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OEM- Financial Analysis

FY 23

*Strictly private
and confidential
September 2023*



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List of Companies and Ratios

List of Companies and Ratios		3
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List of companies included in the analysis

Ashok Leyland
Force Motors
Hero MotoCorp
Mahindra & Mahindra
SML ISUZU
Tata Motors
Maruti Suzuki
TVS Motor Co.
Bajaj Auto
Atul Auto

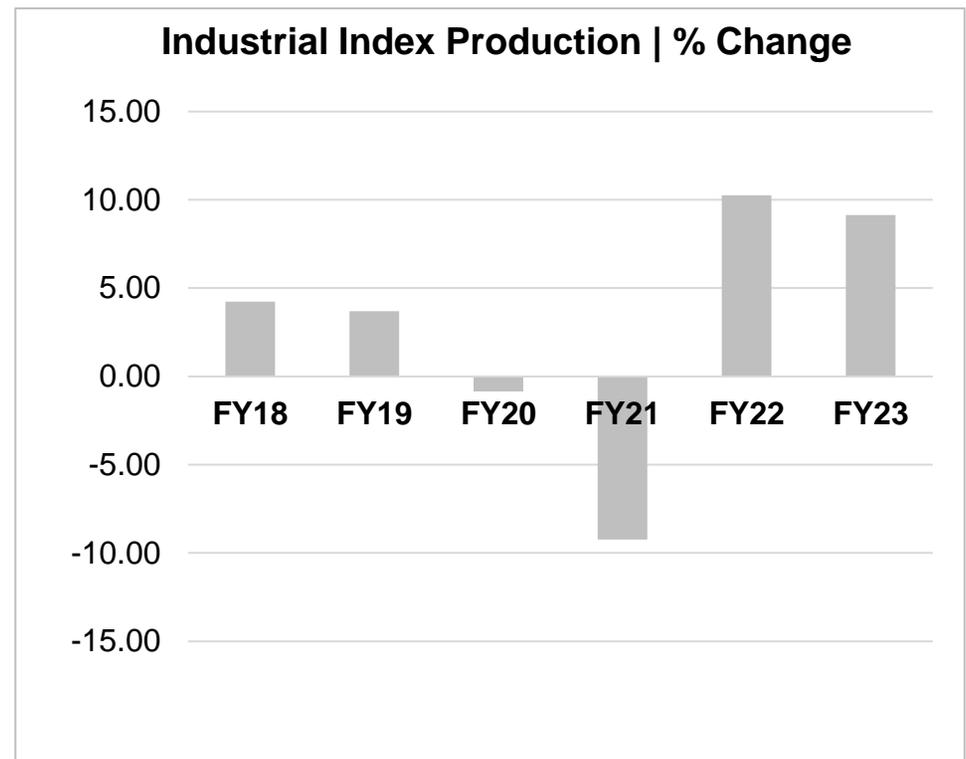
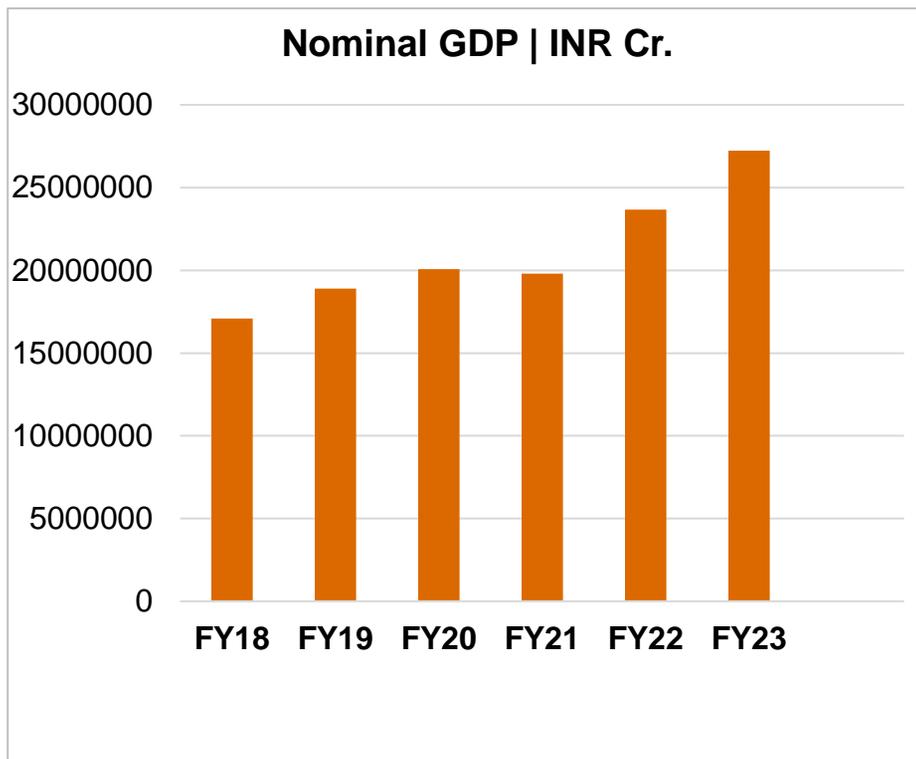
Ratios used

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	$\text{Total Liabilities} / \text{Total Shareholders' Funds}$
Working Capital Ratio	$\text{Total Current Assets} / \text{Total Current Liabilities}$
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	$\text{Annual Net Sales} / \text{Net Block}$

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

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Ashok Leyland

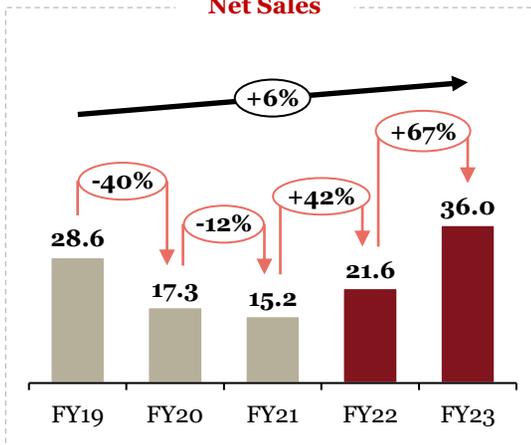
Ashok Leyland



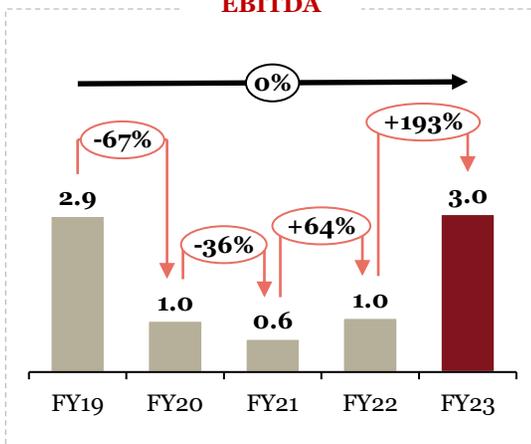
Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

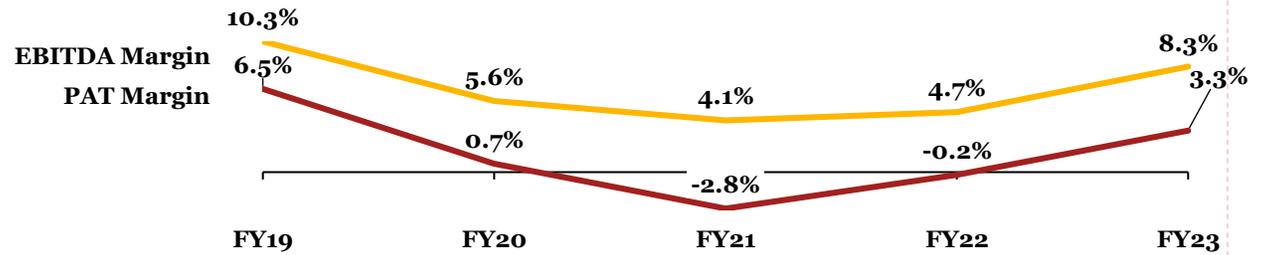


EBITDA

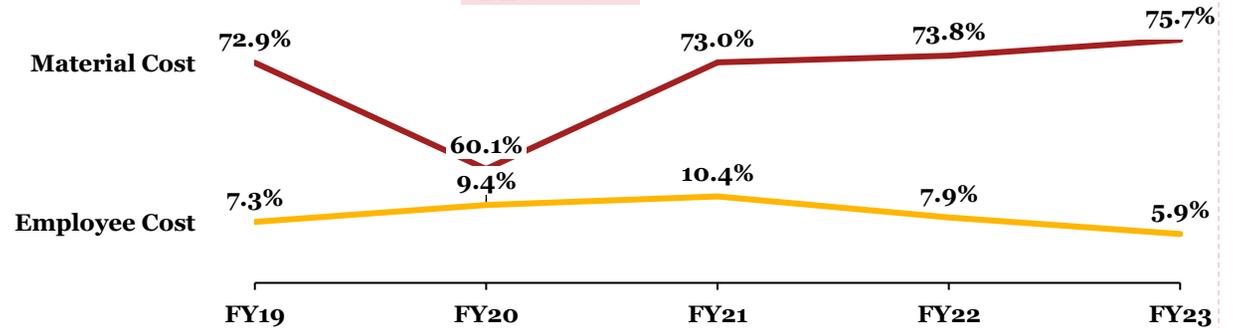


Margins (% of net sales)

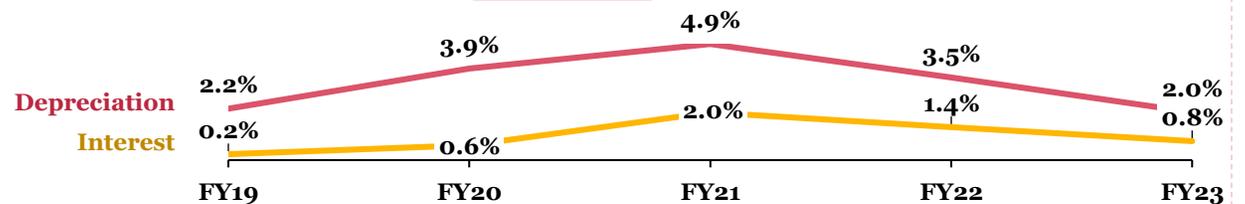
Profitability



Direct costs



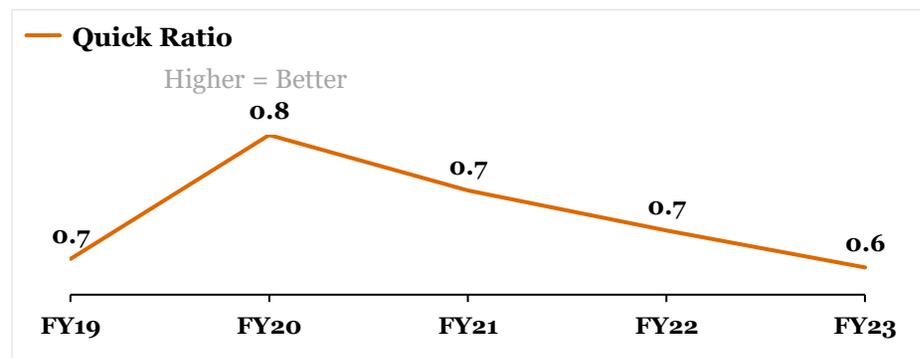
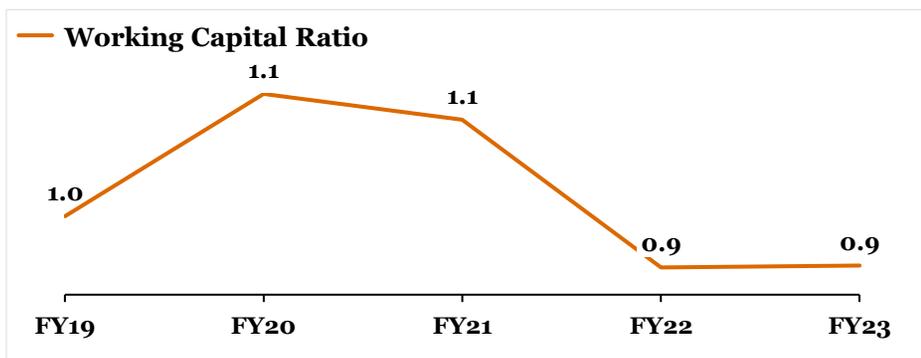
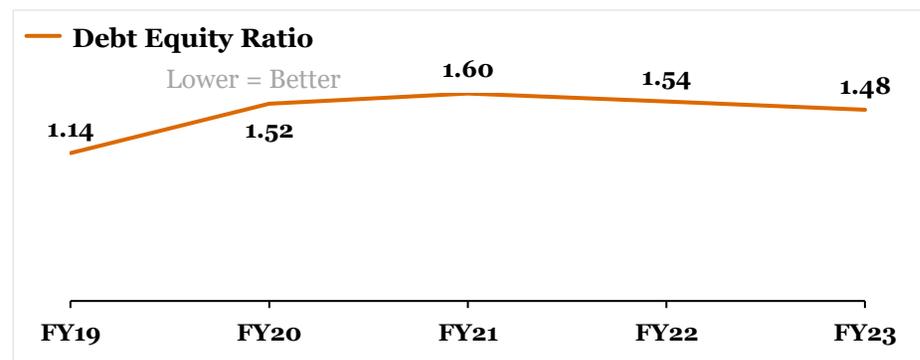
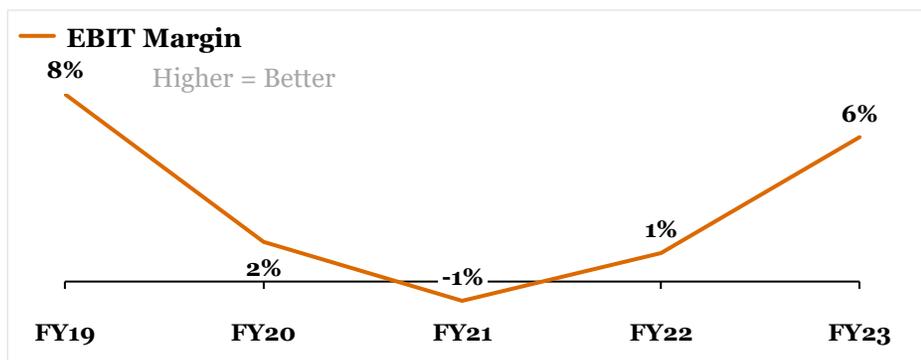
Other costs



Ashok Leyland



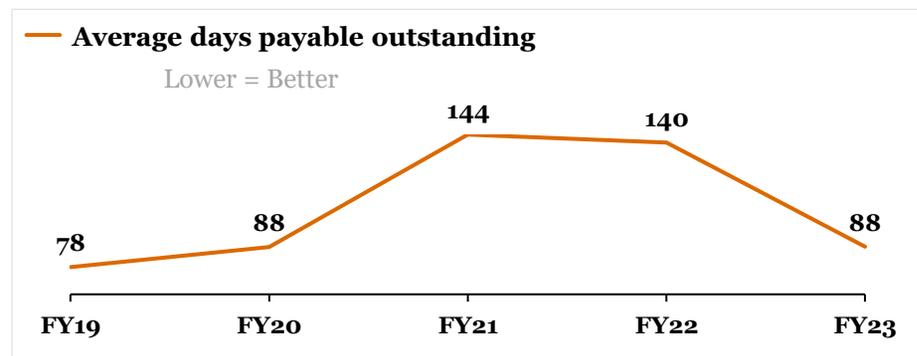
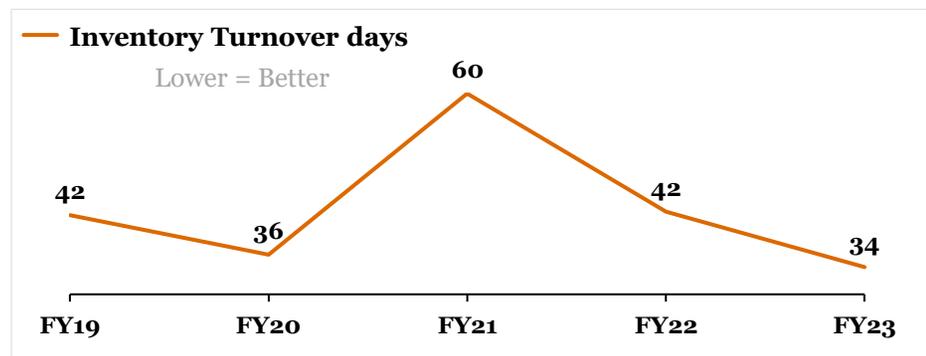
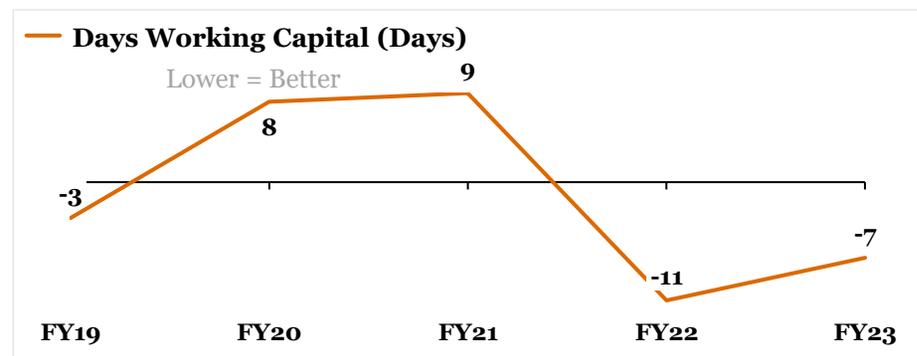
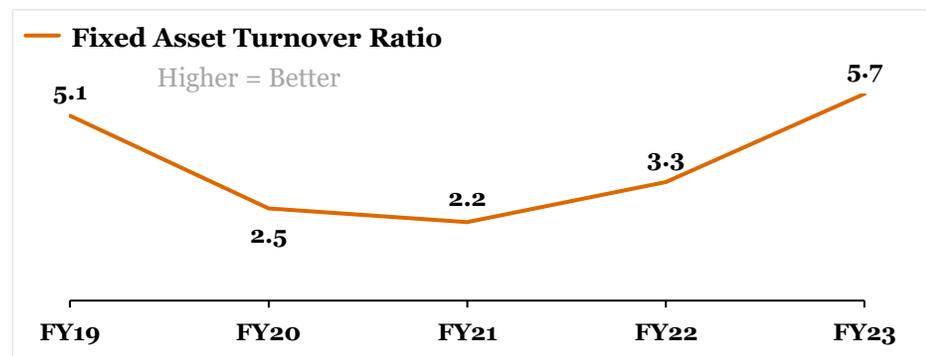
Financial ratios



Ashok Leyland



Trends in efficiency



In FY 23

- Inventory turnover days and average days payable outstanding 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

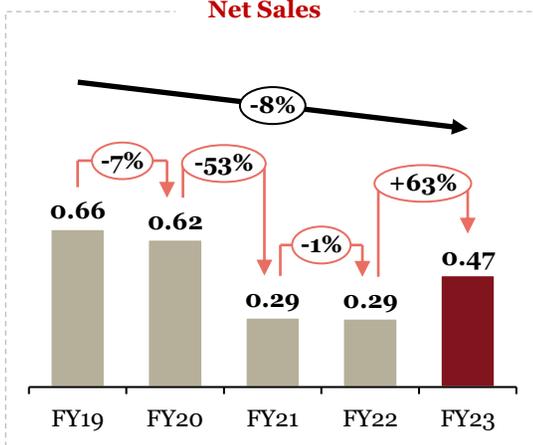
Atul Auto



Trends in aggregates, profitability and costs

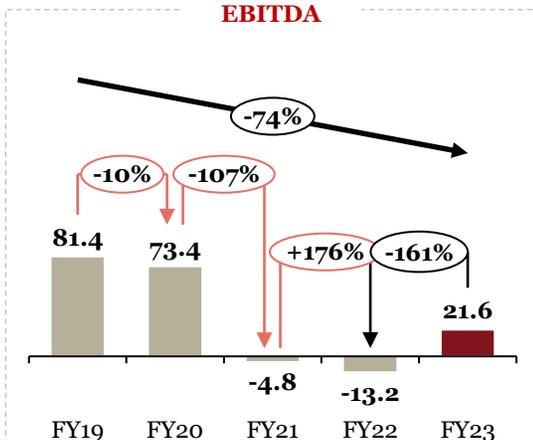
Aggregates (INR '000 Cr)

Net Sales



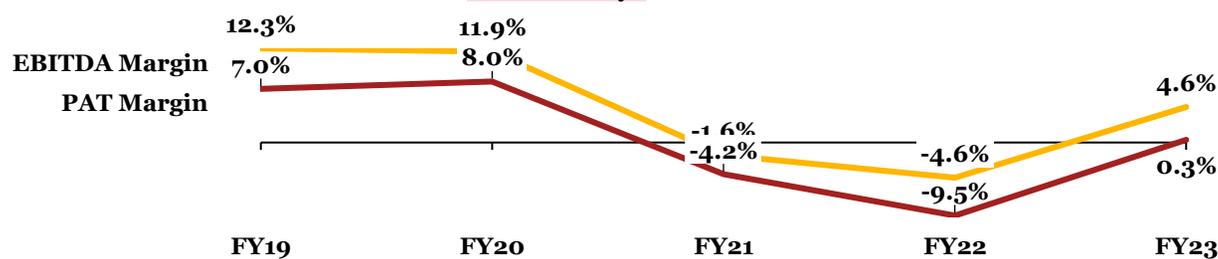
Aggregates (INR Cr)

EBITDA

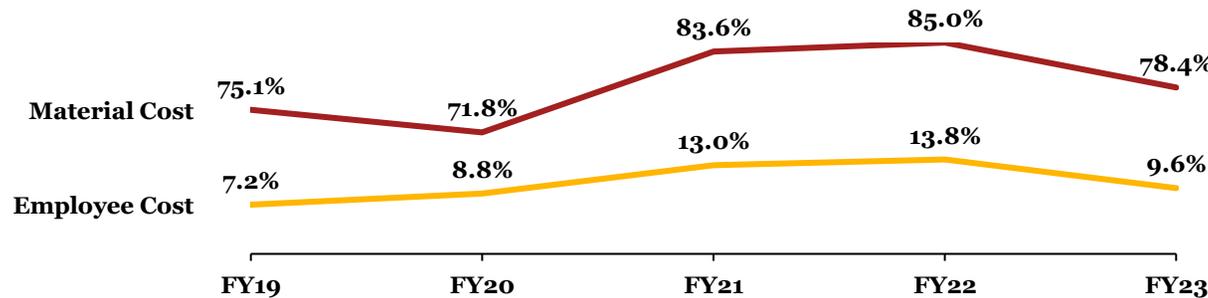


Margins (% of net sales)

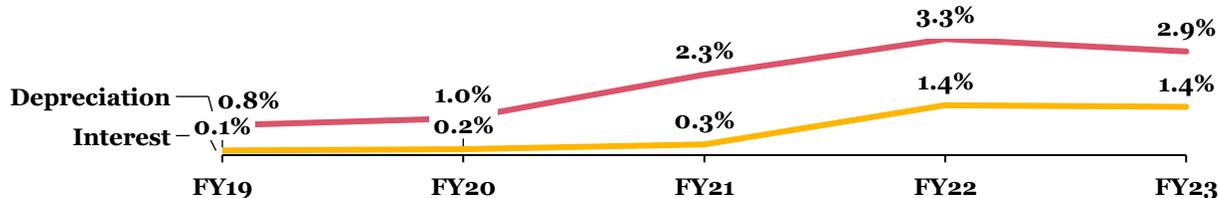
Profitability



Direct costs



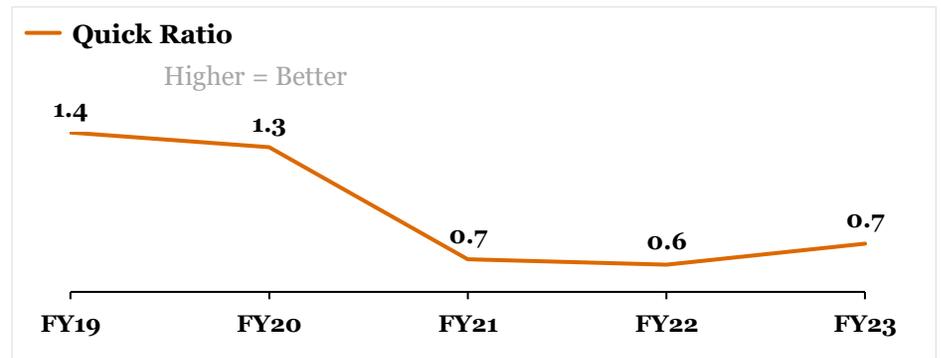
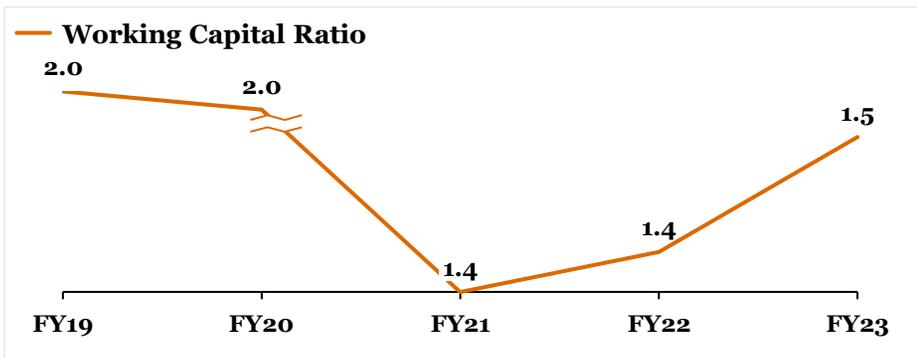
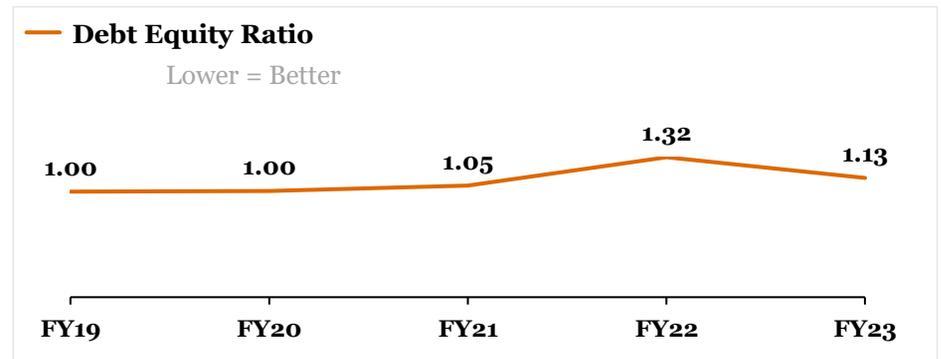
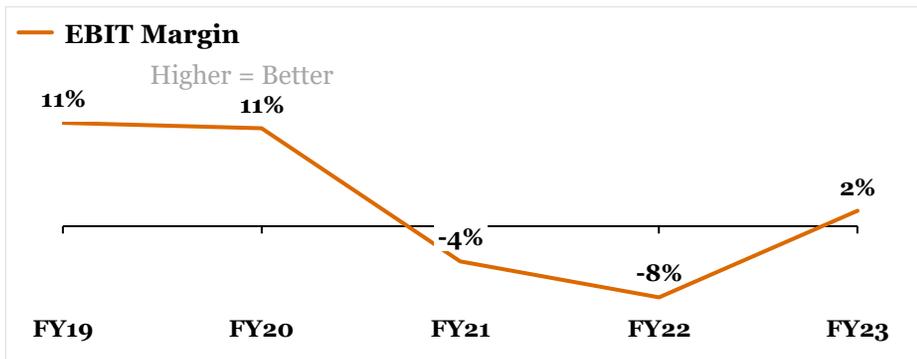
Other costs



Atul Auto



Financial ratios



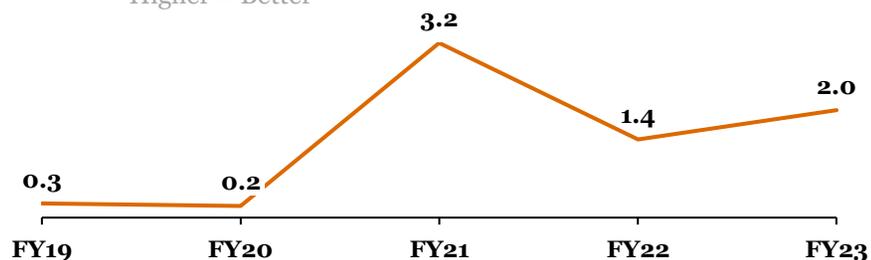
Atul Auto



Trends in efficiency

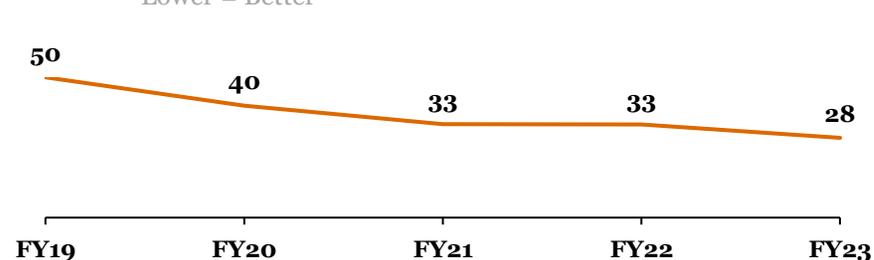
Fixed Asset Turnover Ratio

Higher = Better



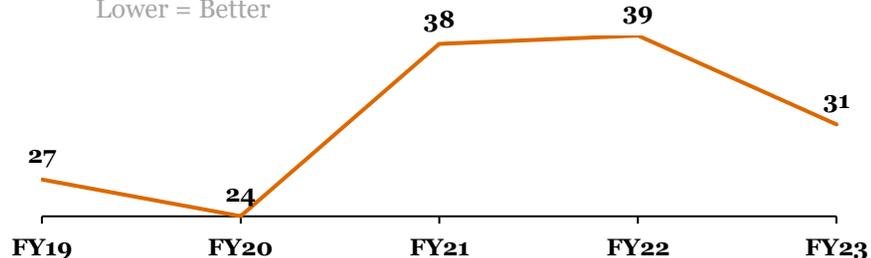
Days Working Capital (Days)

Lower = Better



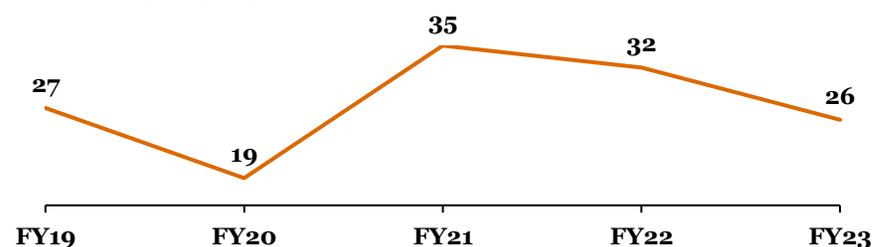
Inventory Turnover days

Lower = Better



Average days payable outstanding

Lower = Better



In FY 23

- Net Sales and EBITDA saw a sharp increase as the three wheeler industry recovers.
- Material cost has reduced and so has employee cost, this coupled with high sales figure have increased the EBITDA and PAT margins.

Bajaj Auto

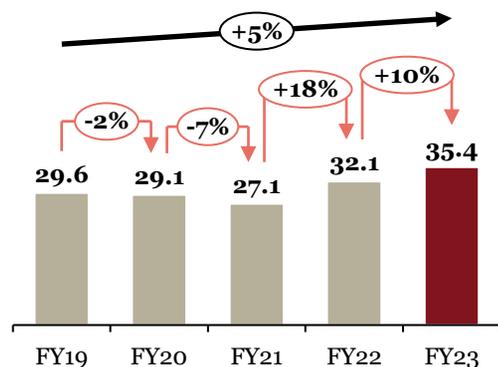
Bajaj Auto



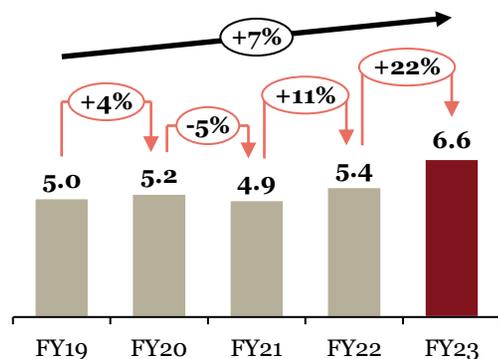
Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

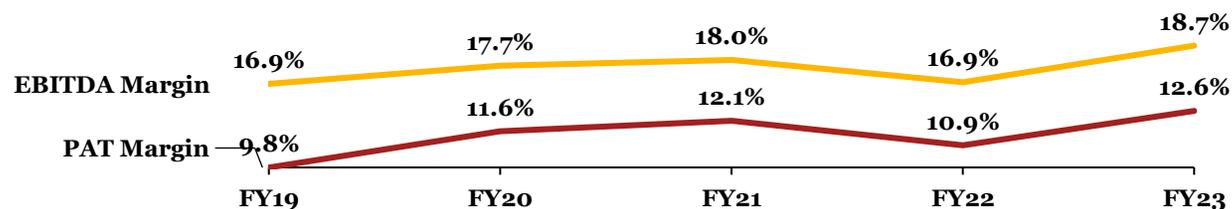


EBITDA

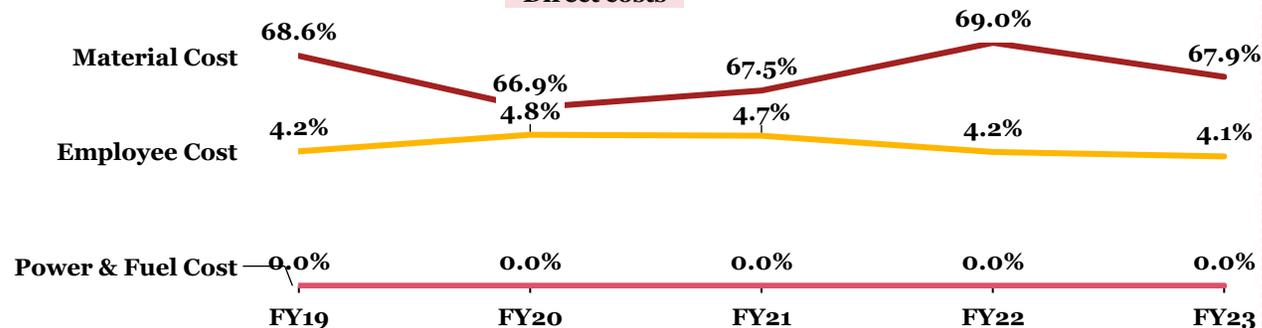


Margins (% of net sales)

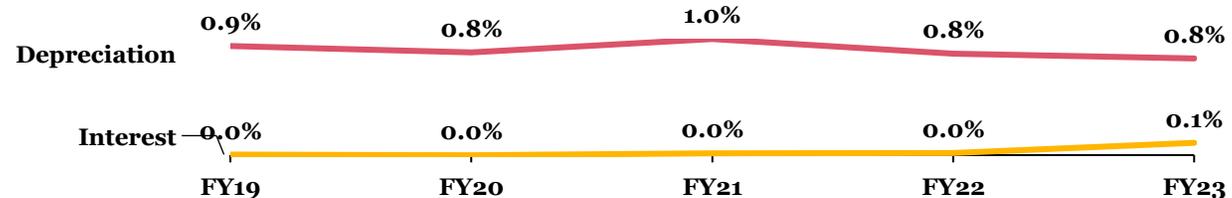
Profitability



Direct costs



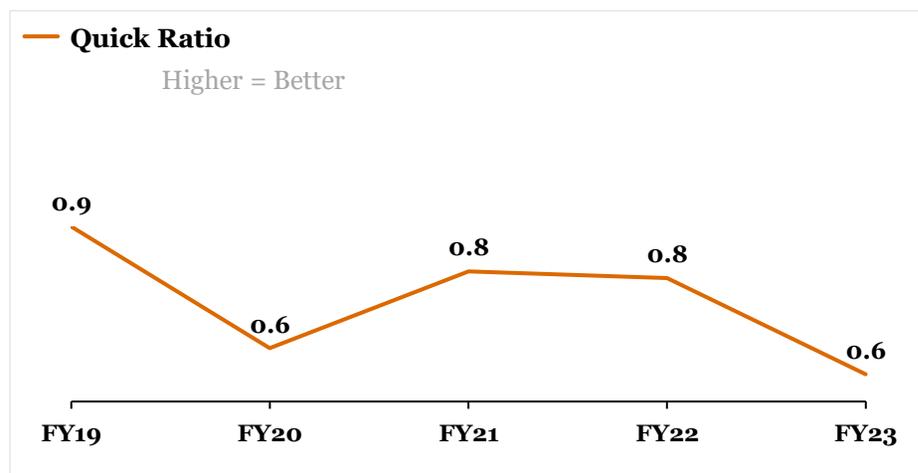
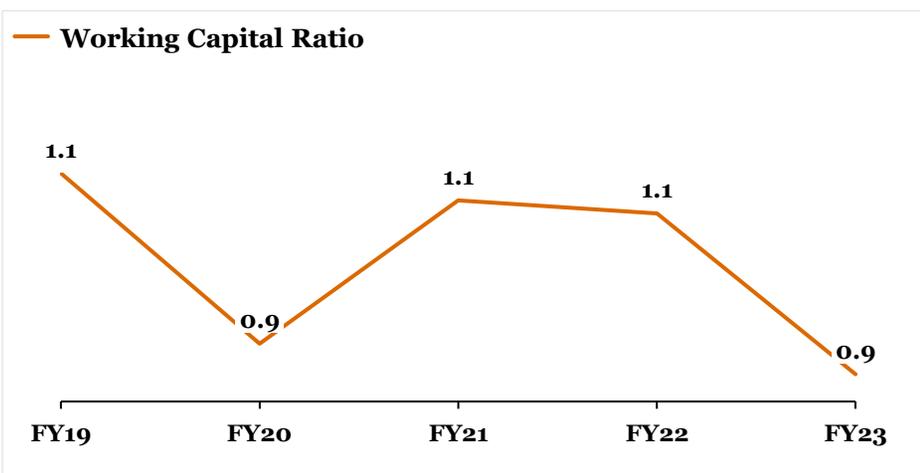
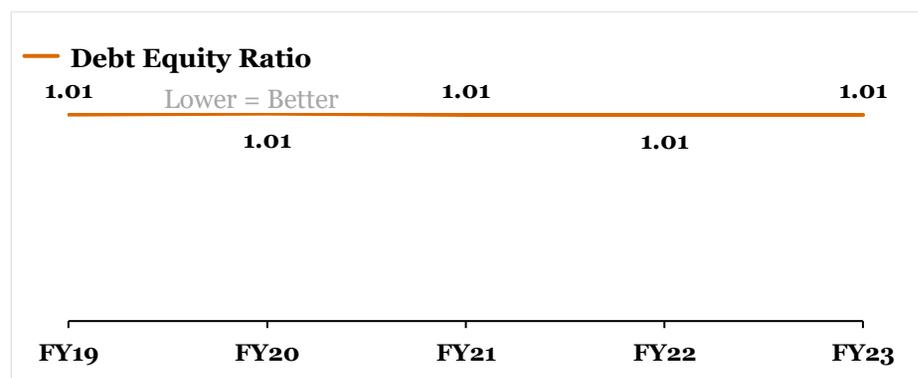
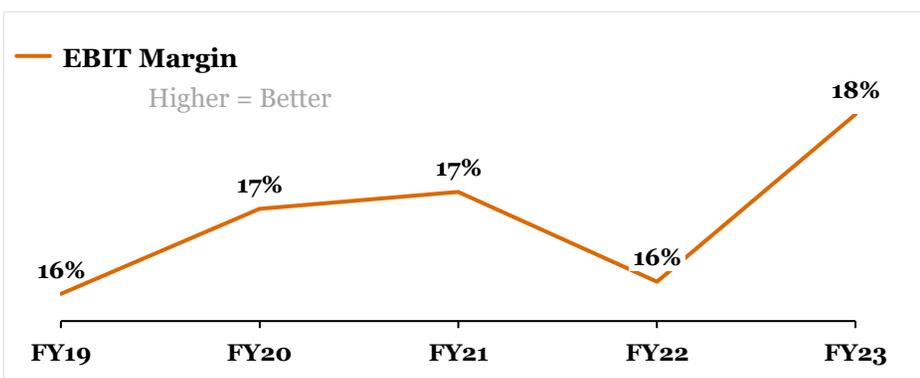
Other costs



Bajaj Auto



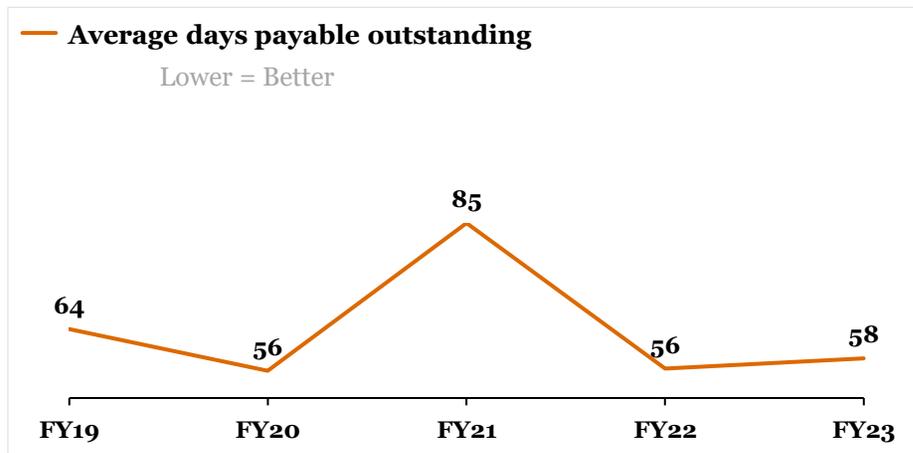
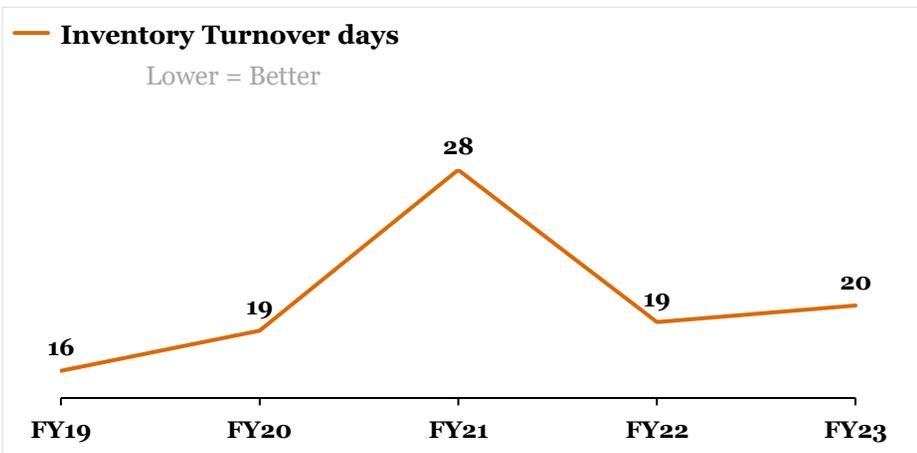
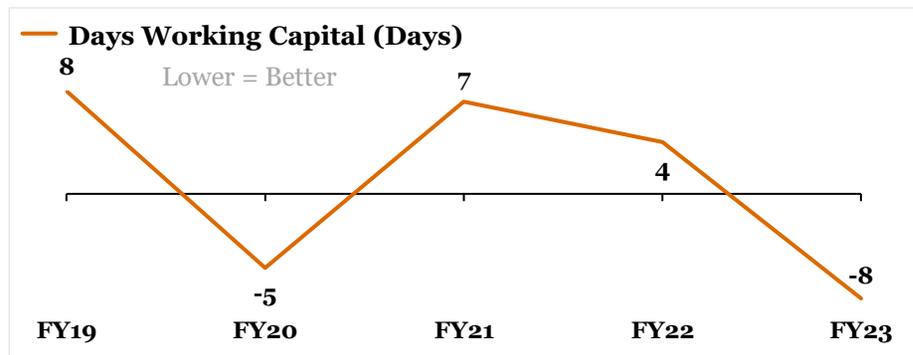
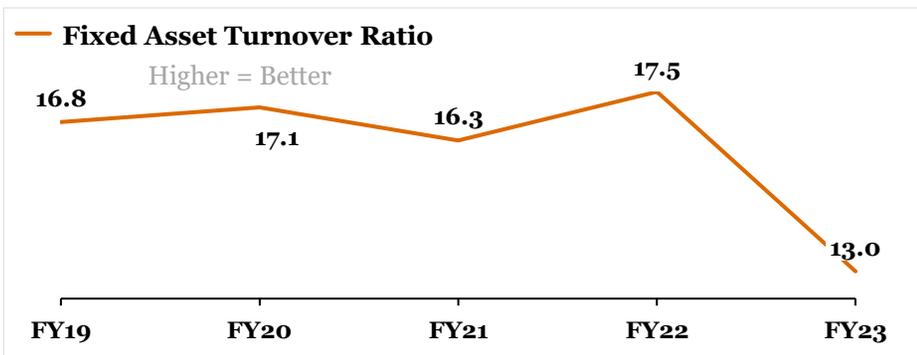
Financial ratios



Bajaj Auto



Trends in efficiency



- Net Sales and EBITDA shows signs of improvement as the overall macro economic conditions improve. However due to lack of rural demand, the numbers are not as impressive as other OEMs.
- EBITDA and PAT margins increase significantly leading to increased profitability.

Force Motors

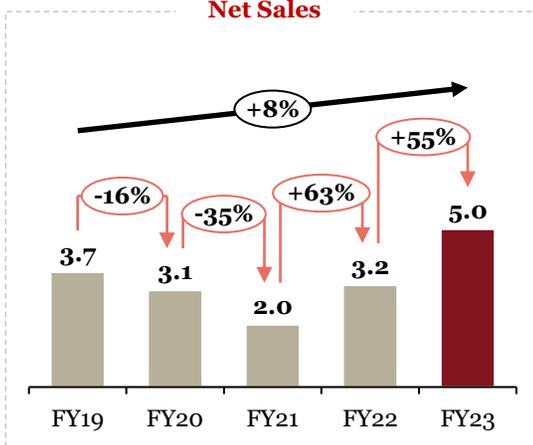
Force Motors



Trends in aggregates, profitability and costs

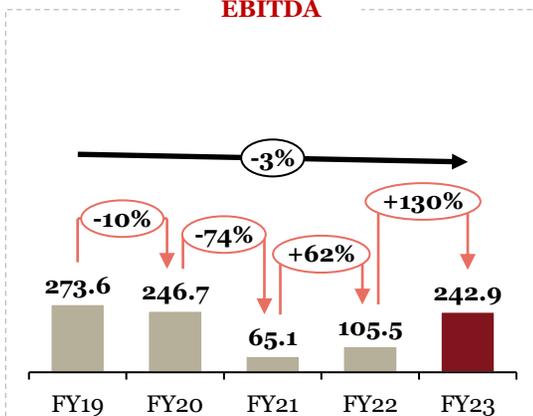
Aggregates (INR '000 Cr)

Net Sales



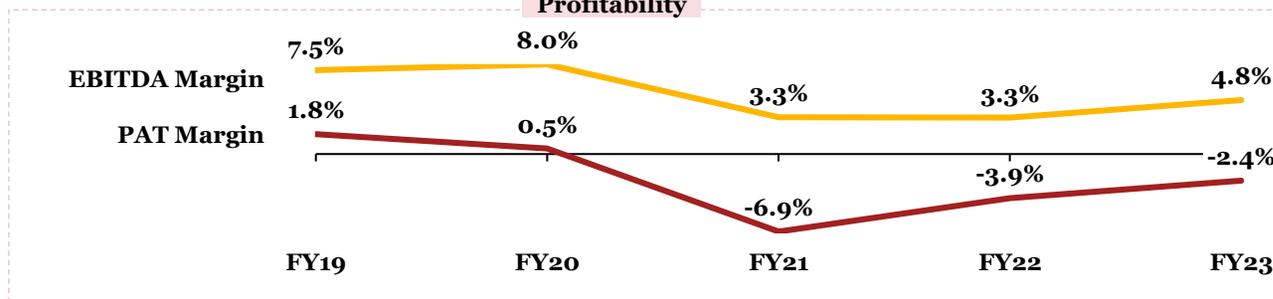
Aggregates (INR Cr)

EBITDA

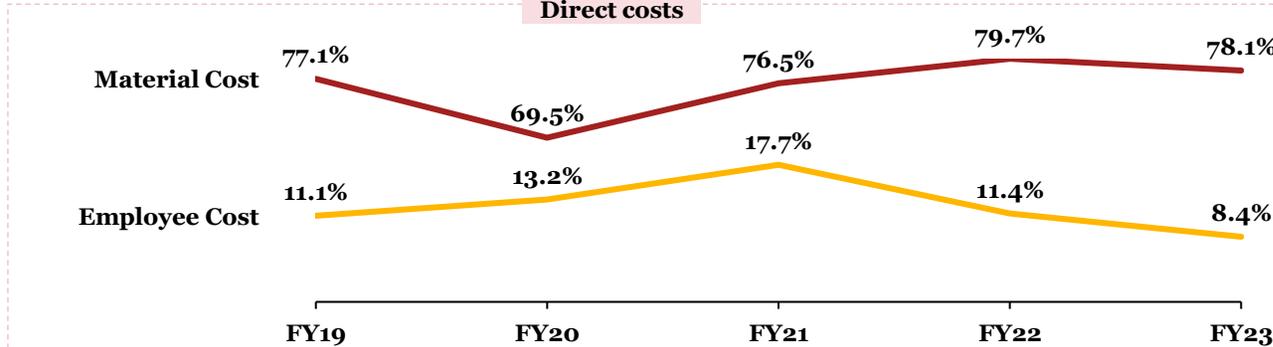


Margins (% of net sales)

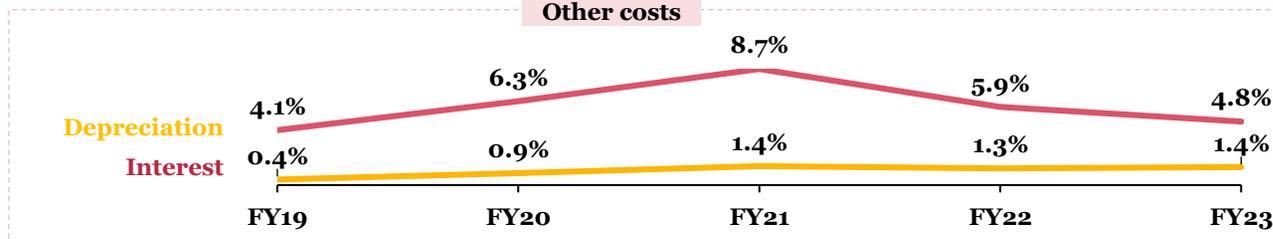
Profitability



Direct costs



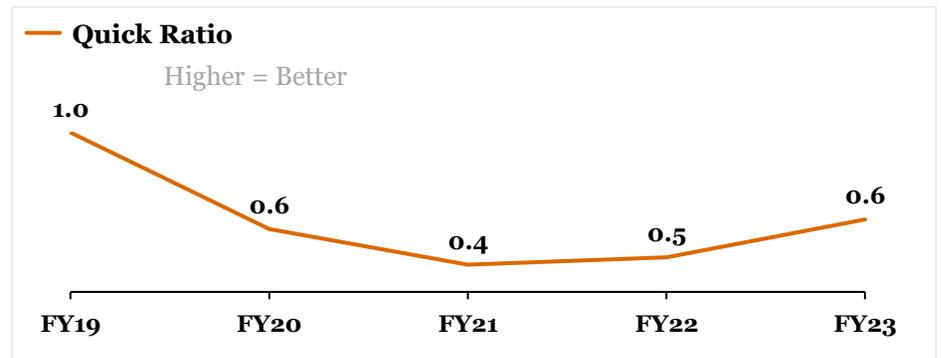
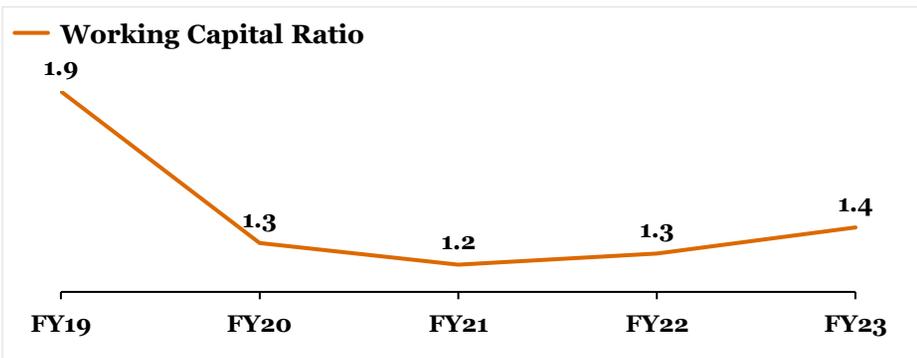
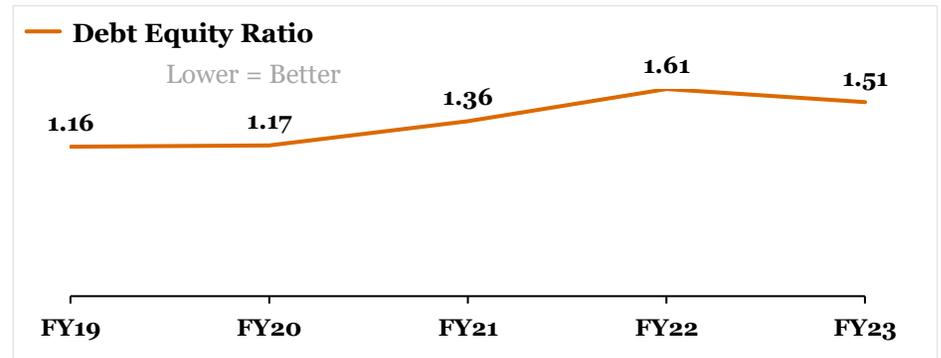
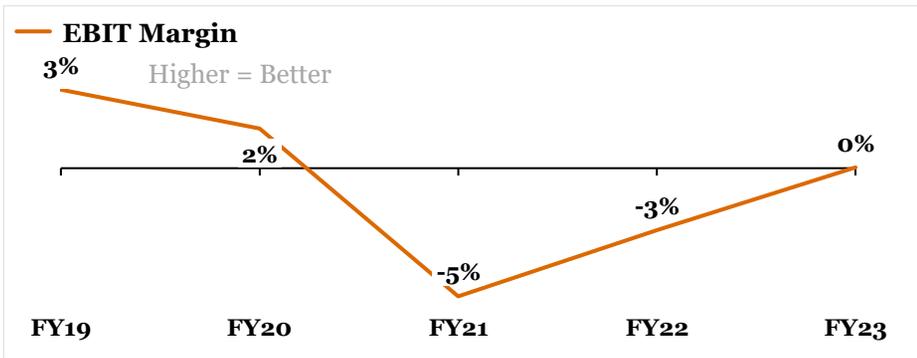
Other costs



Force Motors



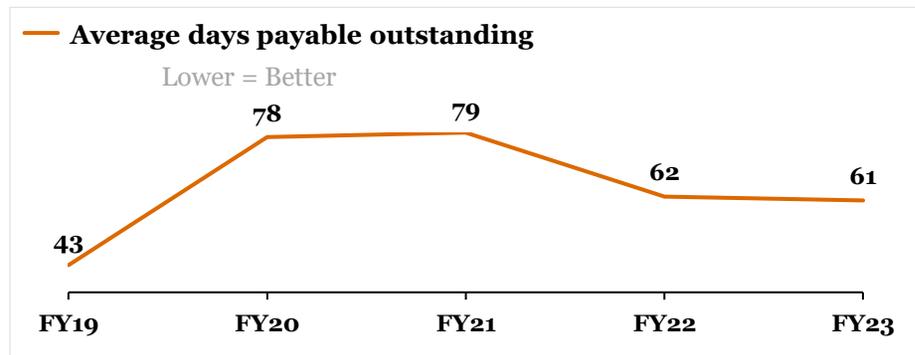
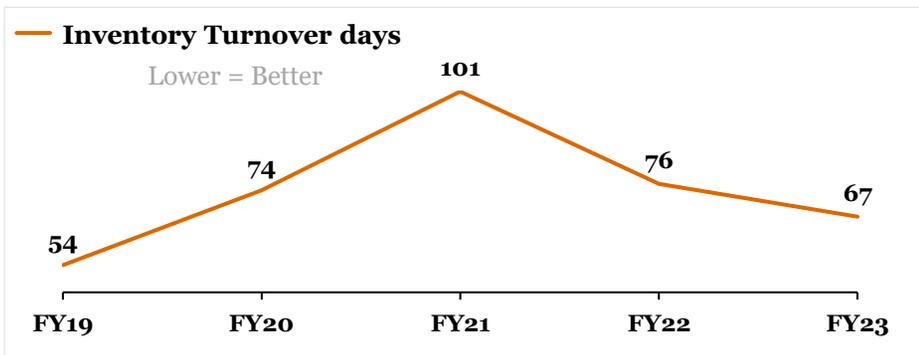
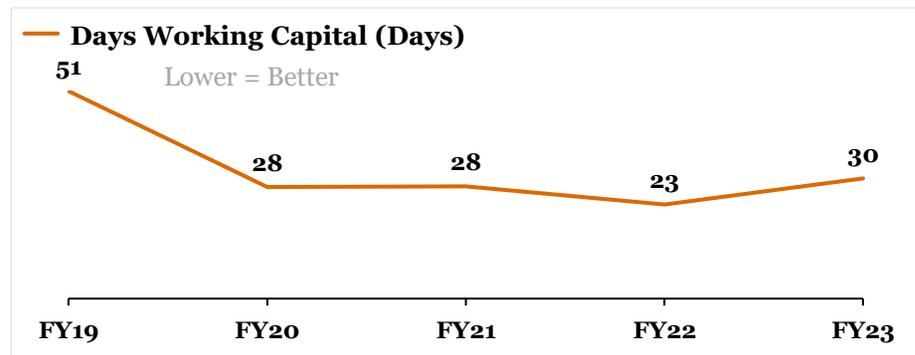
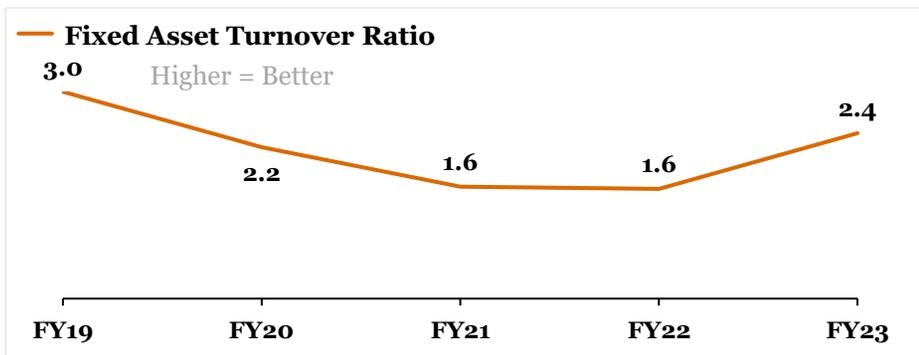
Financial ratios



Force Motors



Trends in efficiency



In FY 23

- 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

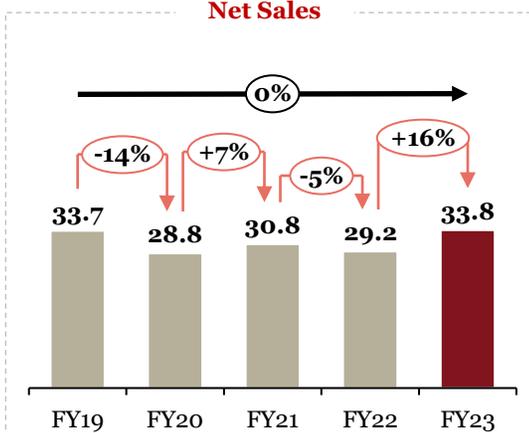
Hero Motocorp



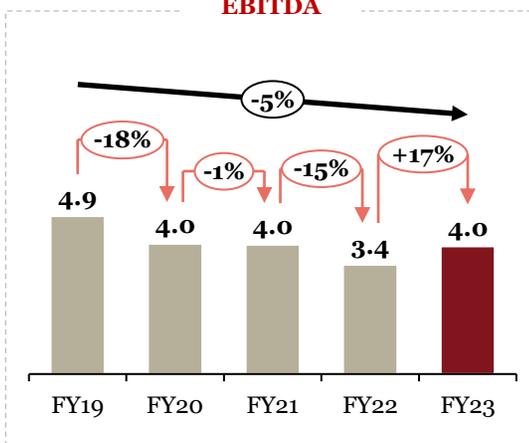
Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

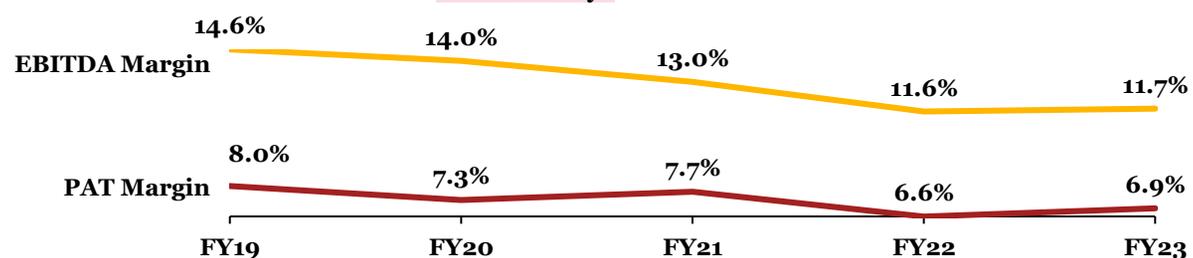


EBITDA

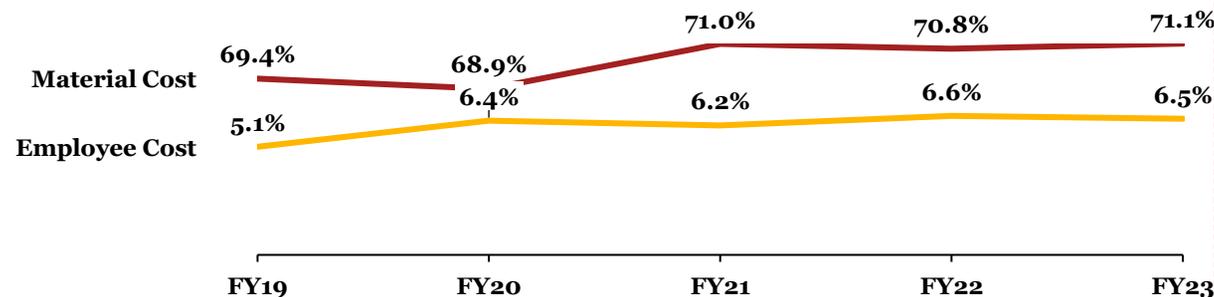


Margins (% of net sales)

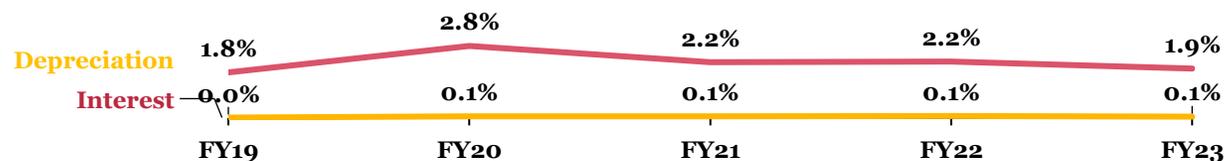
Profitability



Direct costs



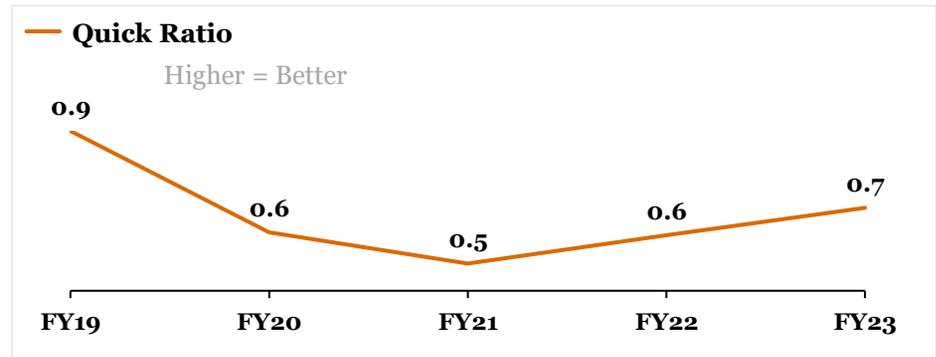
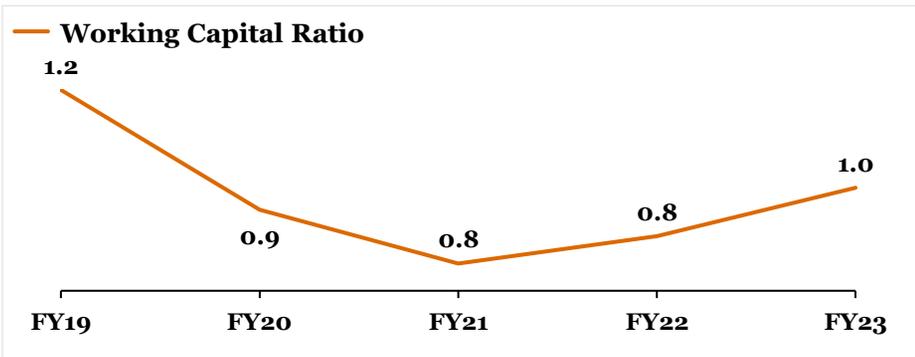
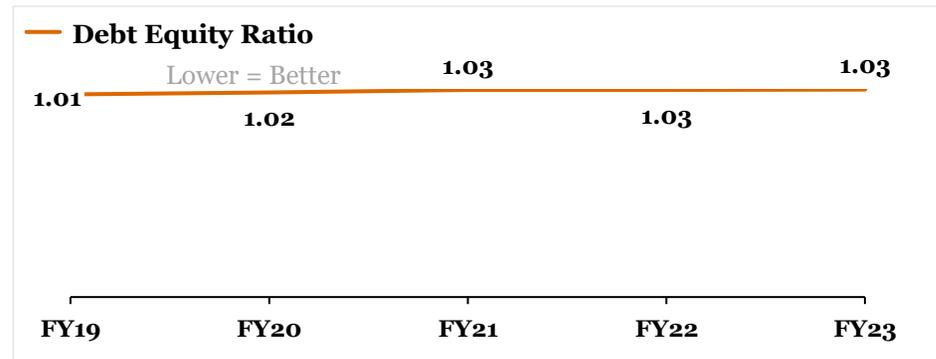
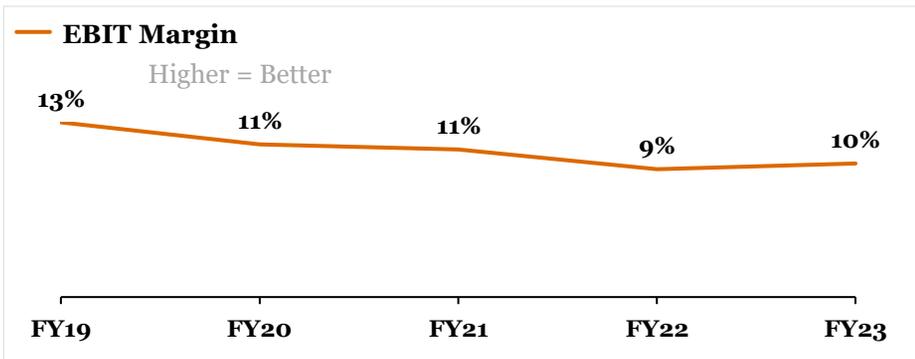
Other costs



Hero Motocorp



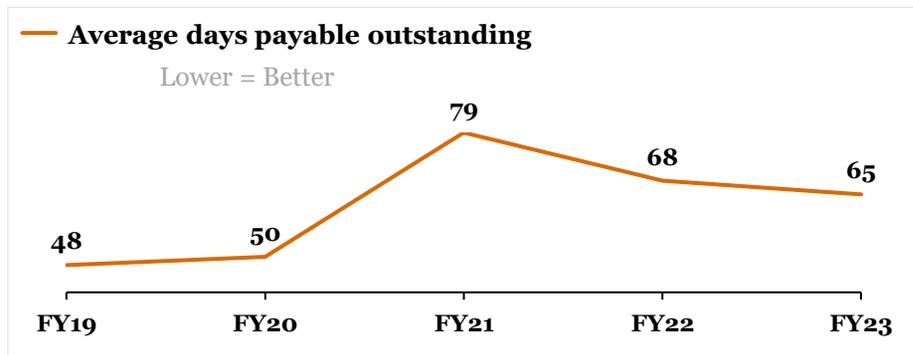
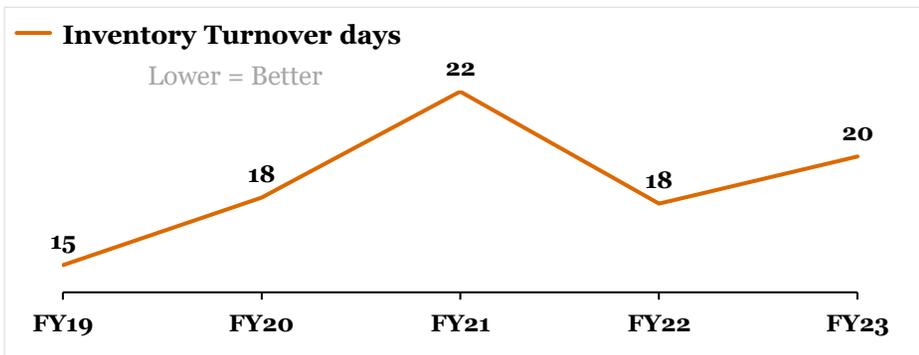
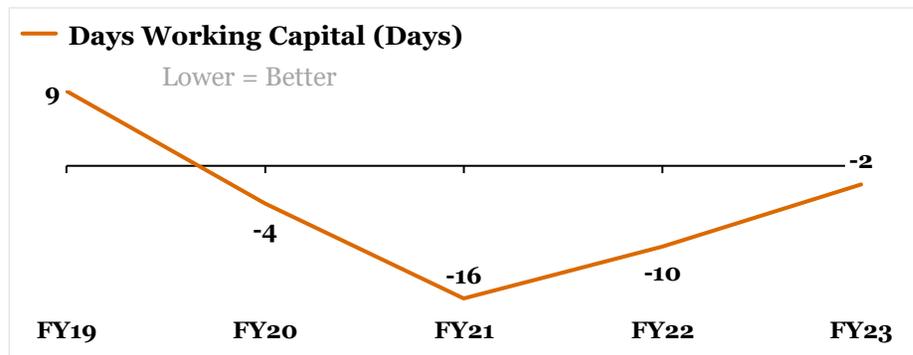
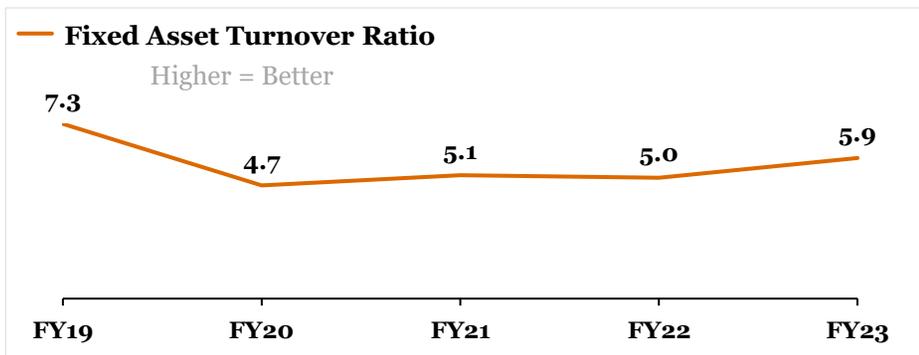
Financial ratios



Hero Motocorp



Trends in efficiency



In FY 23

- Net Sales and EBITDA for Hero Motocorp are not as impressive as other OEMs, this is attributed to the fact that rural demand two cheaper two wheelers is yet to pick up.
- EBITDA and PAT margins remained relatively stable as efficiency trends show gradual improvement.

Mahindra and Mahindra

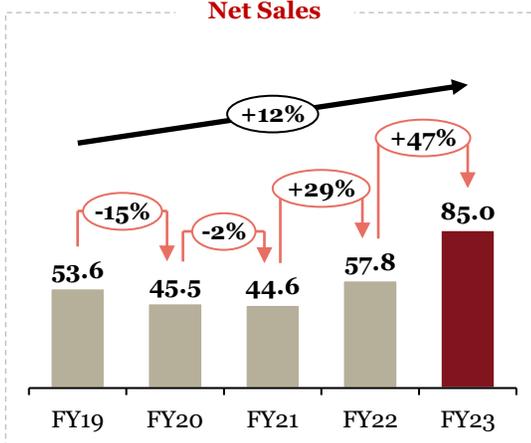
Mahindra and Mahindra



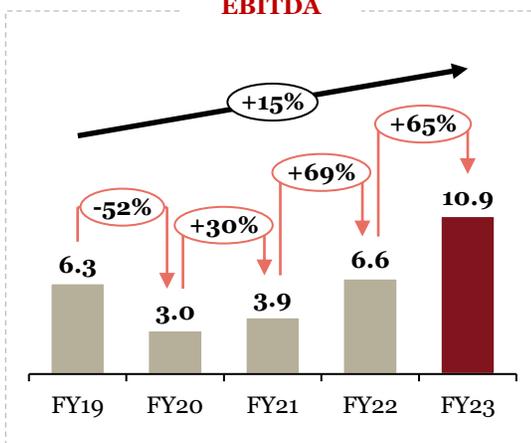
Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

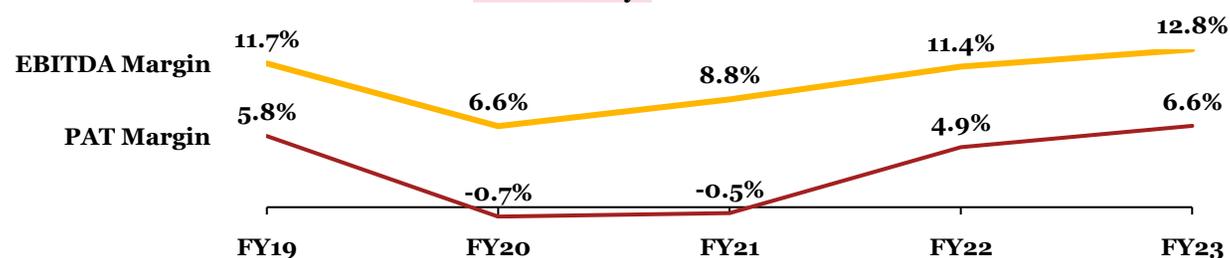


EBITDA

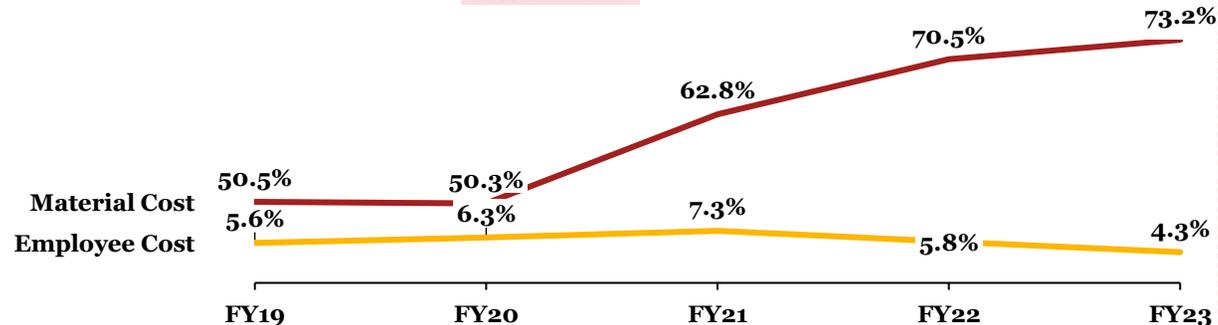


Margins (% of net sales)

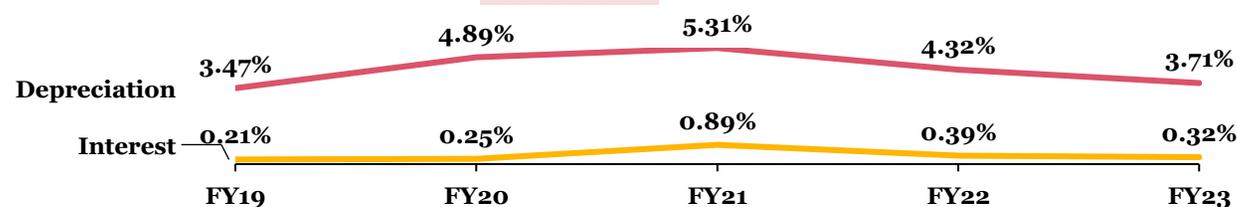
Profitability



Direct costs



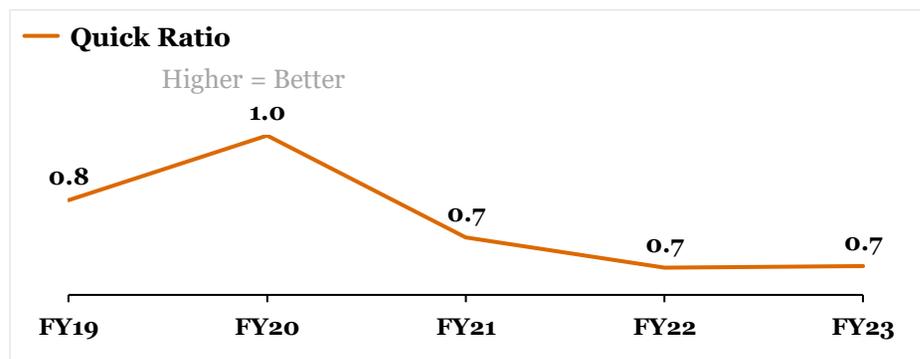
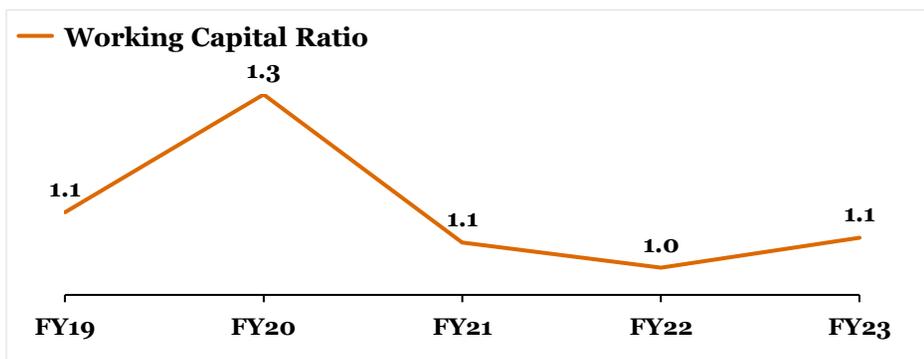
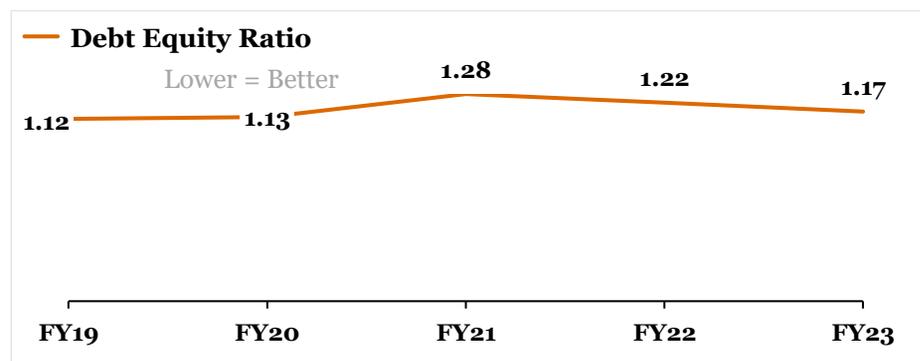
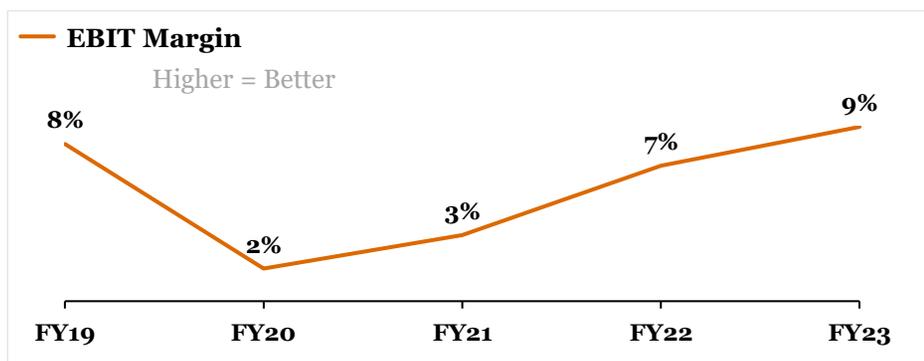
Other costs



Mahindra and Mahindra



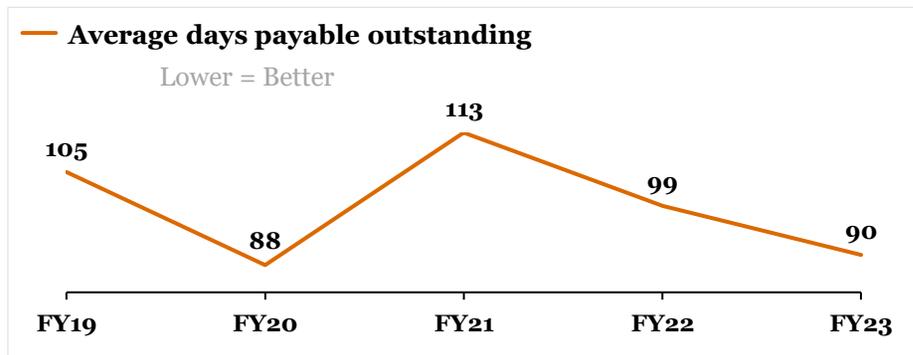
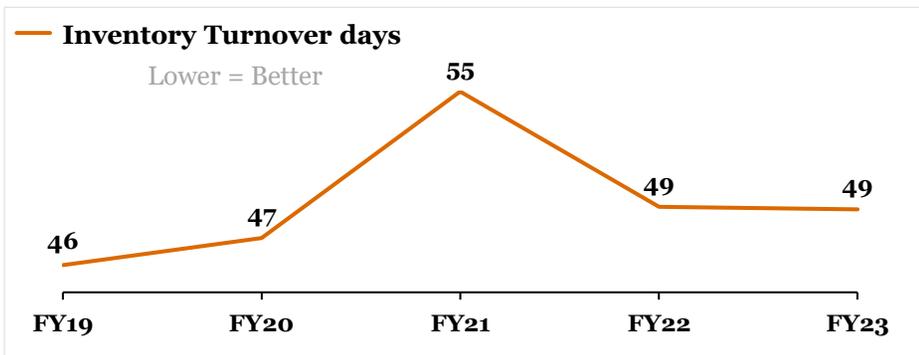
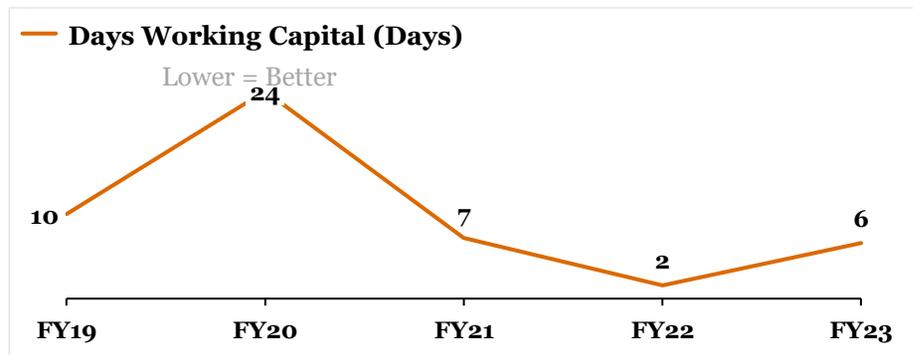
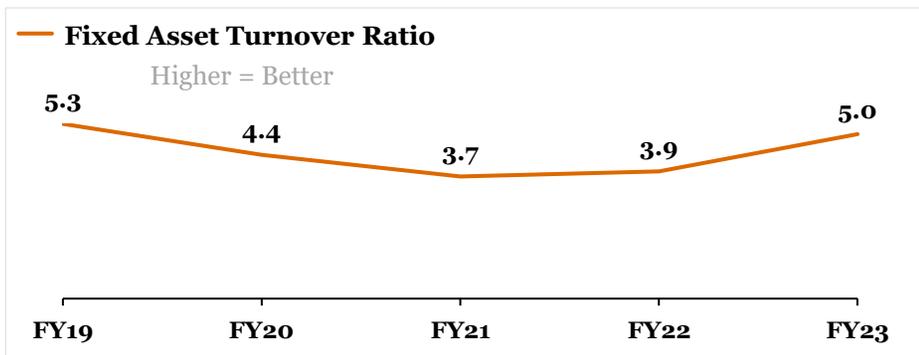
Financial ratios



Mahindra and Mahindra



Trends in efficiency



In FY 23

- Mahindra and Mahindra's net sales and EBITDA numbers continues to rise in the post pandemic era. EBITDA and PAT margins rose considerably amid improved demand of Mahindra and Mahindra's automobiles across various segments.
- Input costs increases considerably but the overall impact was minimized by decrease in employee costs.

Maruti Suzuki

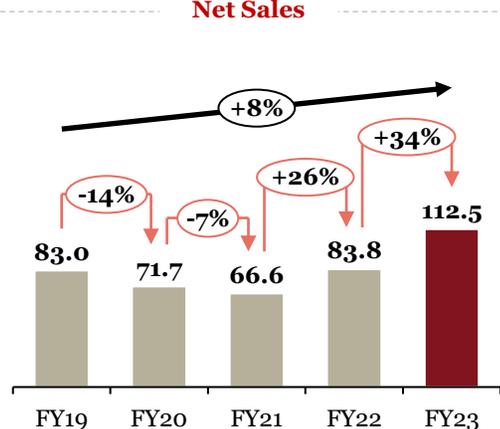
Maruti Suzuki



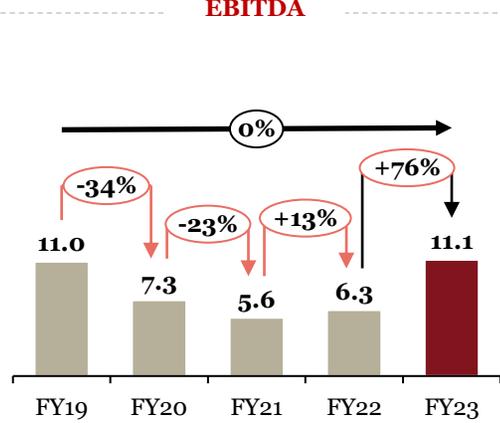
Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

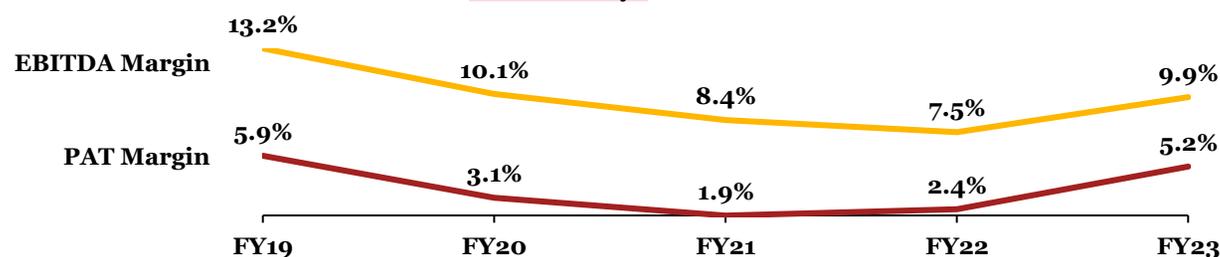


EBITDA

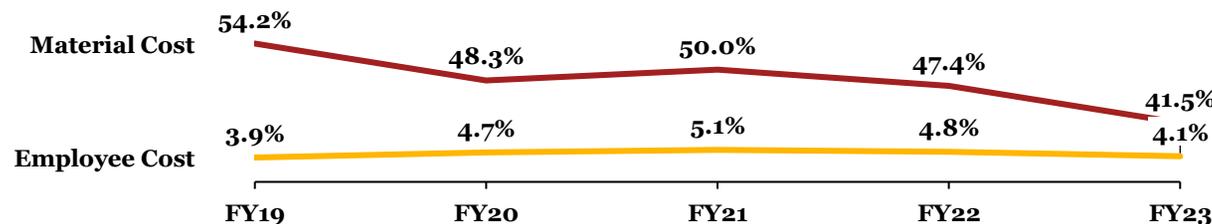


Margins (% of net sales)

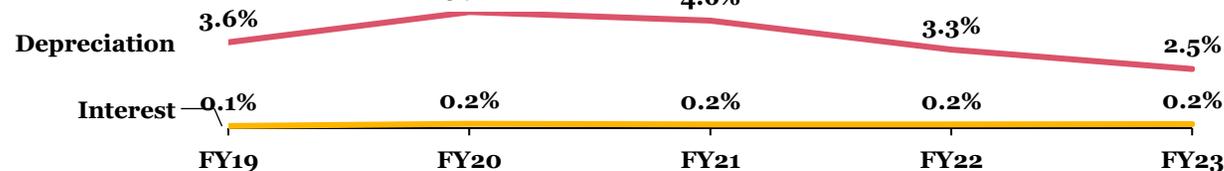
Profitability



Direct costs



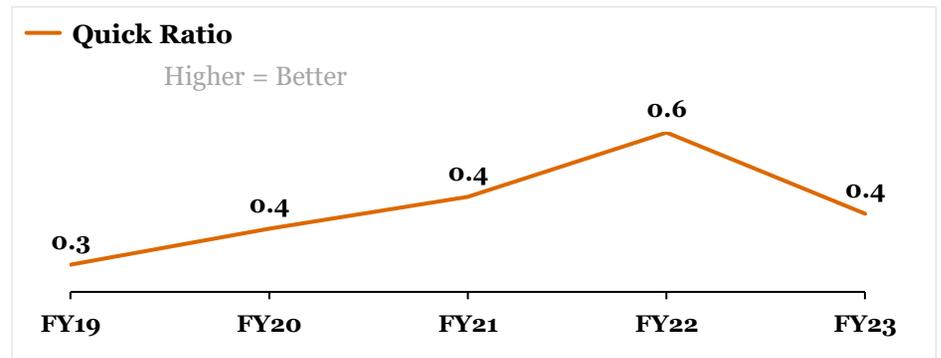
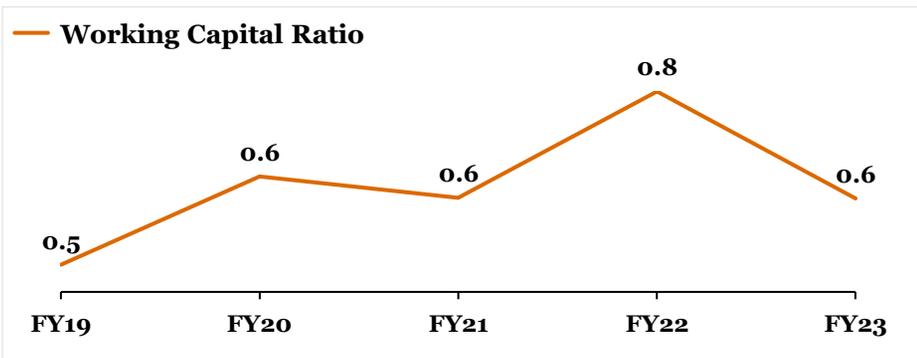
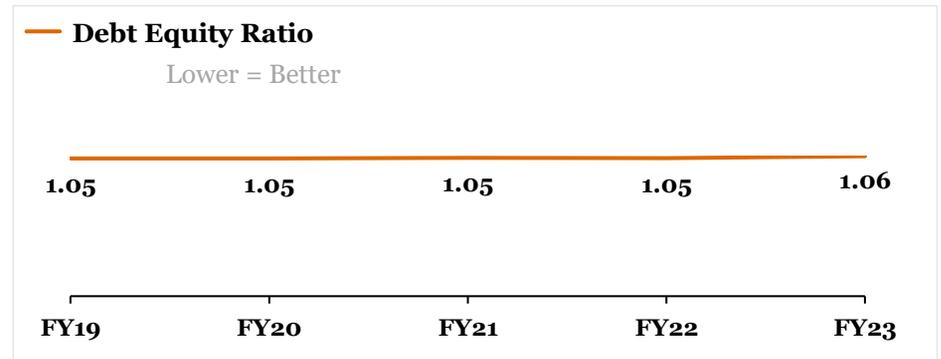
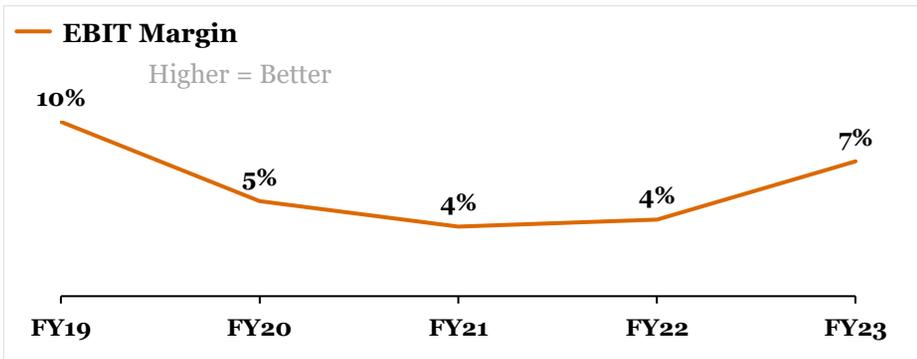
Other costs



Maruti Suzuki



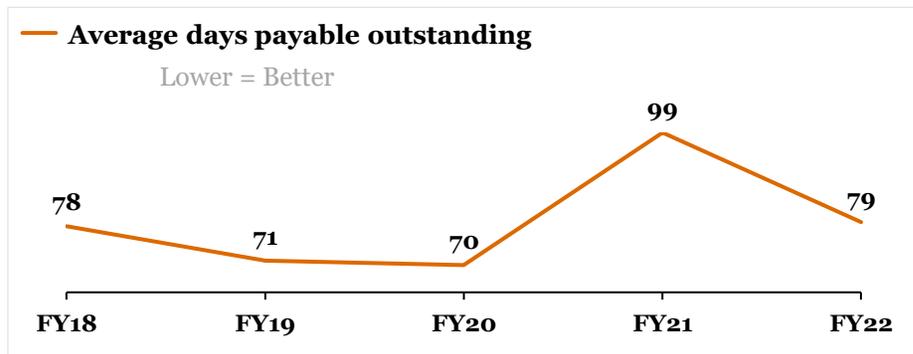
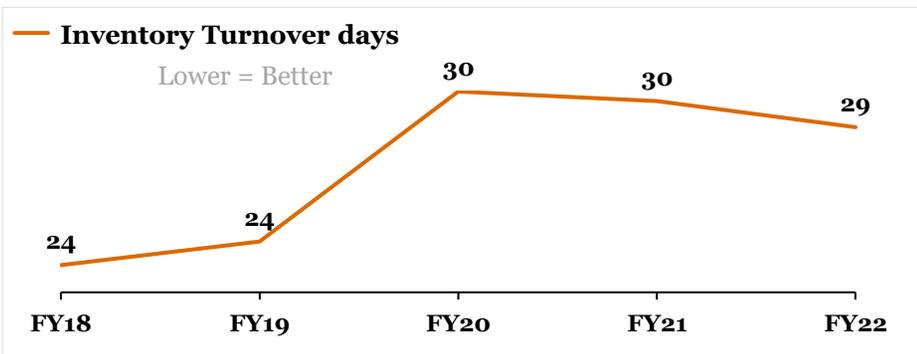
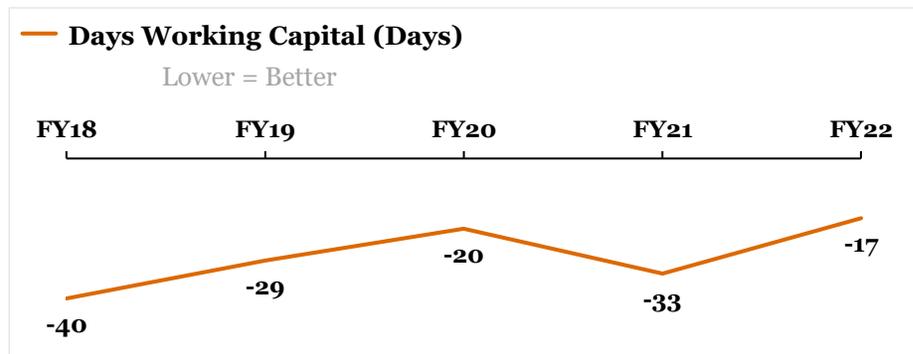
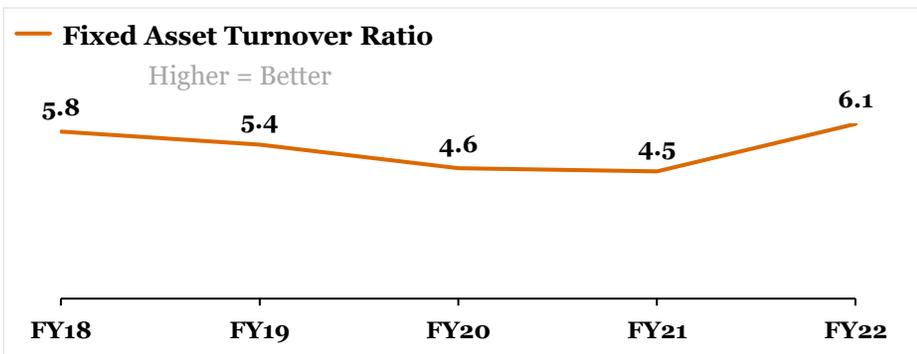
Financial ratios



Maruti Suzuki



Trends in efficiency



In FY 23

- Net Sales rose considerably on the back of increased end-user demand and better availability of parts
- Reduction in material and employee costs, result in higher EBITDA and PAT margins which in turn increase the EBITDA figures and improve overall efficiency of the company.

SML ISUZU

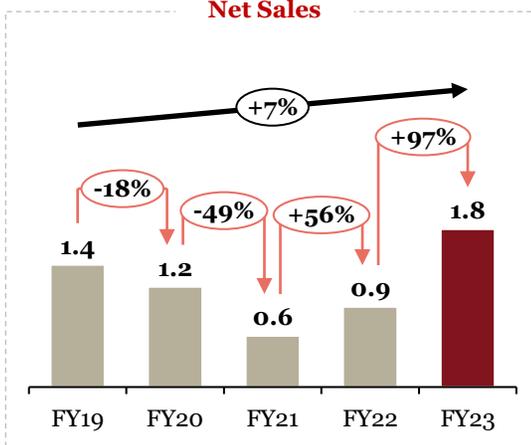
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Trends in aggregates, profitability and costs

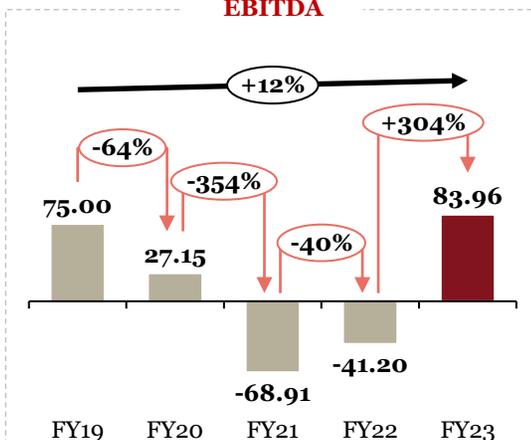
Aggregates (INR '000 Cr)

Net Sales



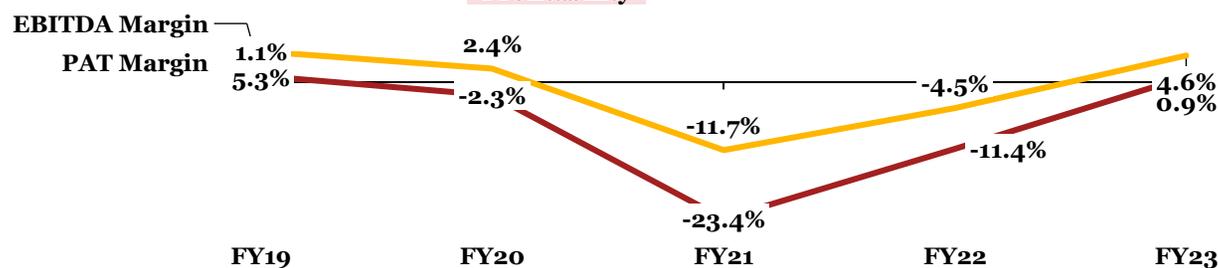
Aggregates (INR Cr)

EBITDA

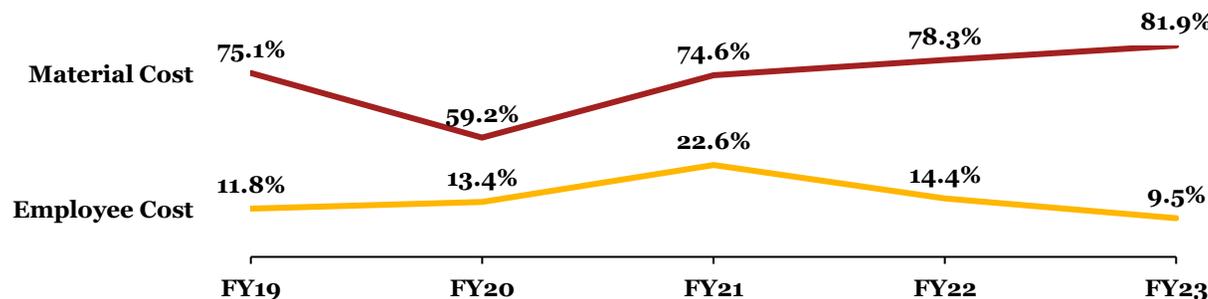


Margins (% of net sales)

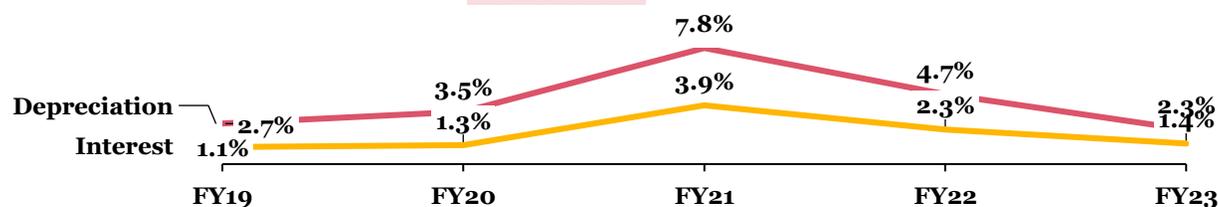
Profitability



Direct costs



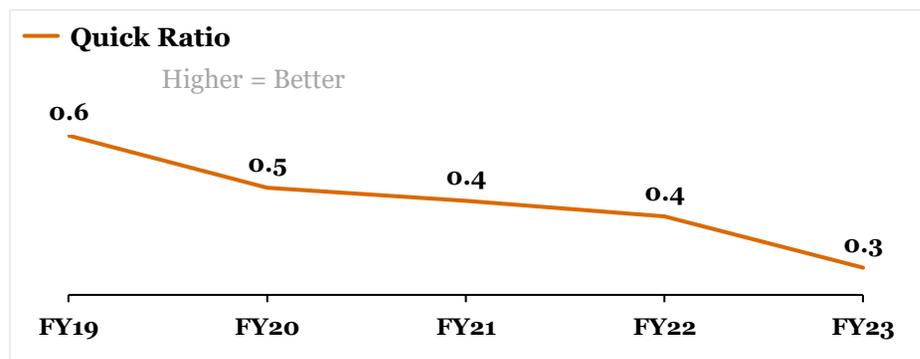
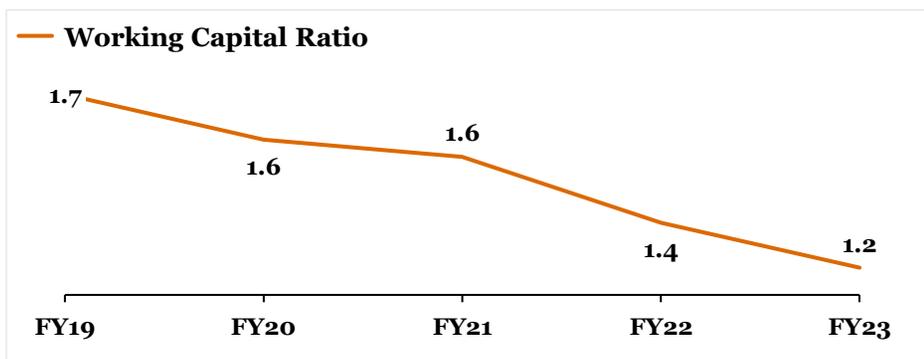
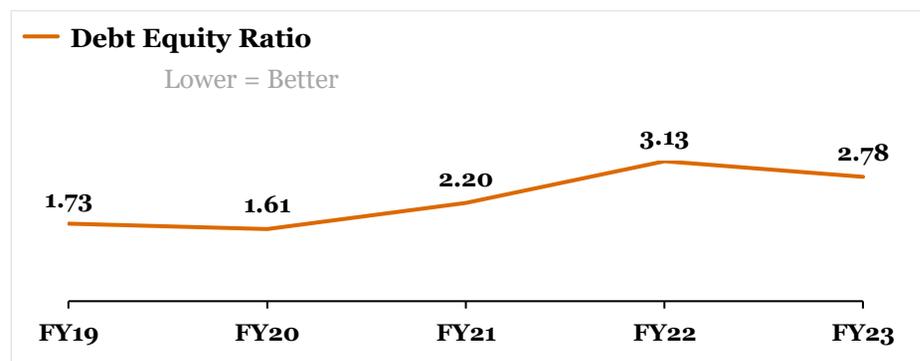
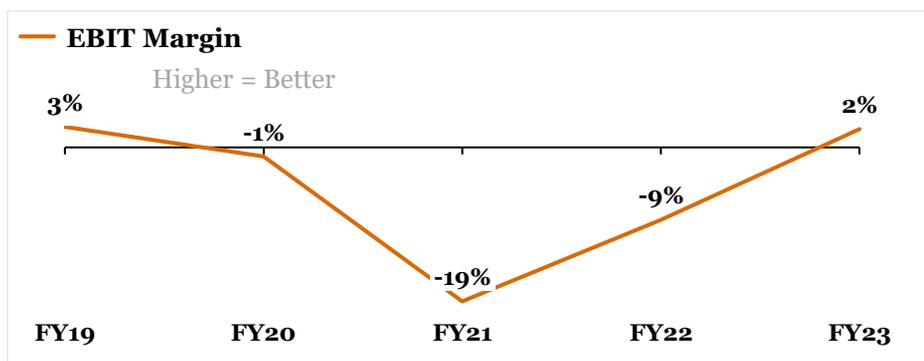
Other costs



SML ISUZU



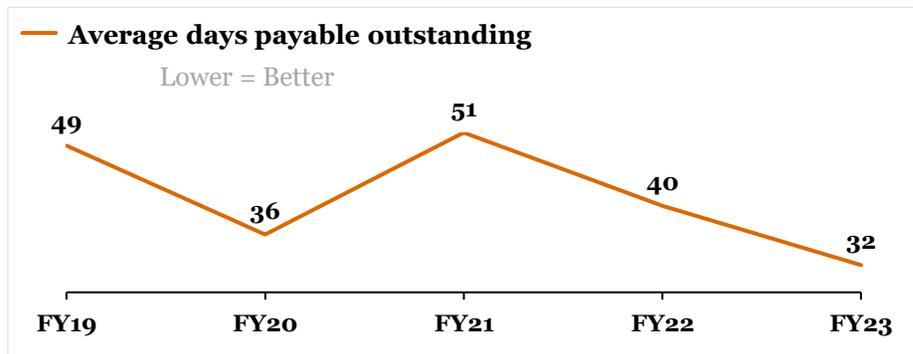
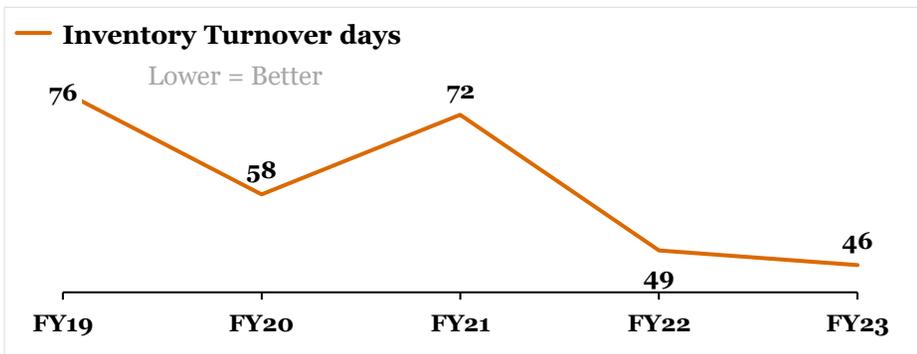
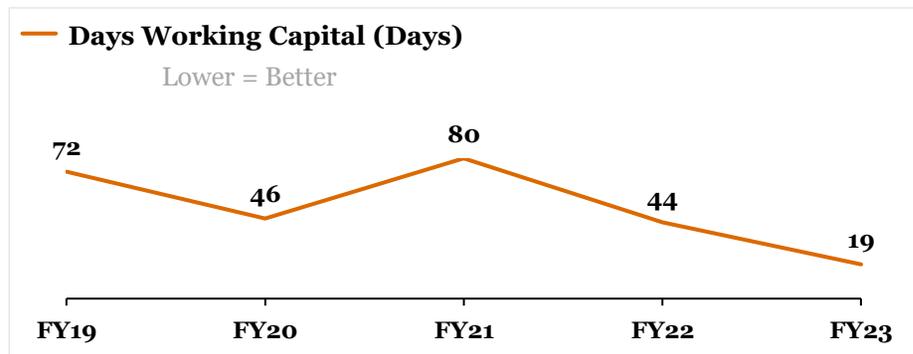
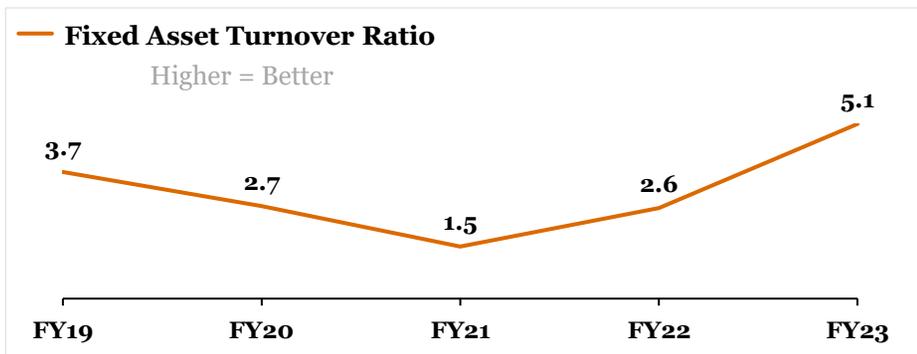
Financial ratios



SML ISUZU



Trends in efficiency



In FY 23

- Net Sales rose close to 100% as the expansion of the company's PV segment proves to be a good move.
- A rise in commodity prices was offset by a sharp reduction in employee costs, resulting in improvements in all efficiency trends as well as sharp rises in EBITDA and PAT margins

Tata Motors

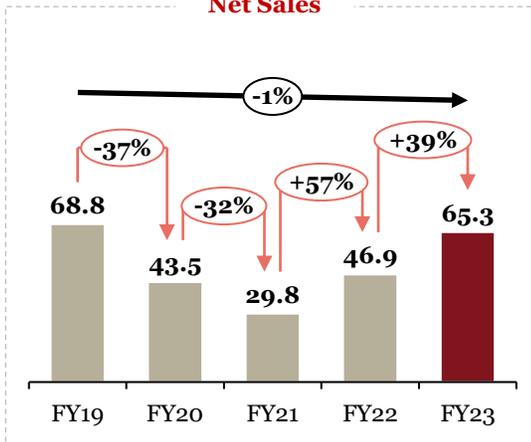
Tata Motors



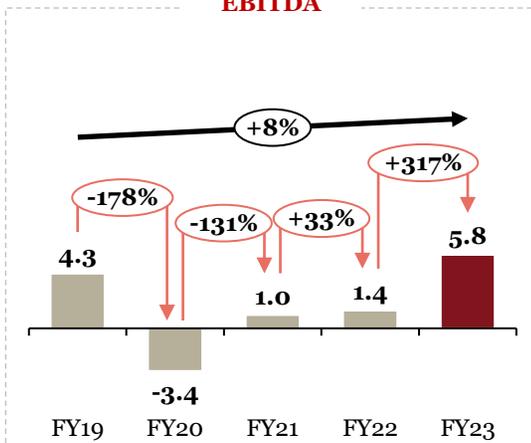
Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

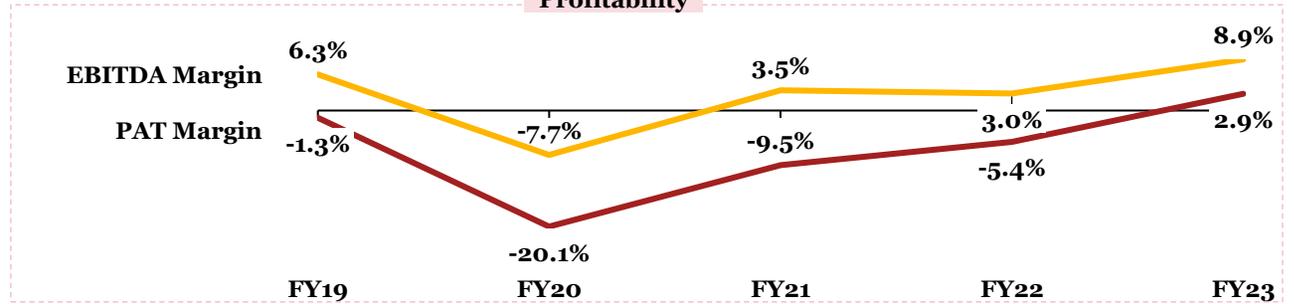


EBITDA

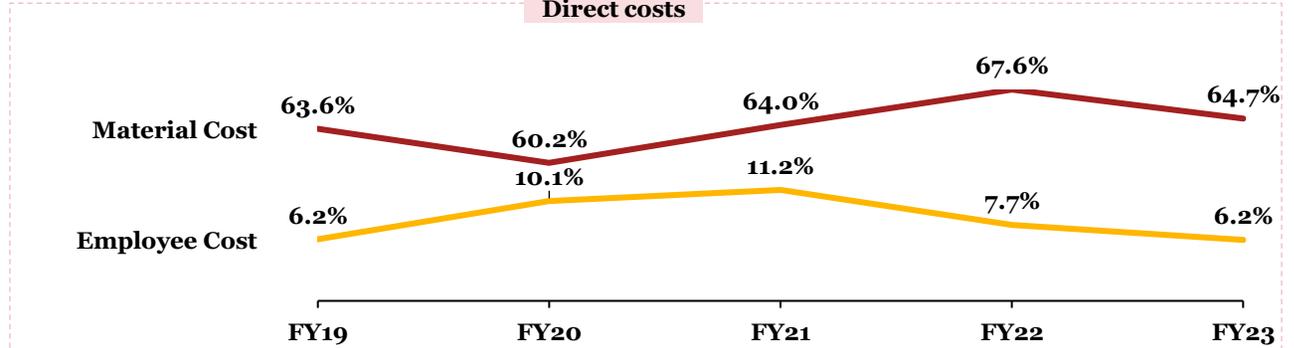


Margins (% of net sales)

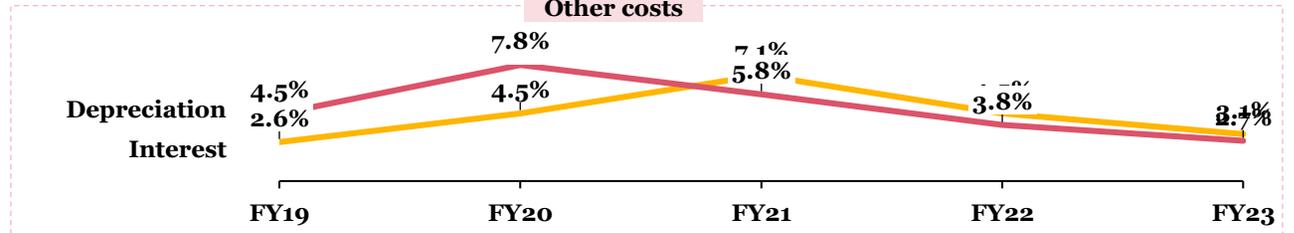
Profitability



Direct costs



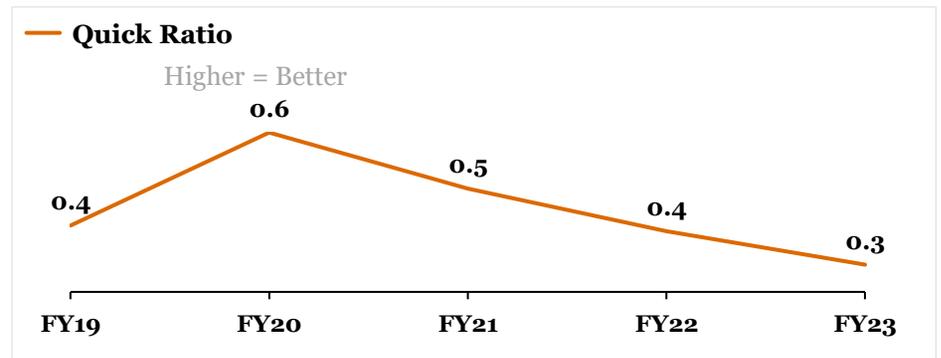
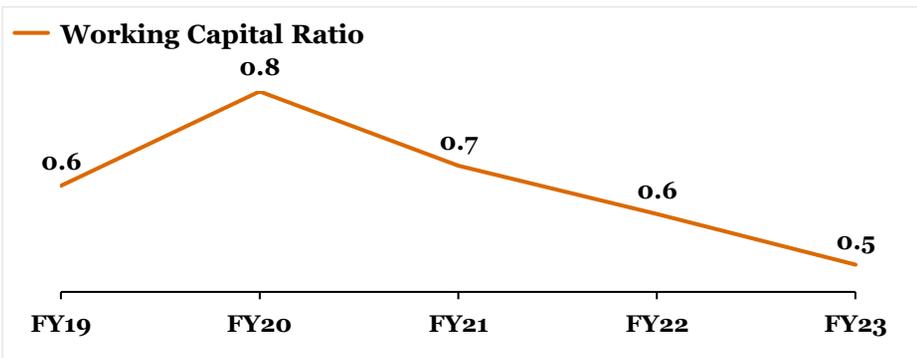
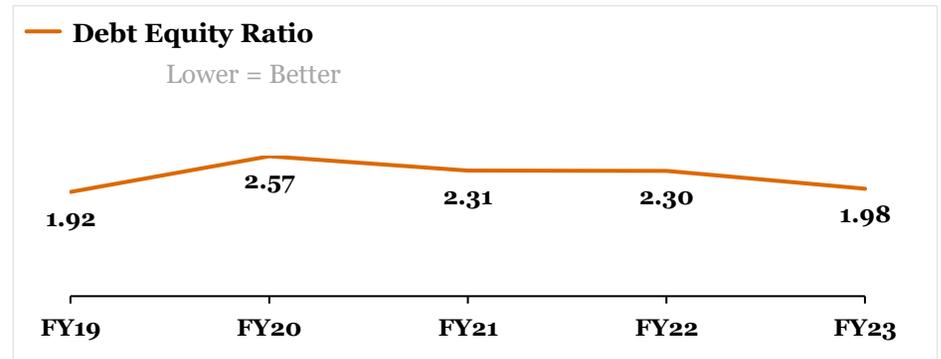
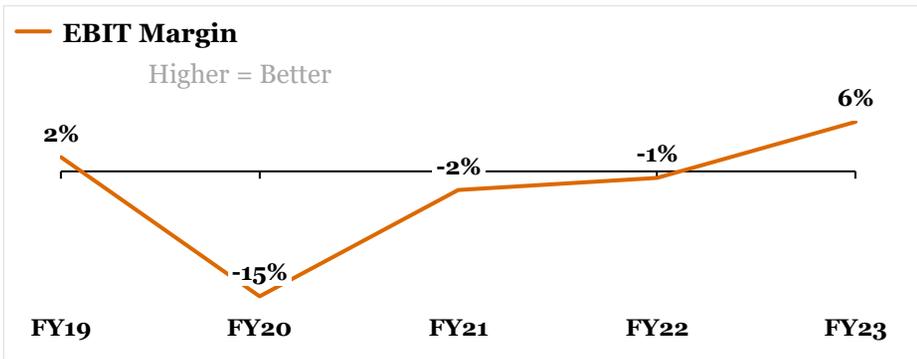
Other costs



Tata Motors



Financial ratios



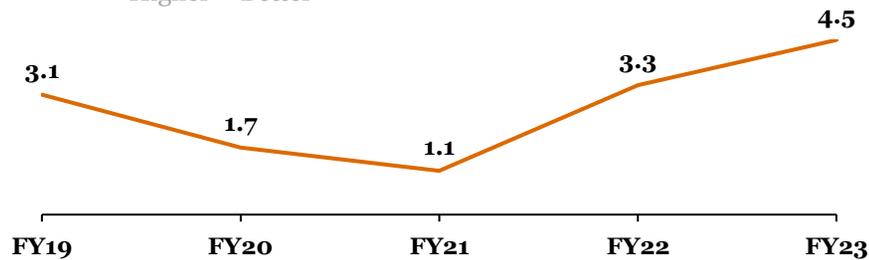
Tata Motors



Trends in efficiency

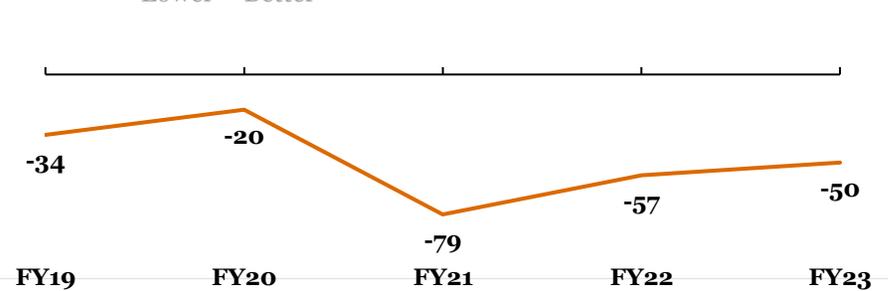
Fixed Asset Turnover Ratio

Higher = Better



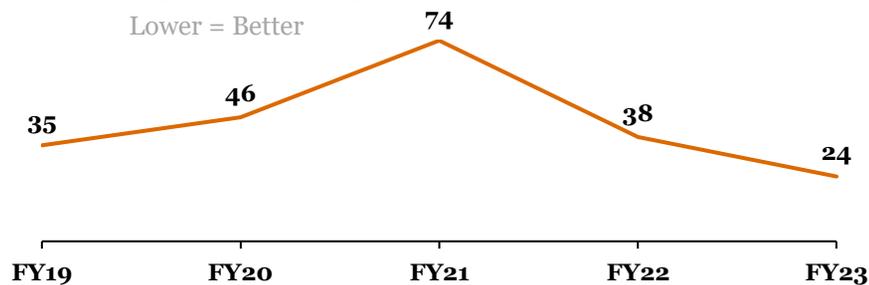
Days Working Capital (Days)

Lower = Better



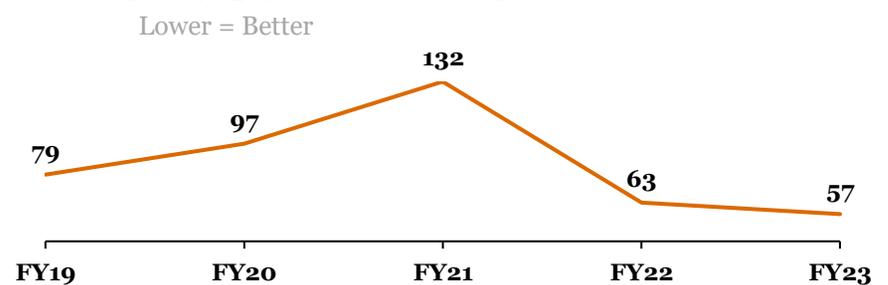
Inventory Turnover days

Lower = Better



Average days payable outstanding

Lower = Better



In FY 23

- A sharp increase in EBITDA margins saw a humongous rise in profitability.
- This sharp increase was boosted by reduction in material cost, increased productivity which led to decreased employee cost and an overall positive trend in efficiency.

TVS

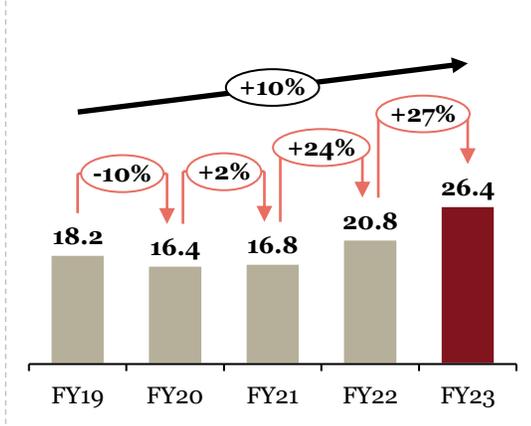
TVS



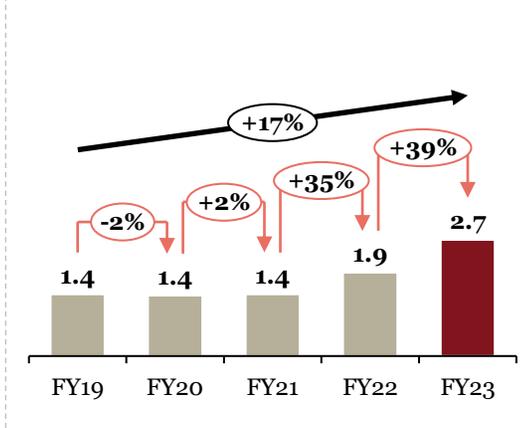
Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)

Net Sales

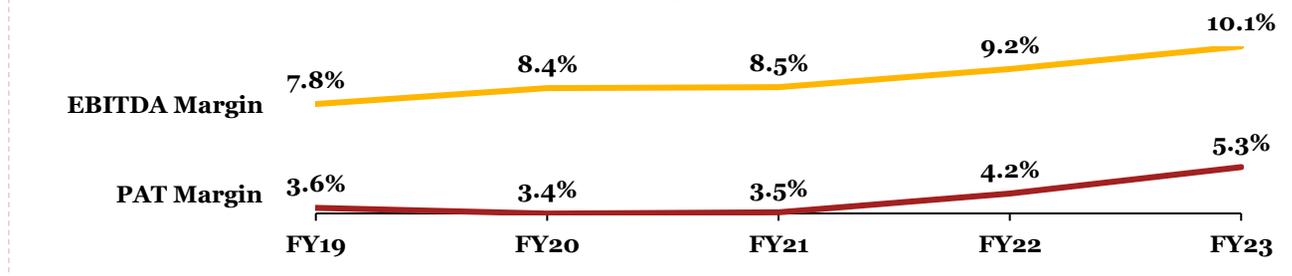


EBITDA

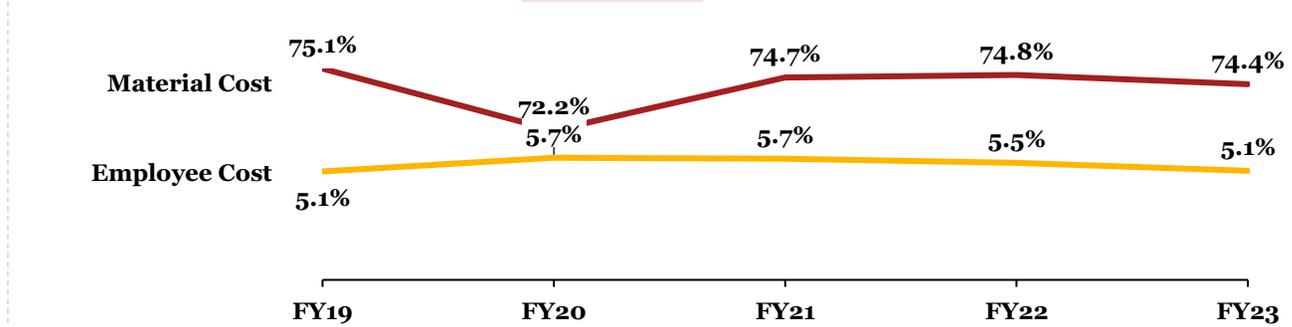


Margins (% of net sales)

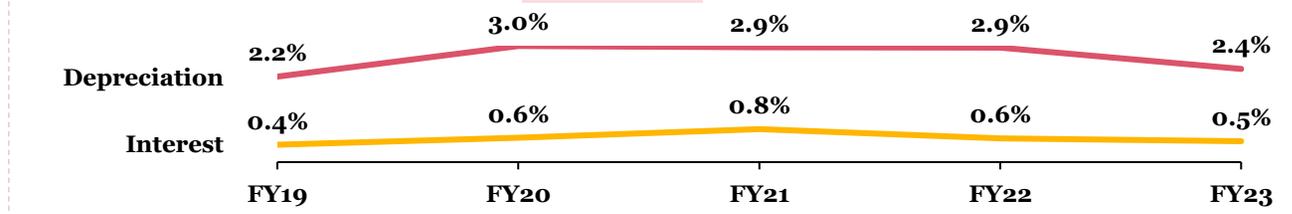
Profitability



Direct costs



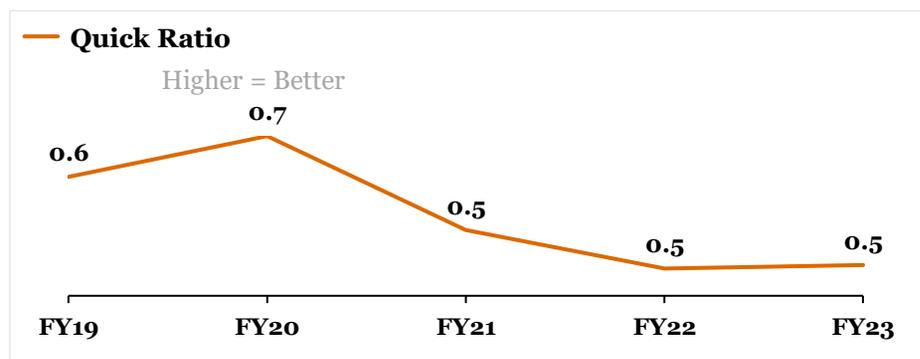
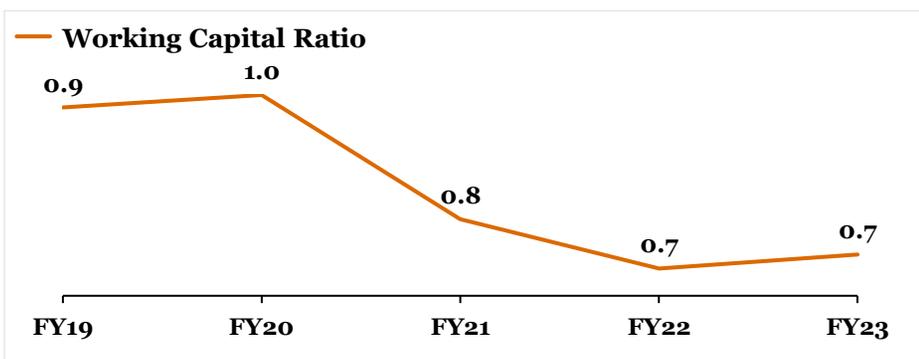
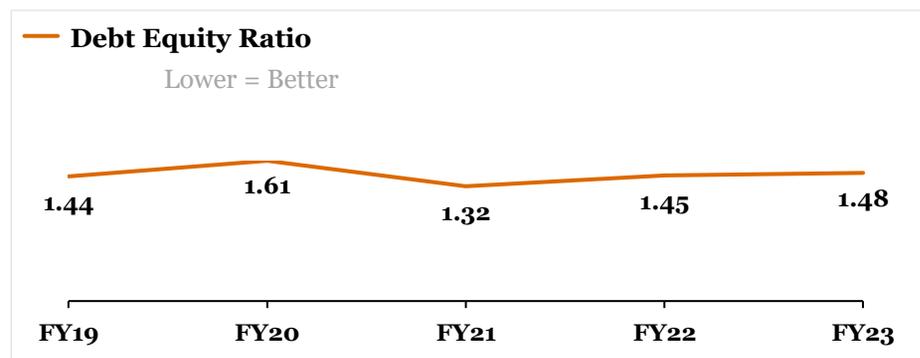
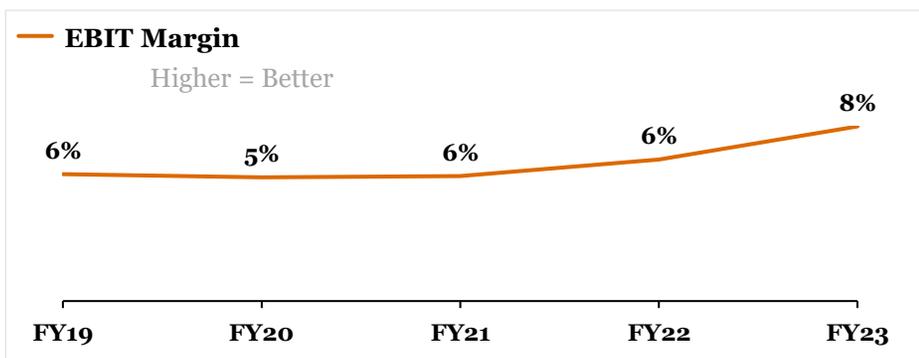
Other costs



TVS

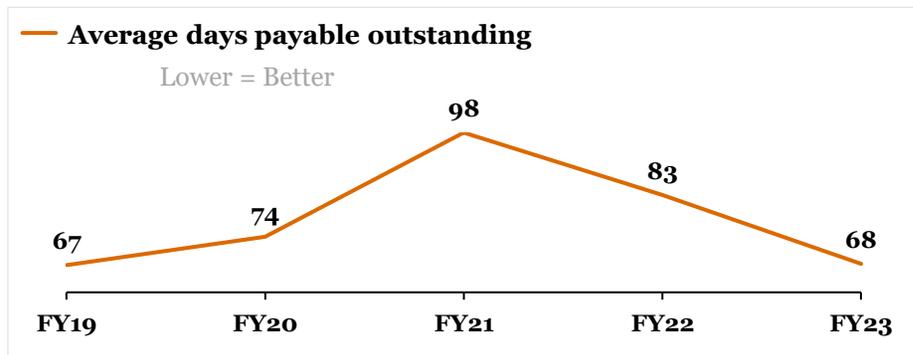
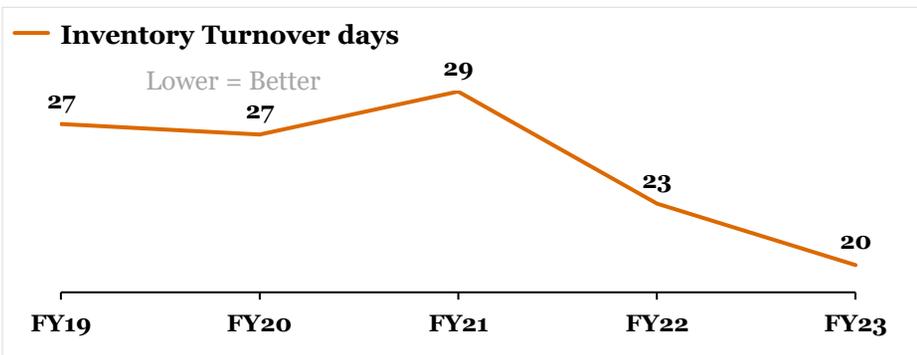
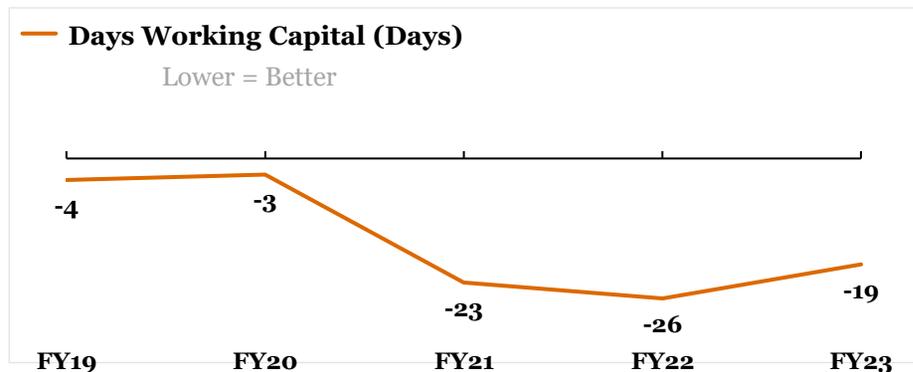
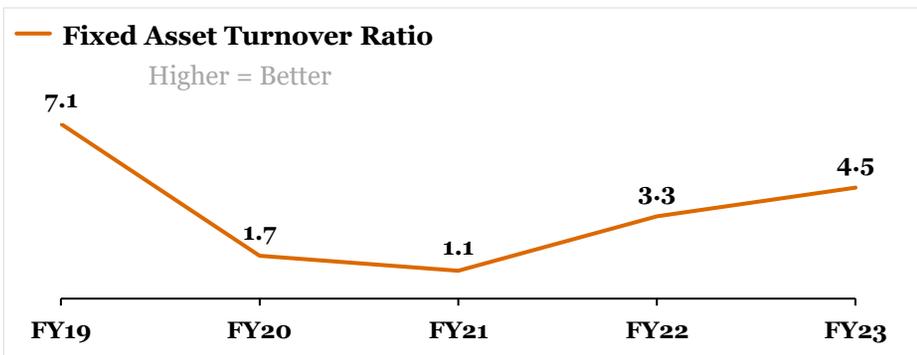


Financial ratios



TVS

Trends in efficiency



In FY 23

- Net Sales and EBITDA rose sharply for TVS in FY 23. Reduction in input costs and increase in EBITDA margins boosted profitability.
- Efficiency trends showed an overall improvement from the previous financial year.



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