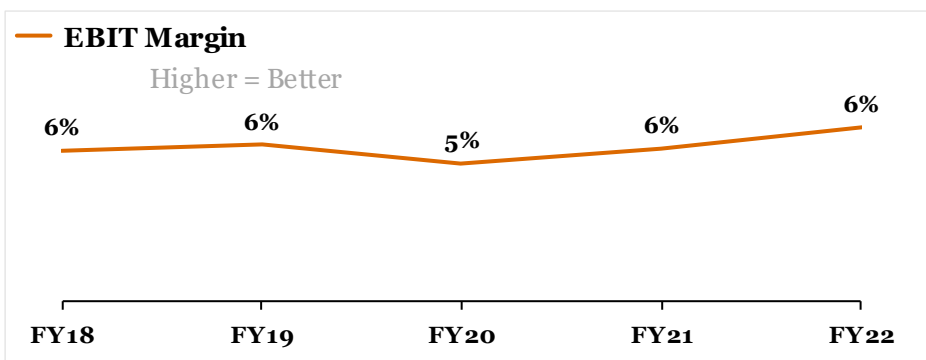
#### Other costs



# TVS



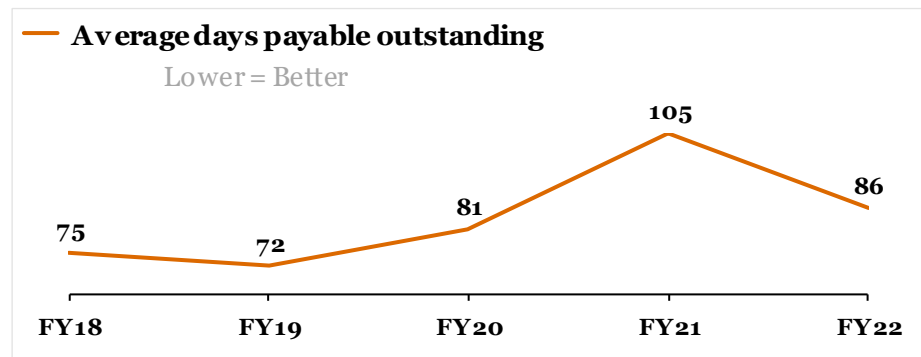
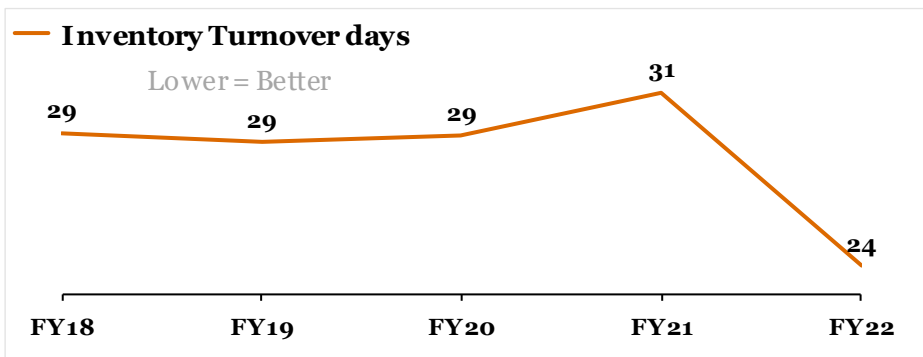
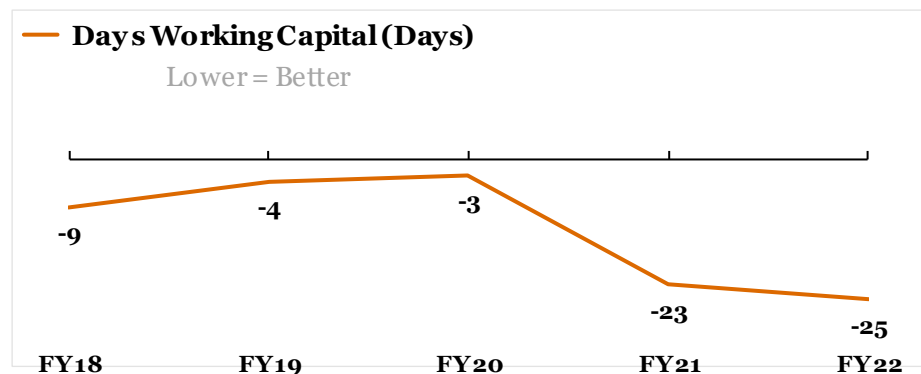
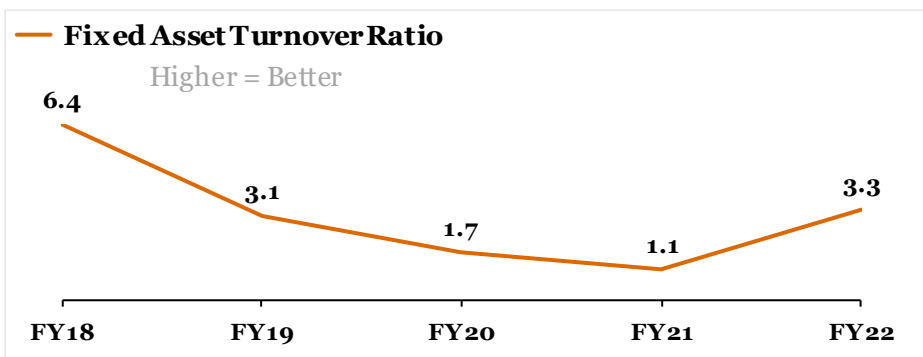
## Financial ratios



# TVS



## Trends in efficiency



### In FY 22

- TVS' strong presence in the 2W market prevented a sharp drop in sales during phases of sluggish demand, and enabled the firm to record a near 25% growth in Net Sales as demand and supply chain disruptions receded post COVID-19 imposed lockdowns
- A non-negligible rise in input costs oversaw a rise in EBITDA and PAT margins, as well as improvements in all efficiency trends



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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
- Akhilesh Oberoi, ACMA Knowledge Partnership Manager - [akhilesh.oberoi@pwc.com](mailto:akhilesh.oberoi@pwc.com) / +919740446188