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OEM- Financial Analysis FY 20



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List of Companies and Ratios

List of Companies and Ratios		3
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2	Ratios used	5

List of companies included in the analysis

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

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	$\text{Working capital} / (\text{Net Sales} / \text{Days})$

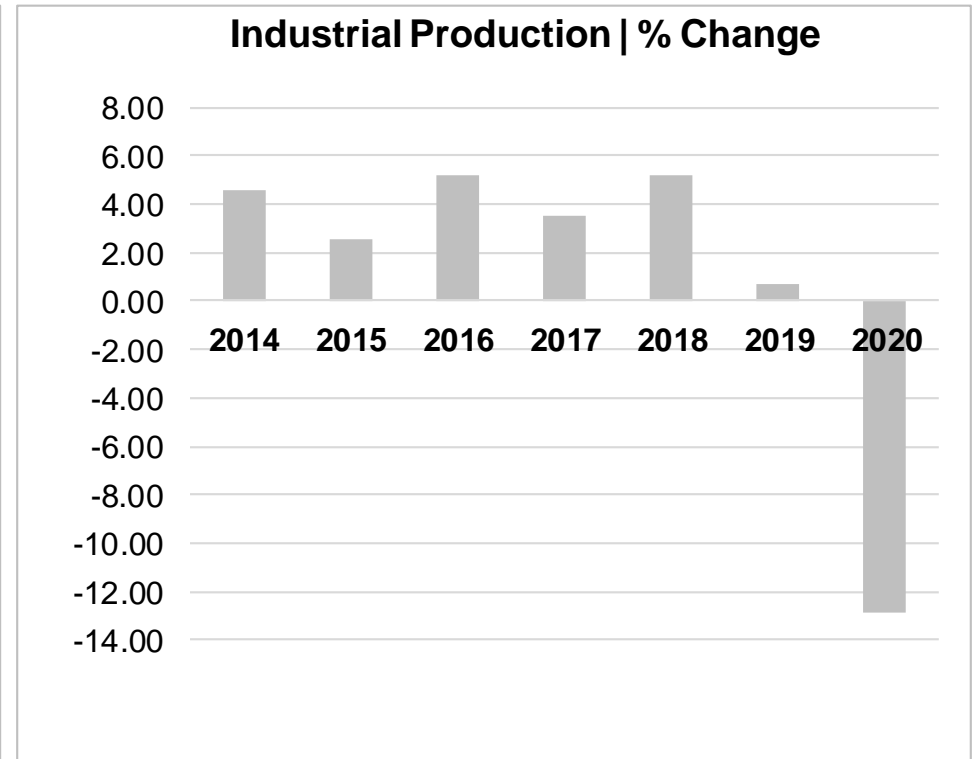
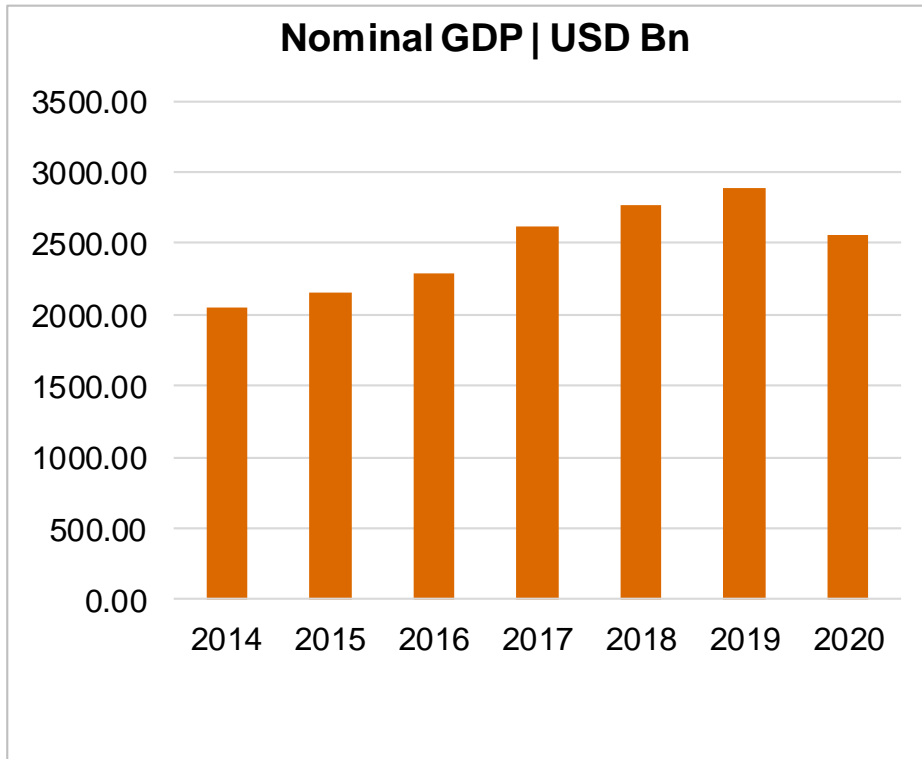
Macro Economic Climate in India

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

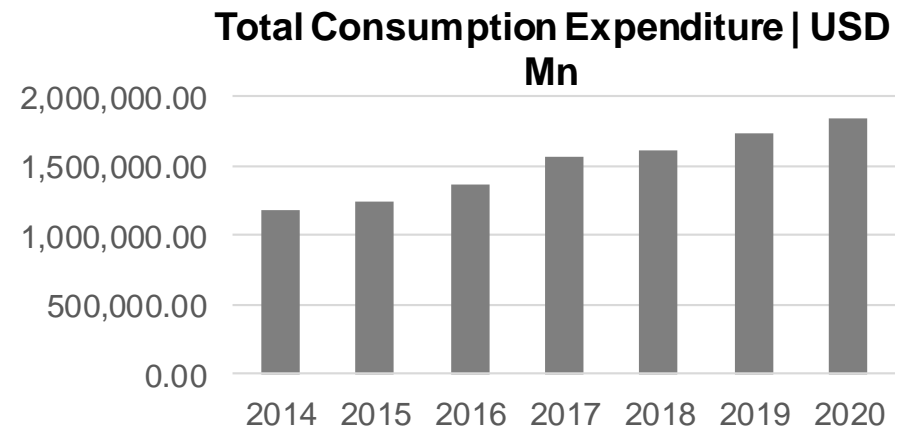
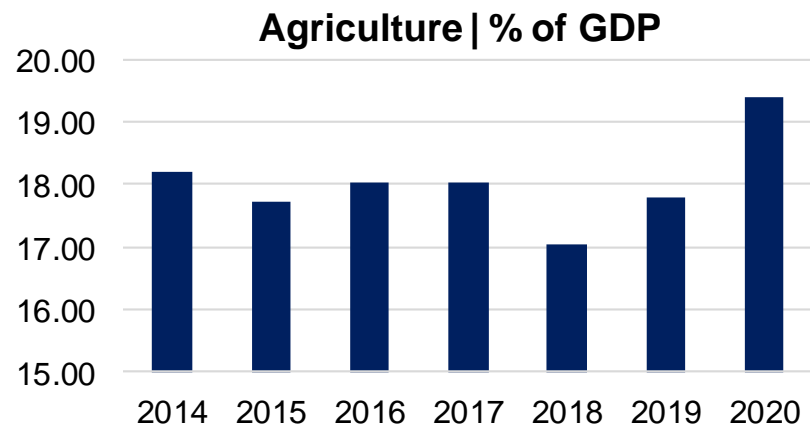
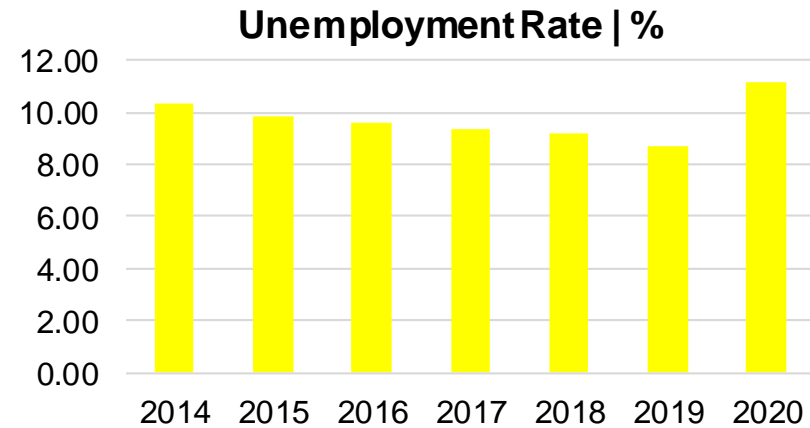
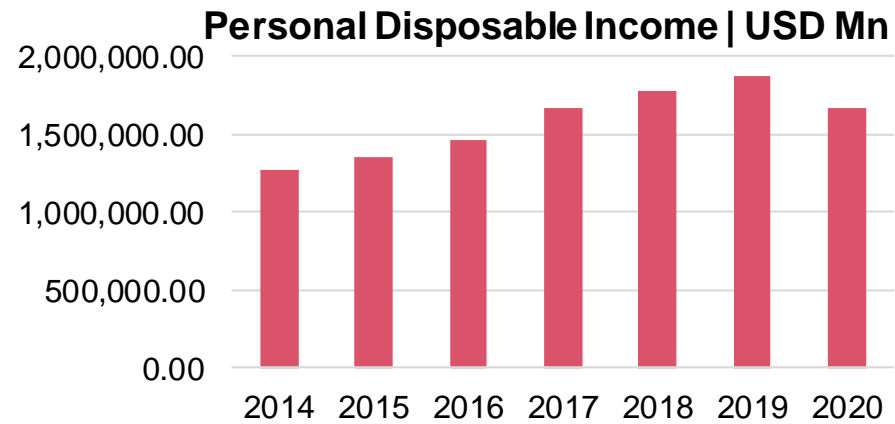
Following slowdown in 2019, COVID-19 caused a major downturn in 2020



- 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

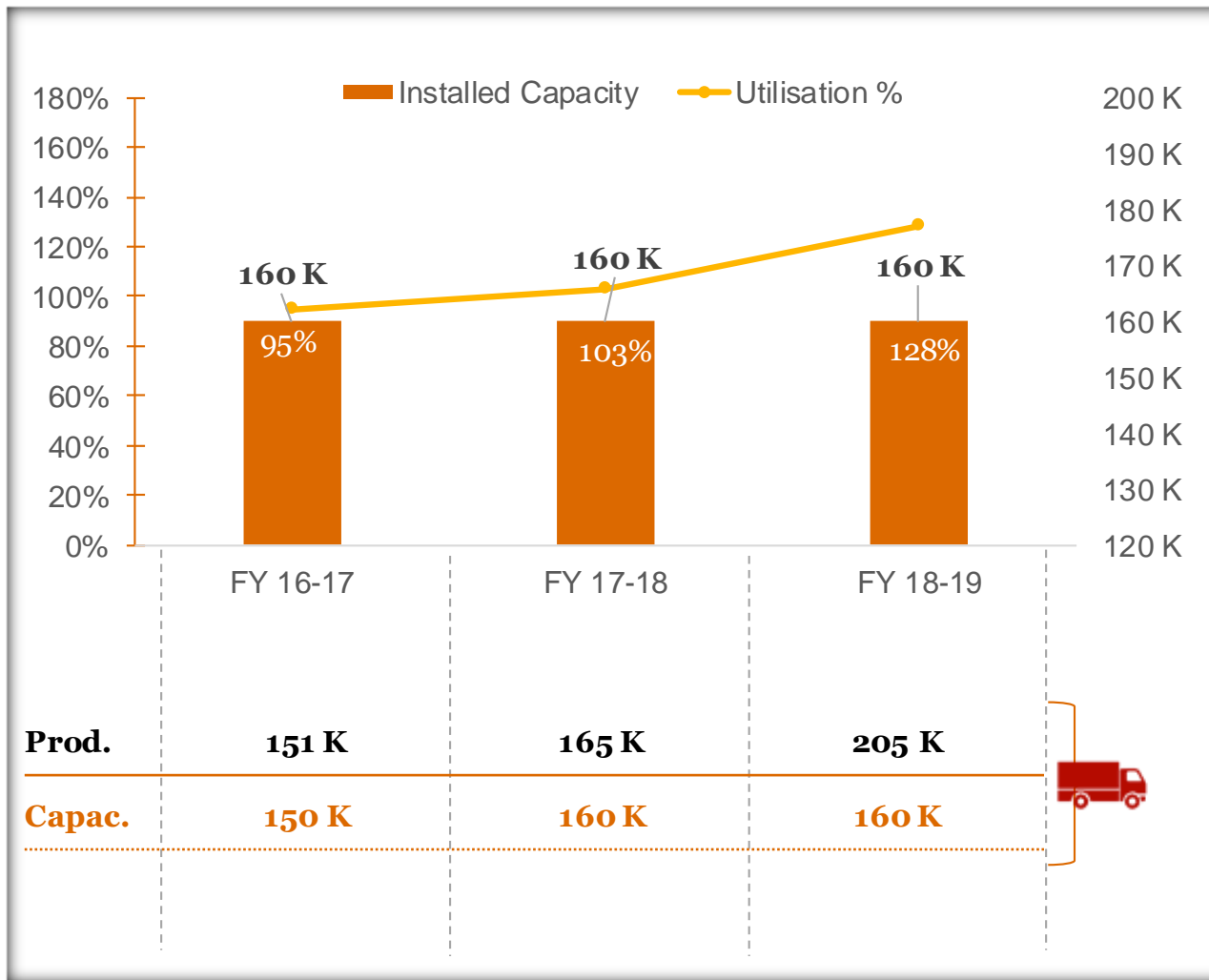


OEM Financial analysis

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Ashok Leyland

Ashok Leyland



Manufacturing Sites in India

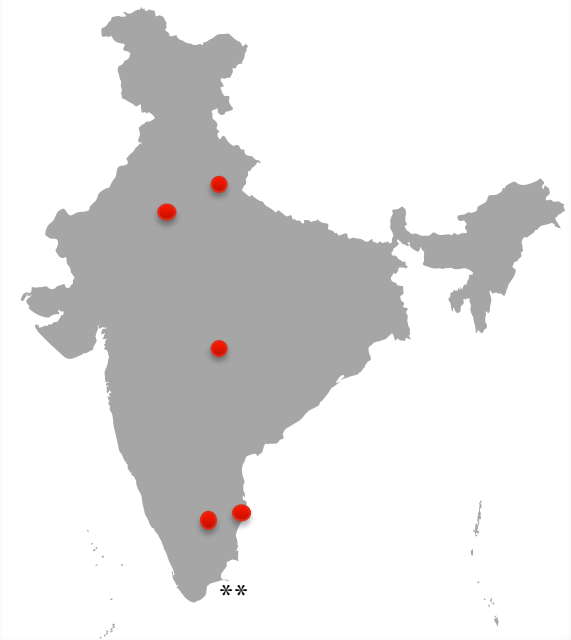
Ennore-TN

Hosur-TN

Bhandara-MH

Alwar-RJ

Pantanagar-UK



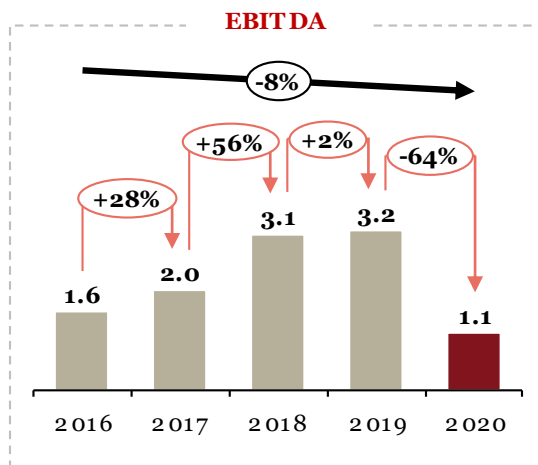
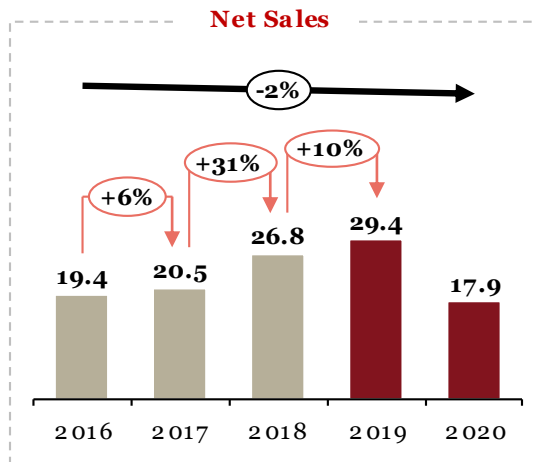
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Ashok Leyland

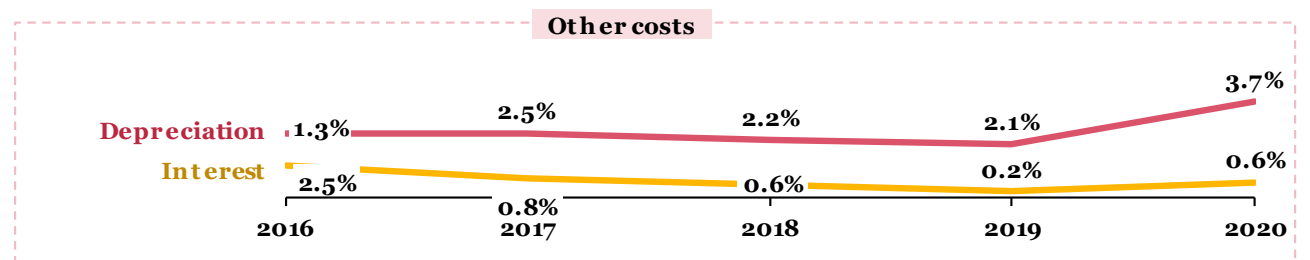
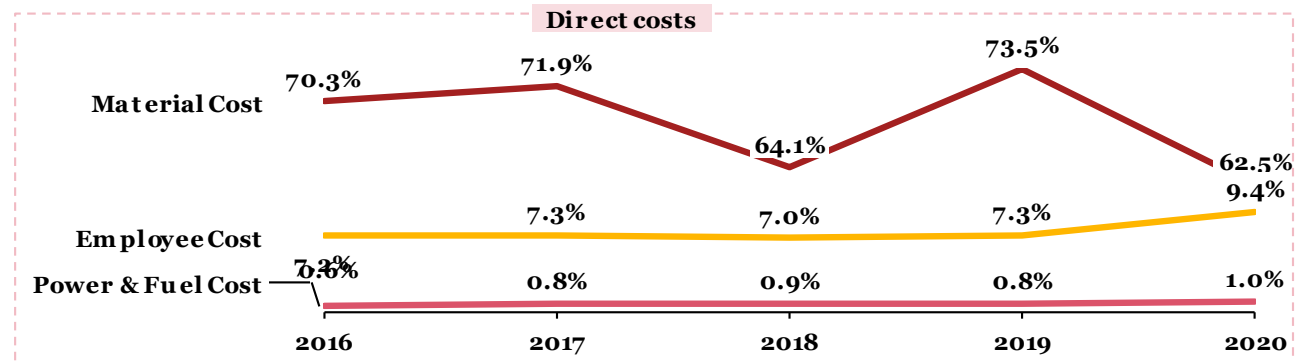
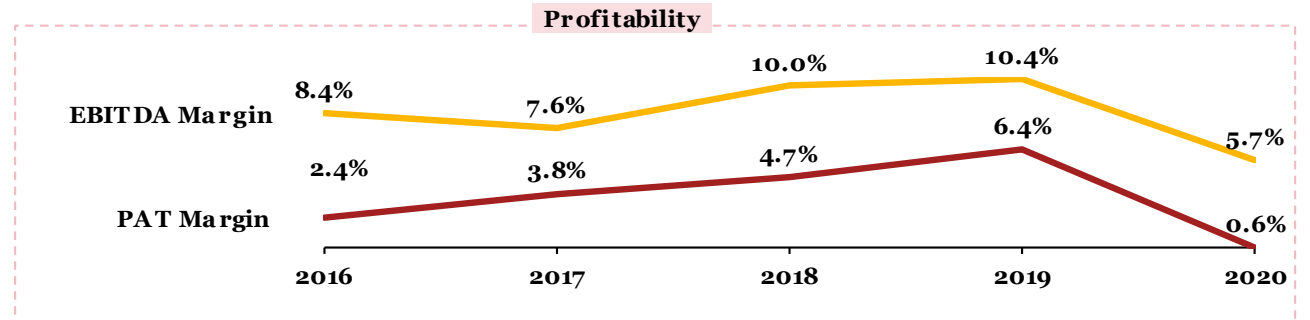


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



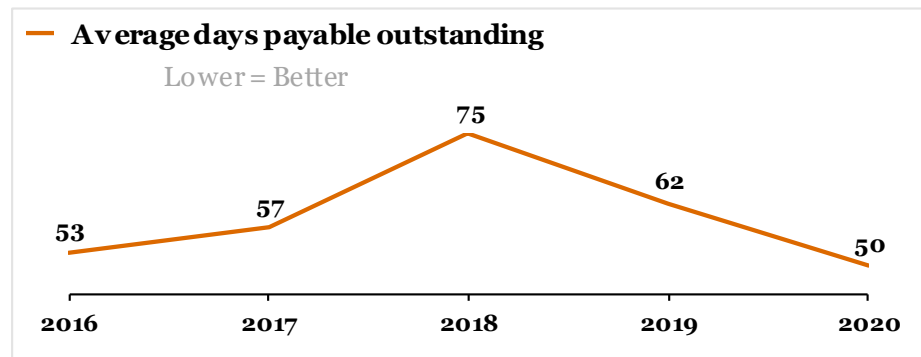
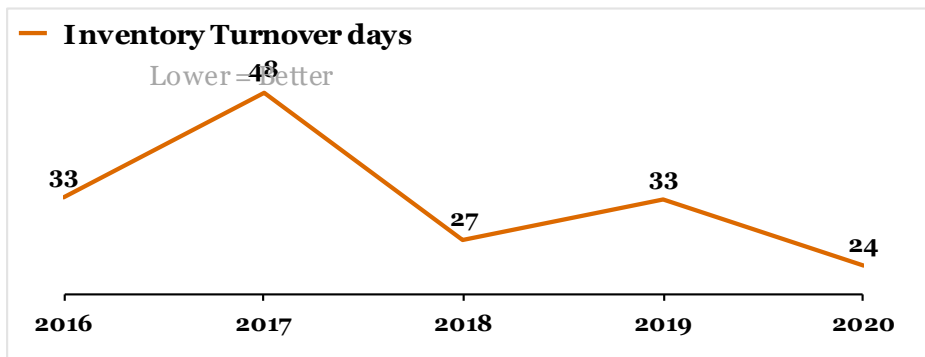
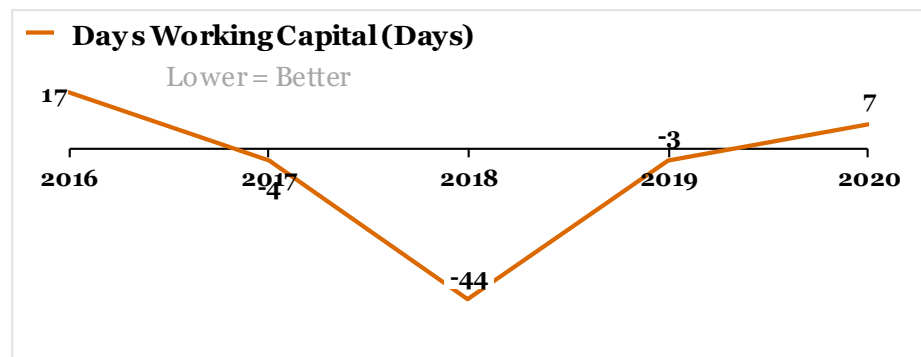
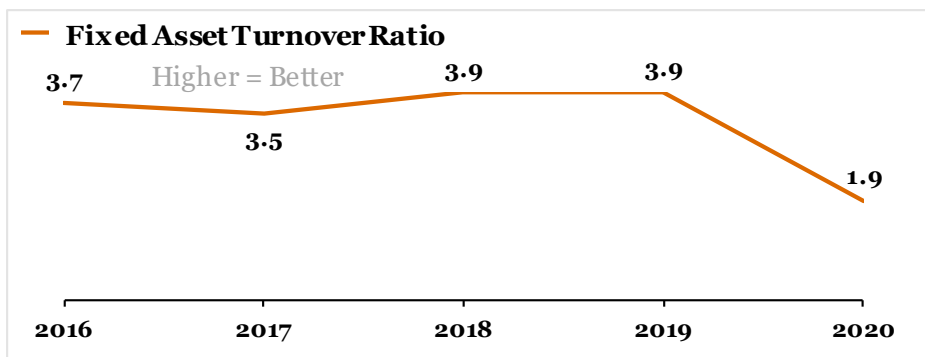
Margins (% of net sales)



Ashok Leyland



Trends in efficiency

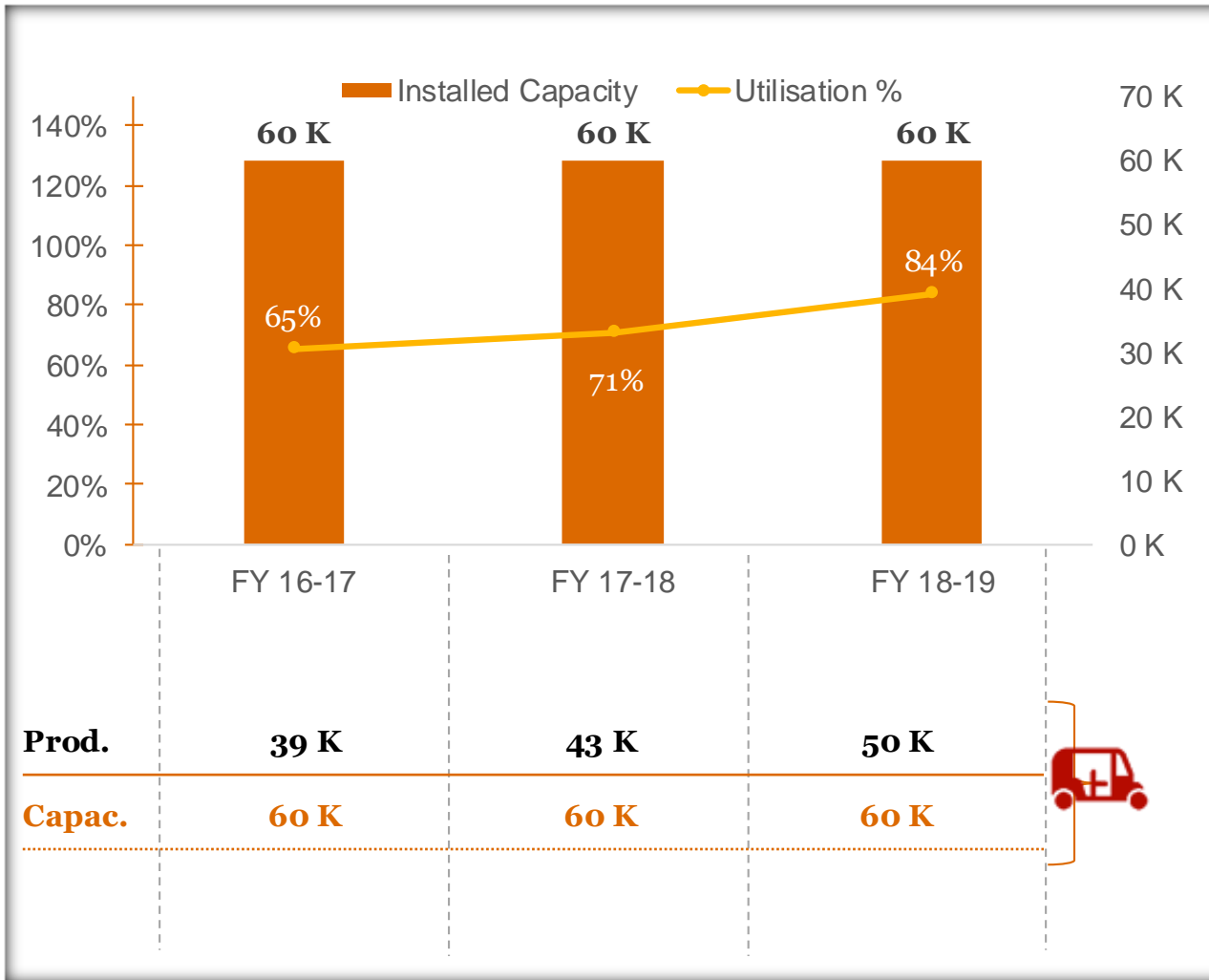


In FY 20

- 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



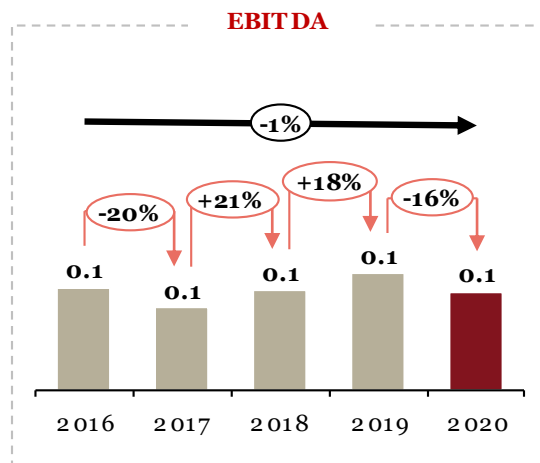
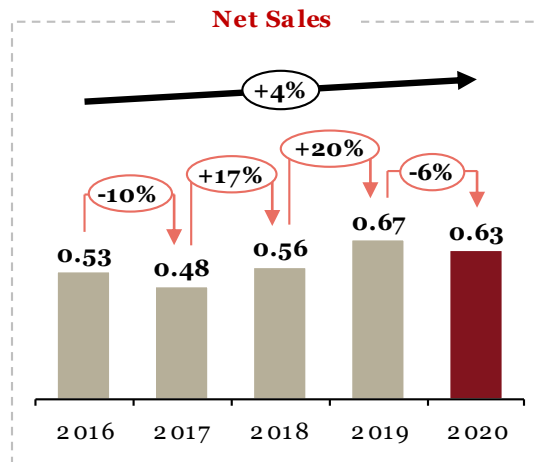
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Atul Auto

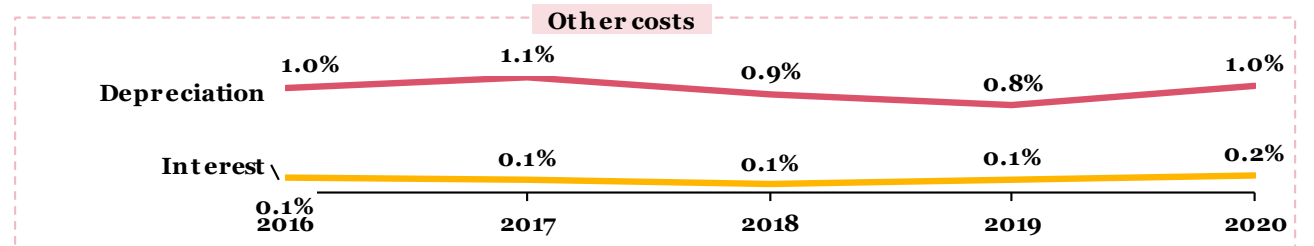
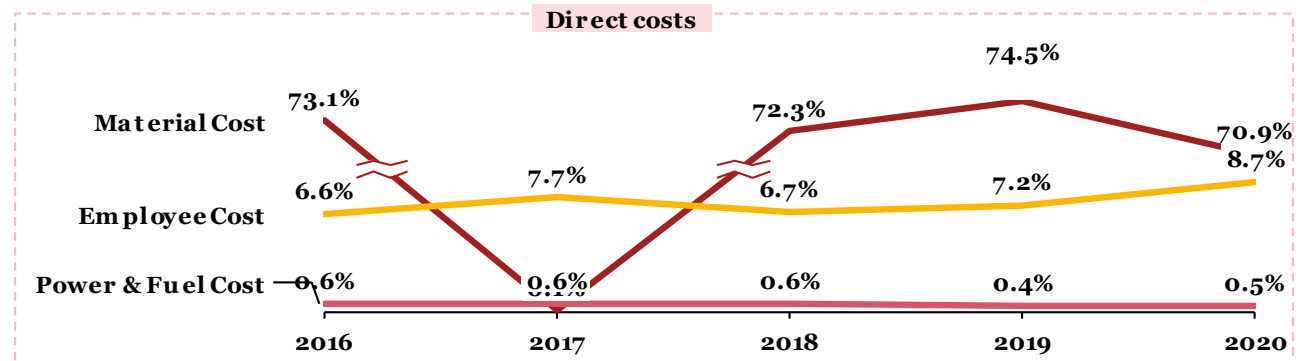
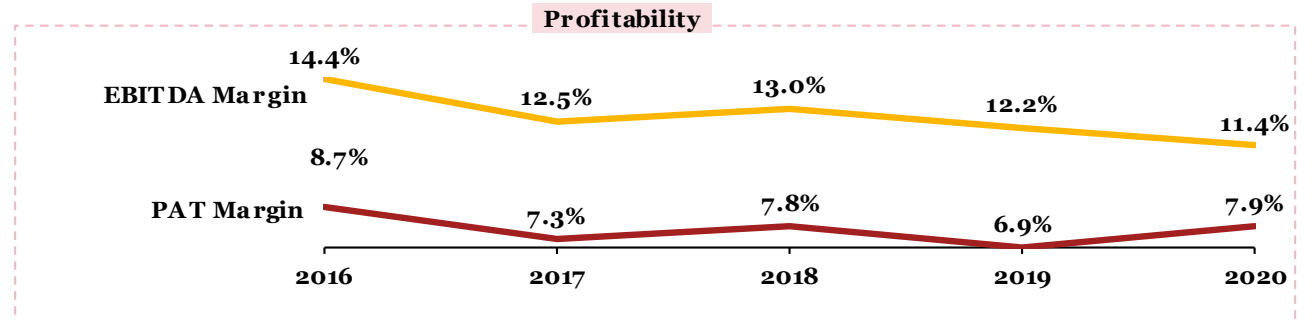


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



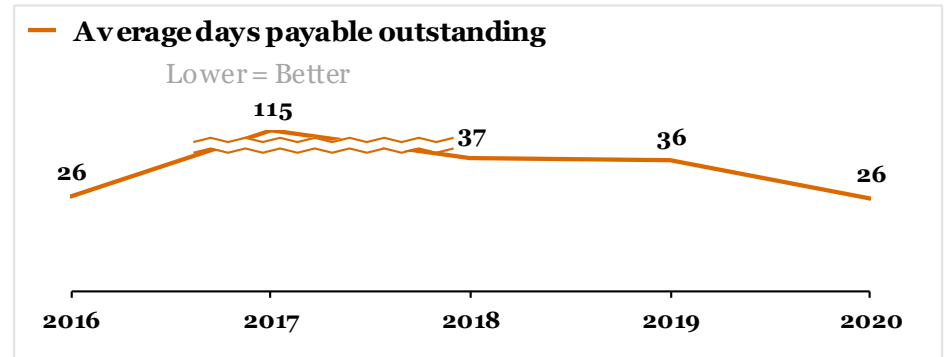
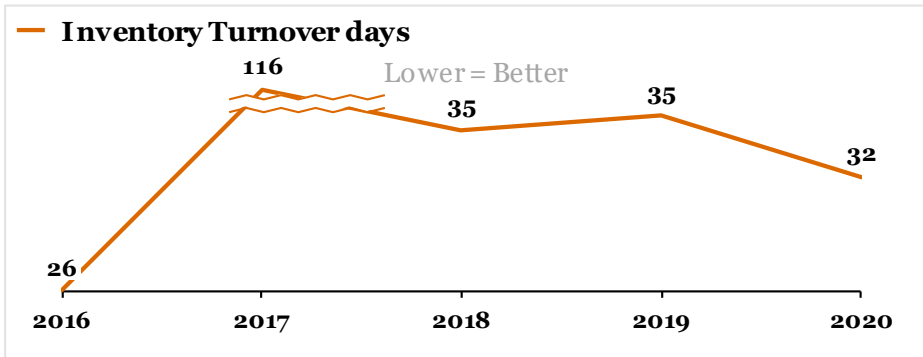
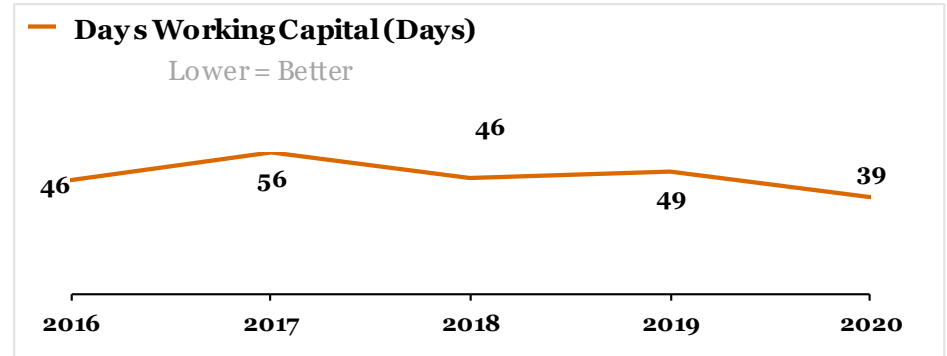
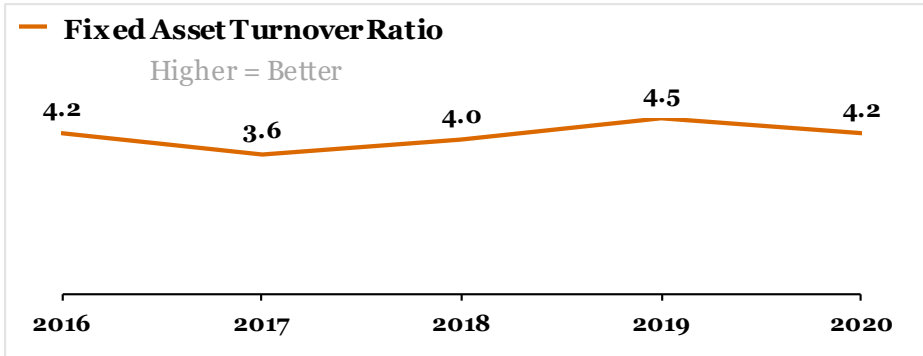
Margins (% of net sales)



Atul Auto



Trends in efficiency

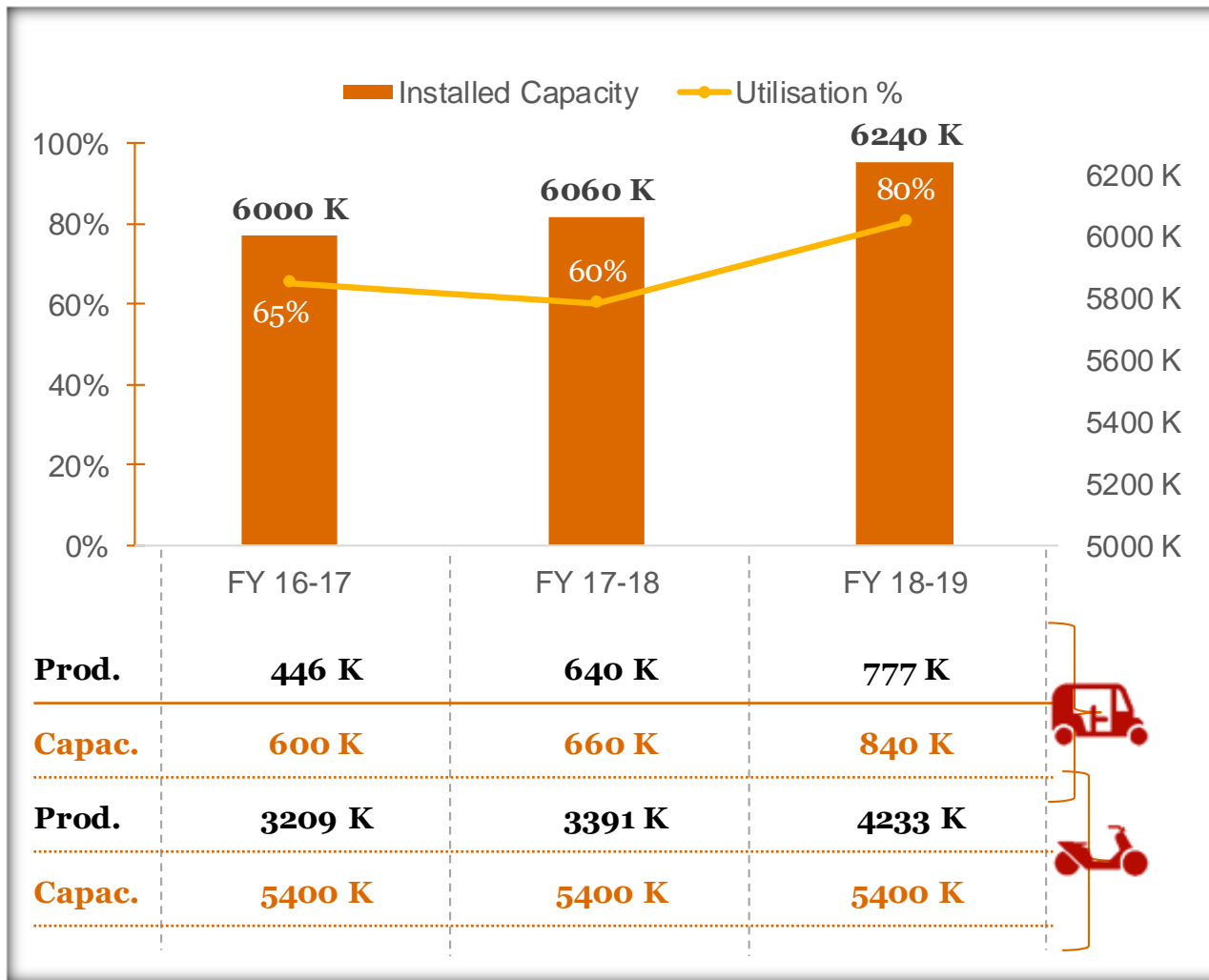


In FY 20

- 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

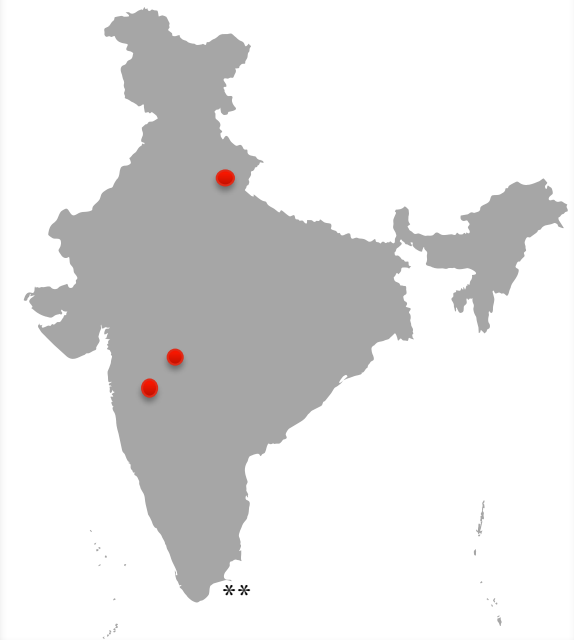
Bajaj Auto



Manufacturing Sites in India

Aurangabad-MH Pantnagar-UK

Chakan-MH



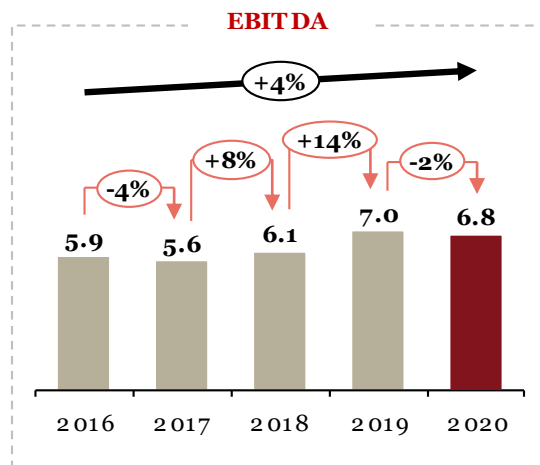
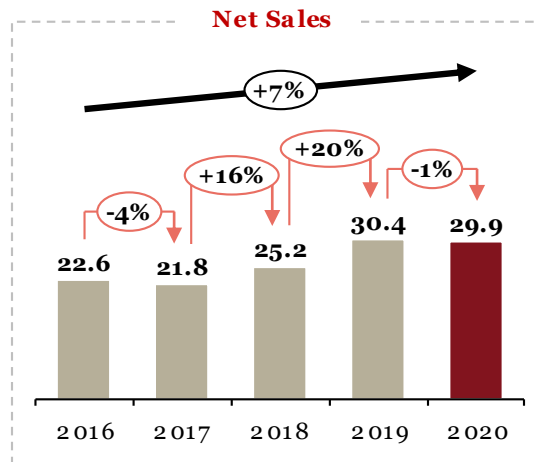
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Bajaj Auto

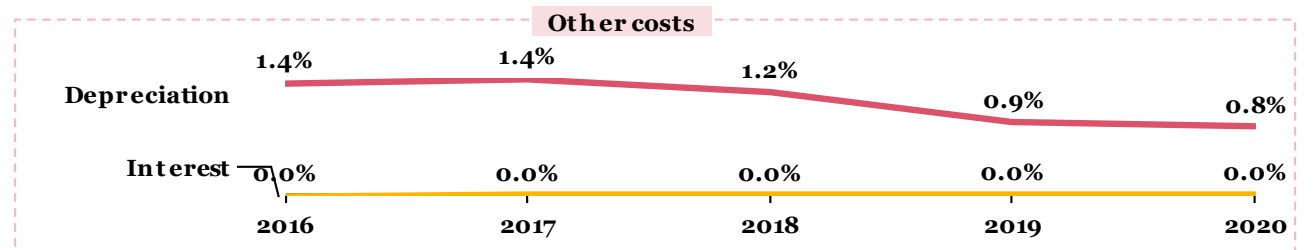
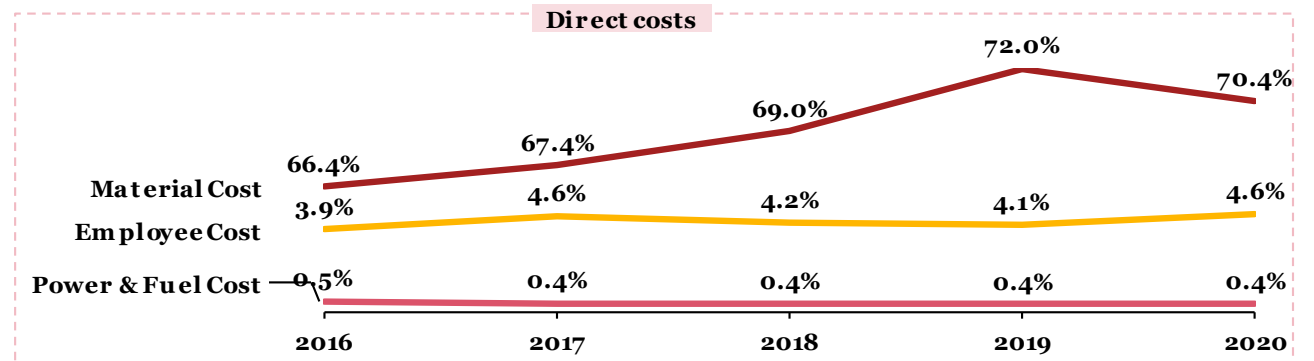
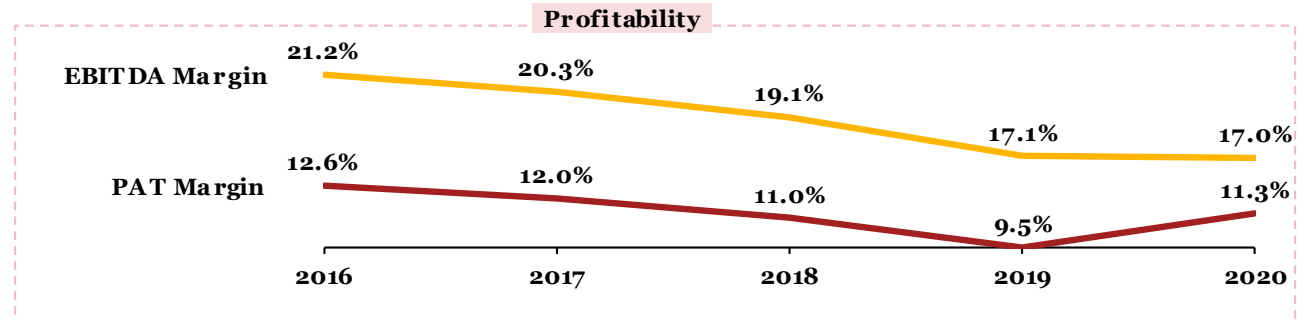


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



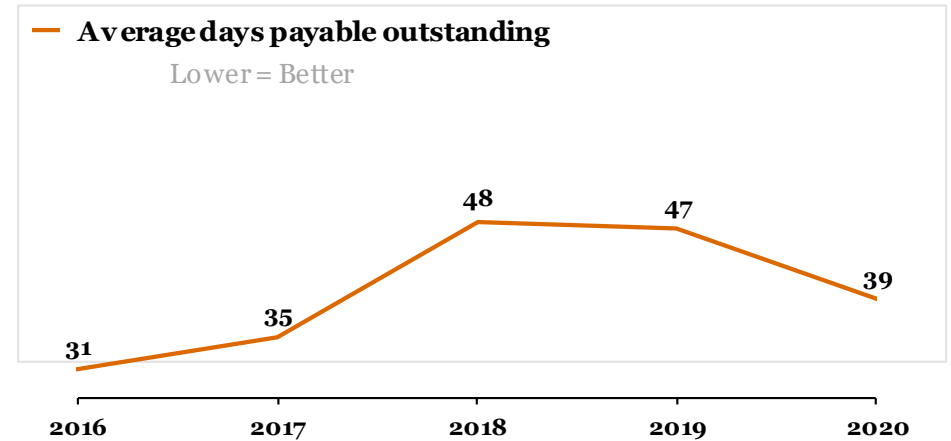
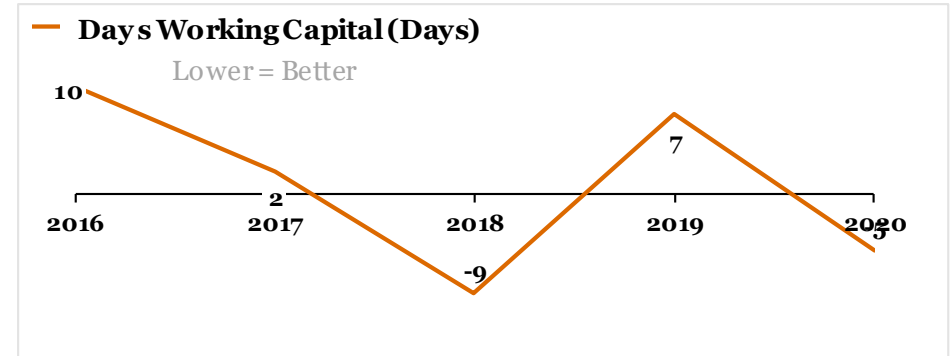
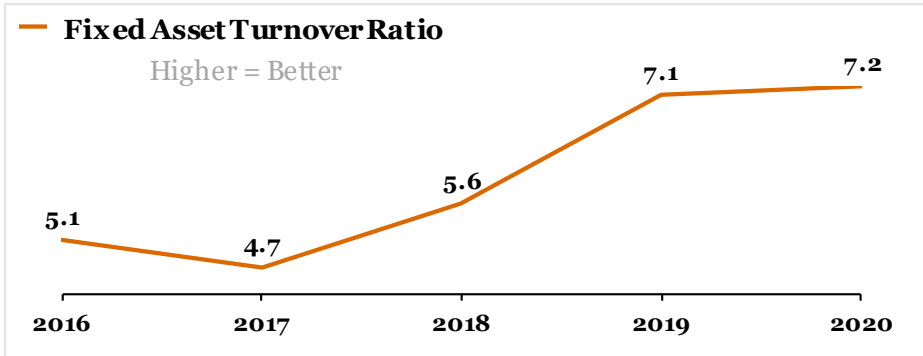
Margins (% of net sales)



Bajaj Auto



Trends in efficiency

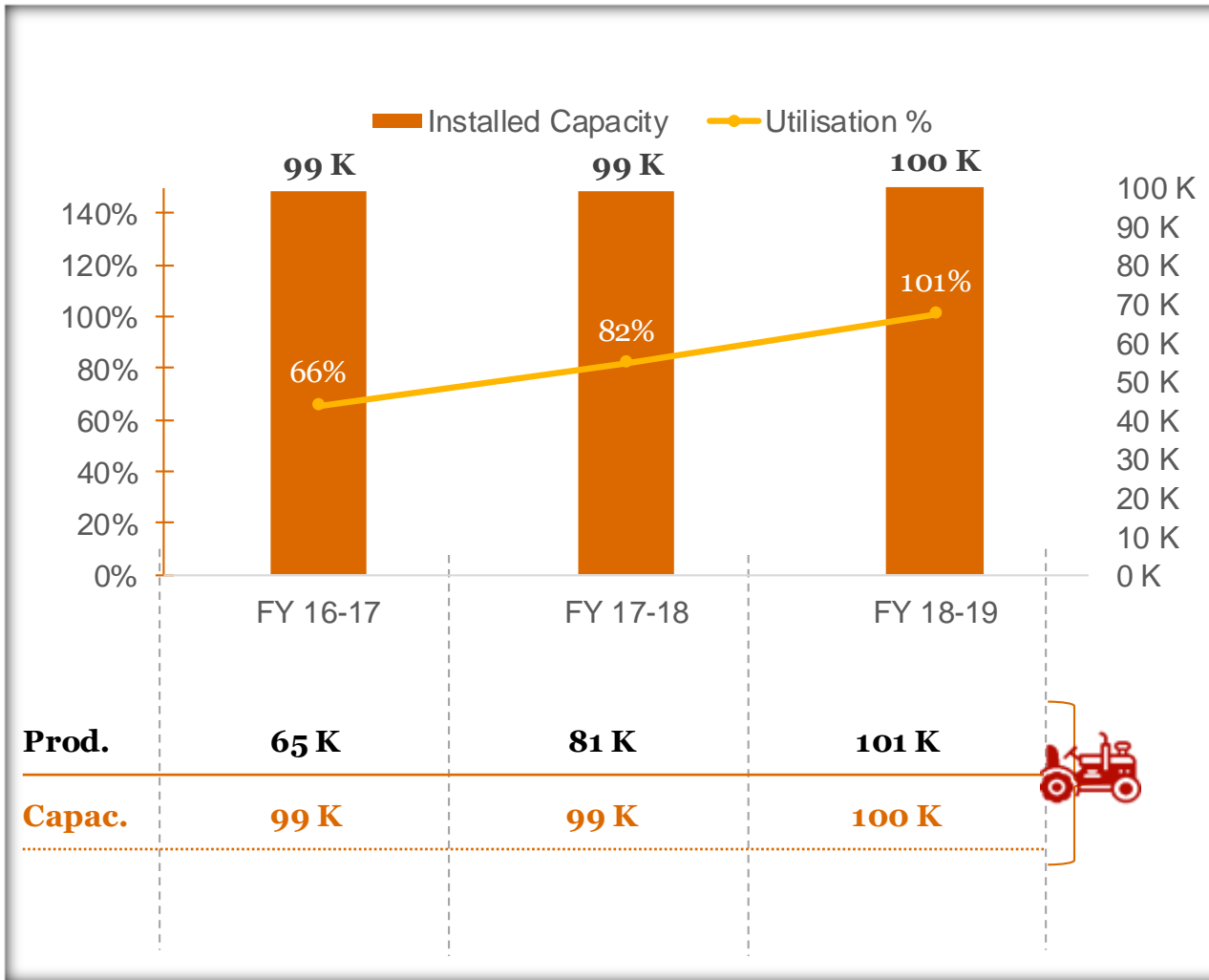


In FY 20

- 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



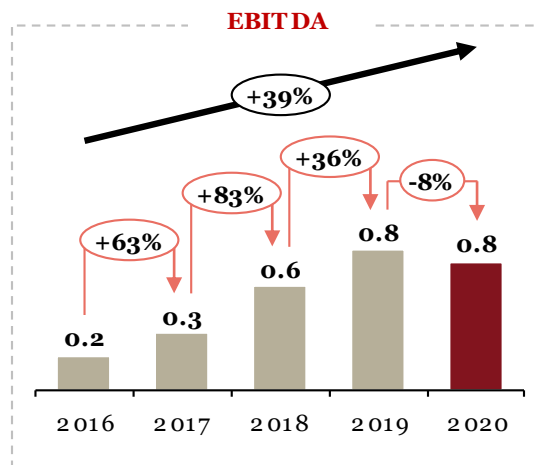
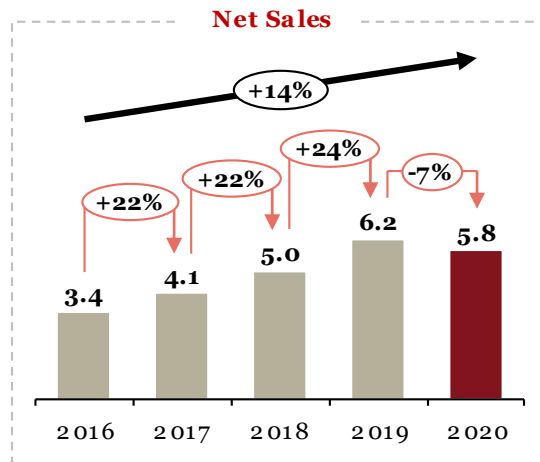
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Escorts

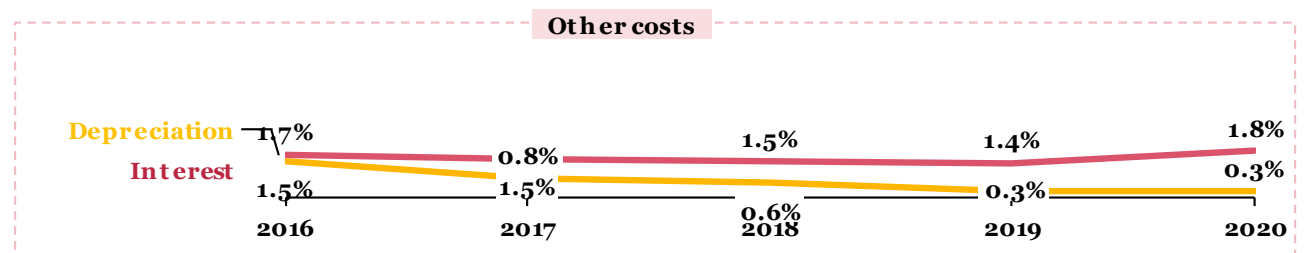
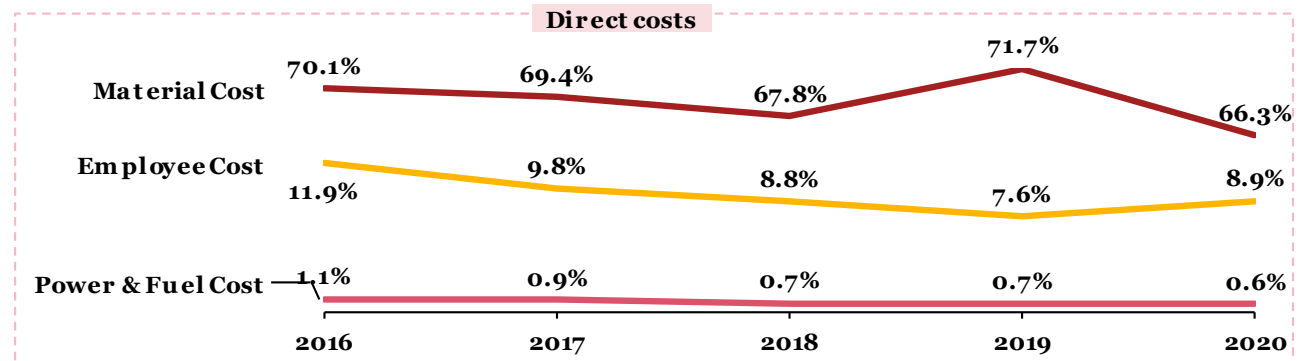
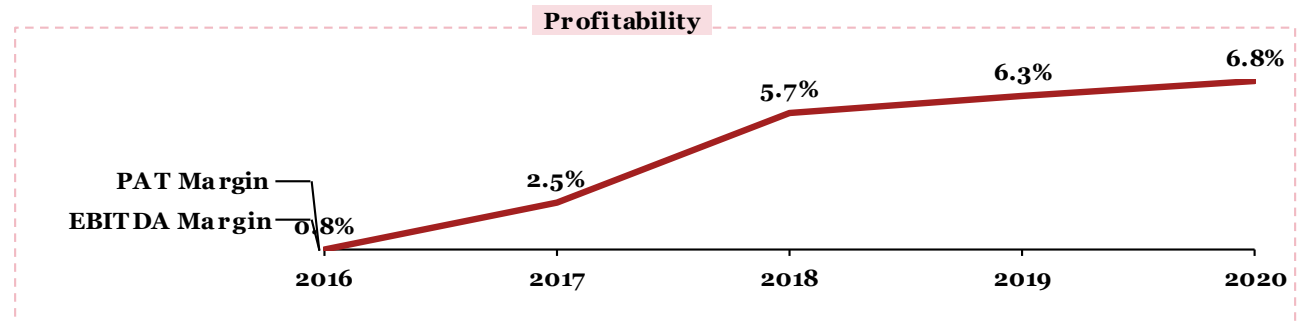


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



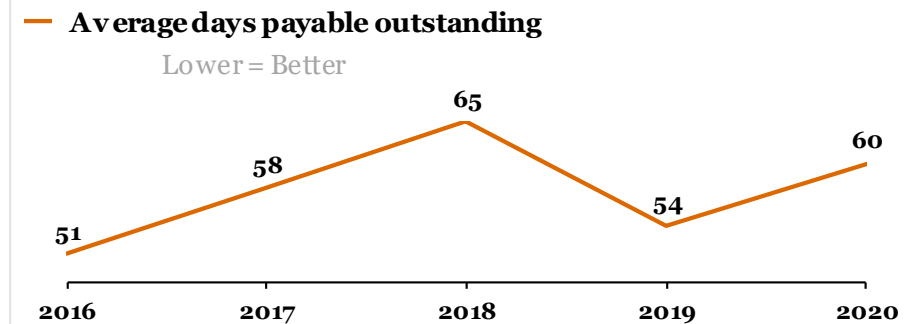
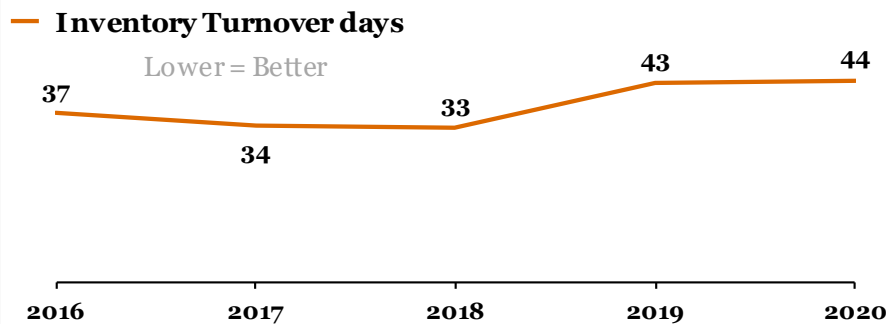
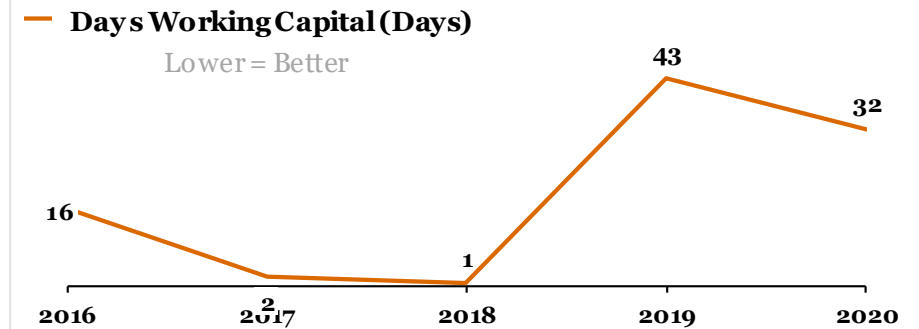
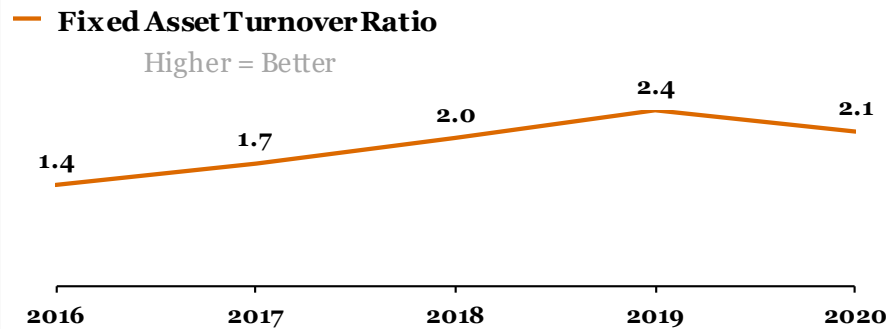
Margins (% of net sales)



Escorts



Trends in efficiency

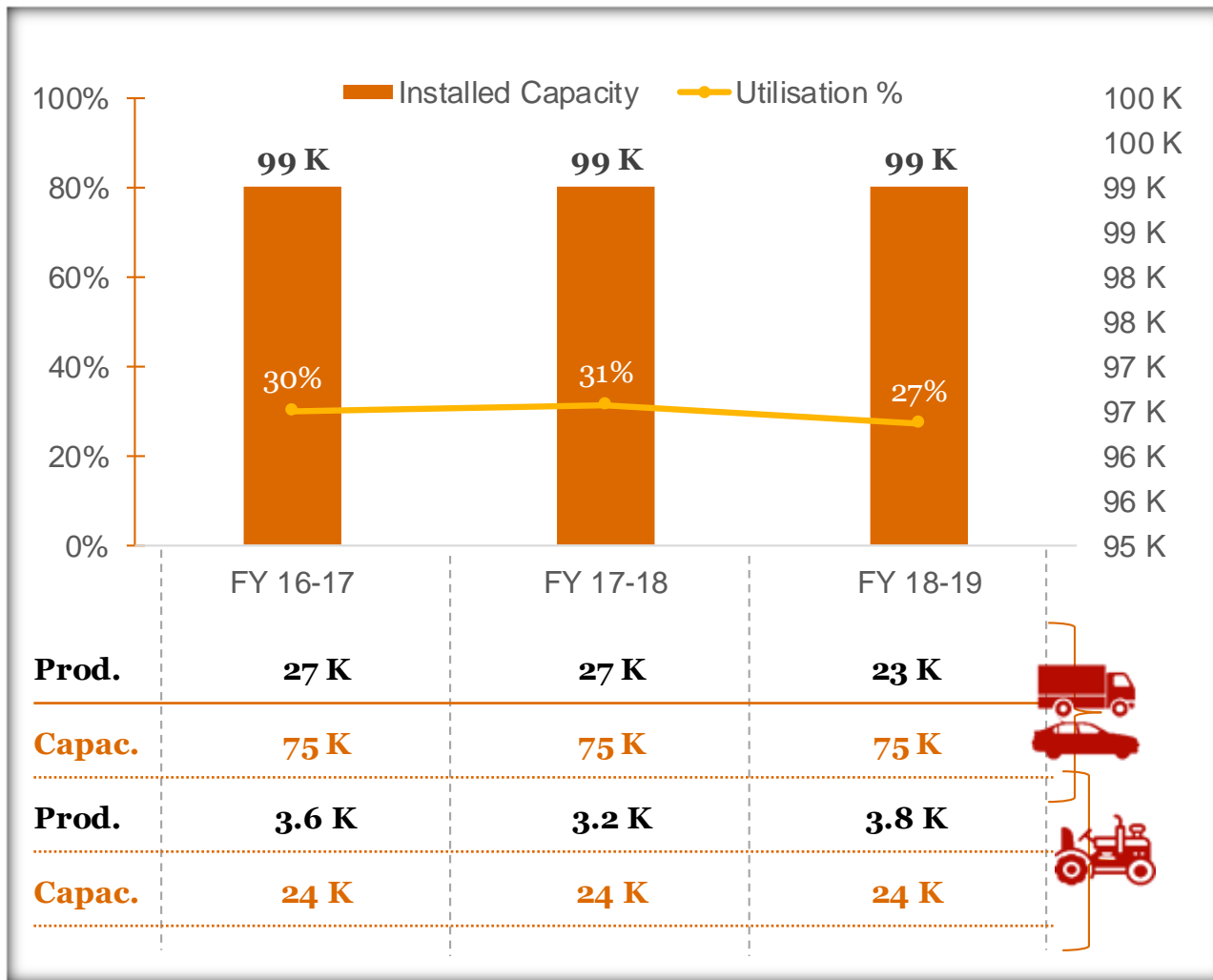


In FY 20

- 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%

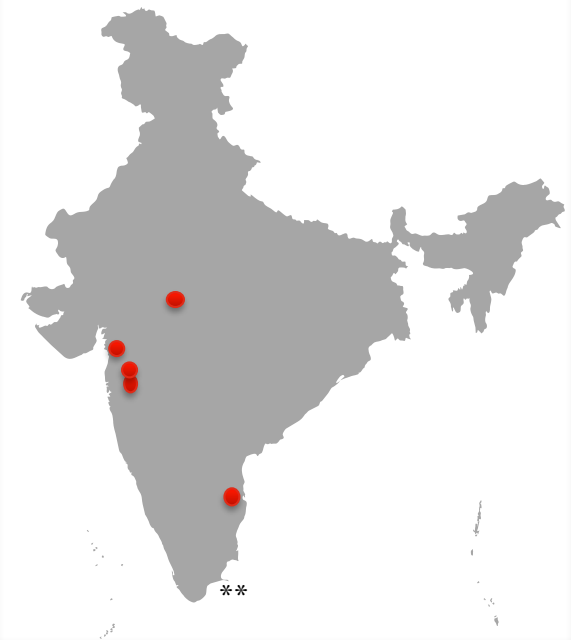
Force Motors

Force Motors



Manufacturing Sites in India

- Pune-MH**
- Pithampura-MP**
- Urse-MH**
- Chennai-TN**
- Chakan-MH**



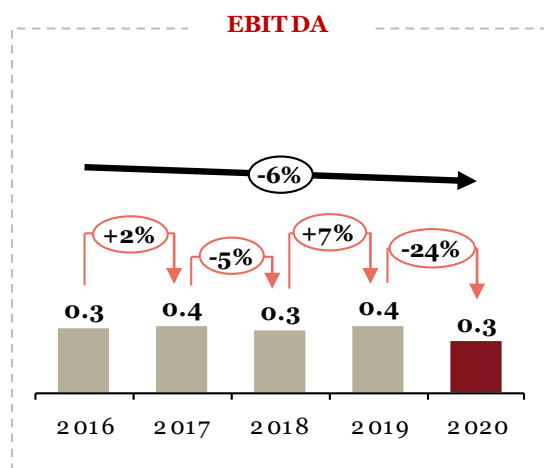
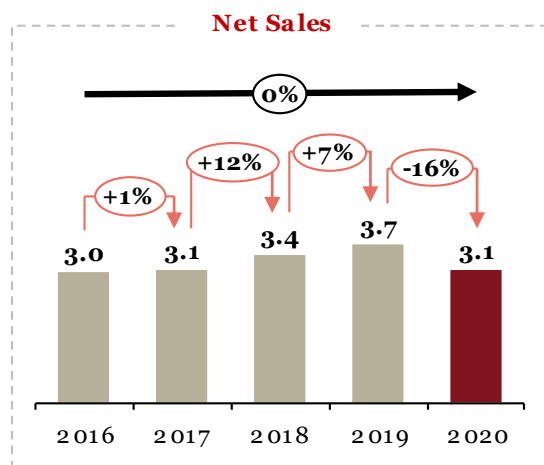
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Force Motors

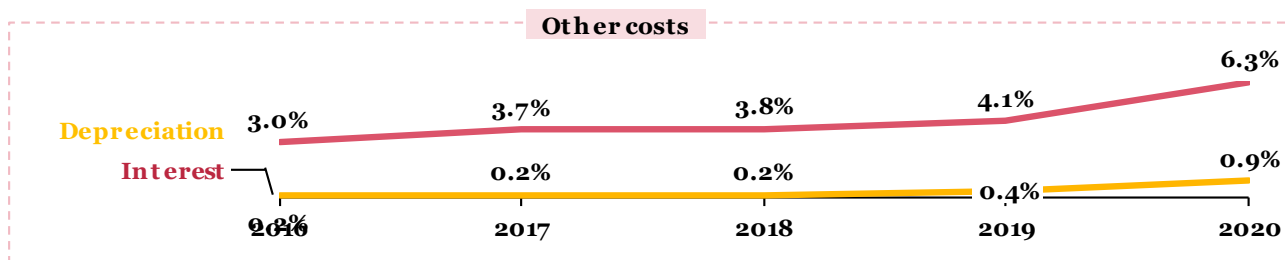
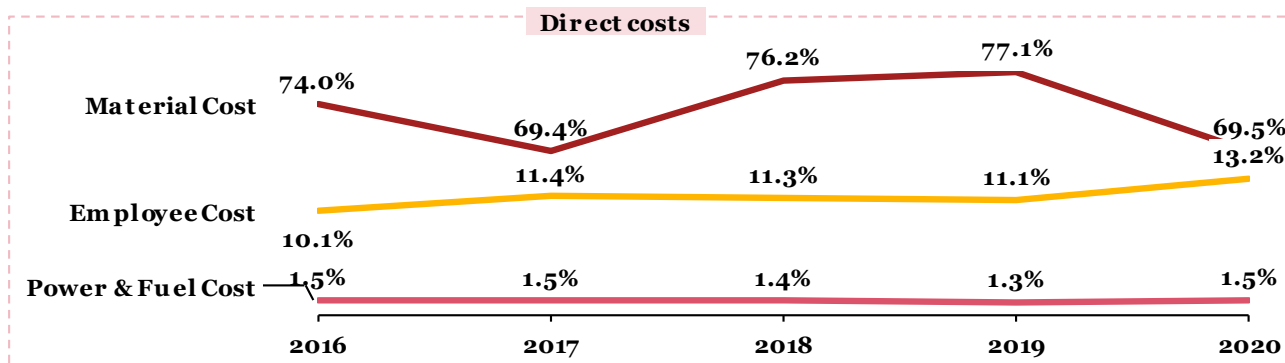
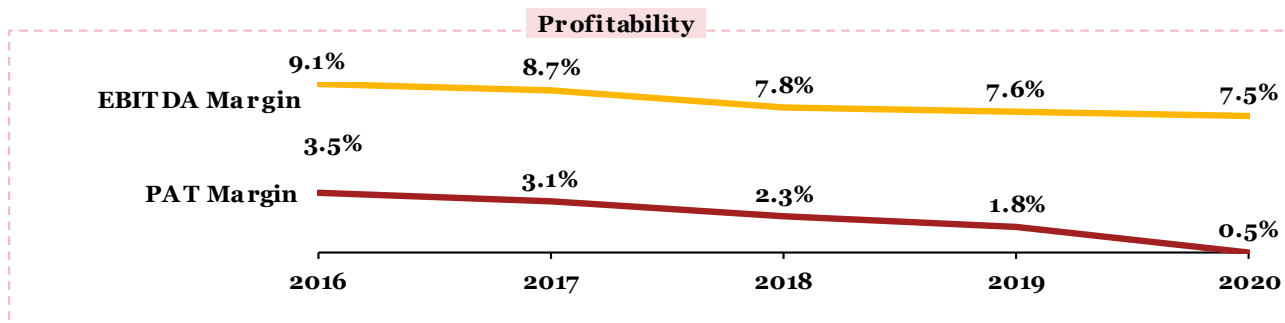


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



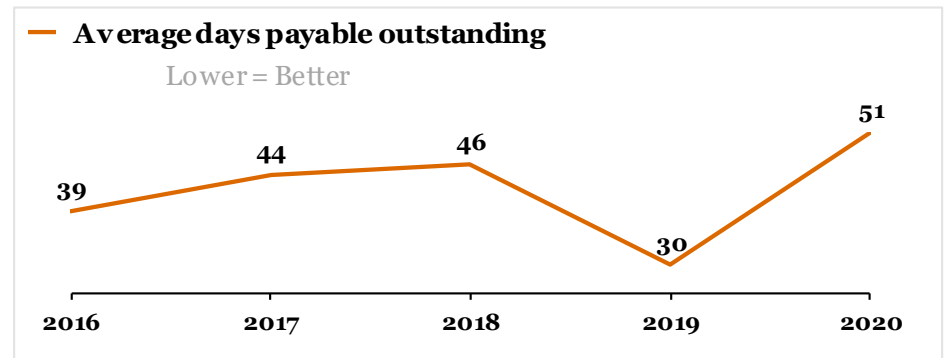
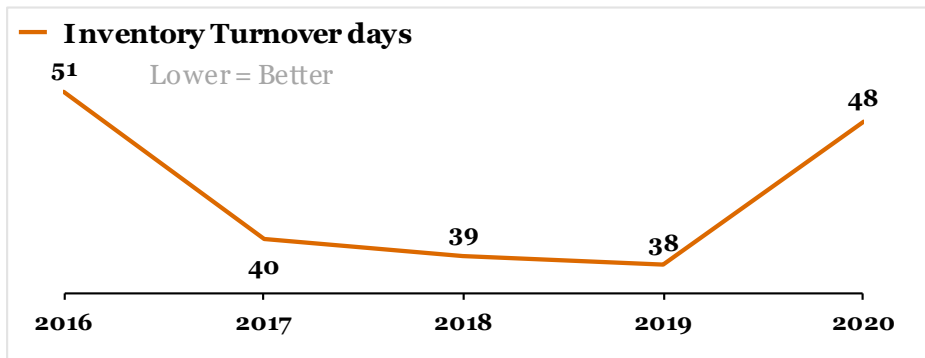
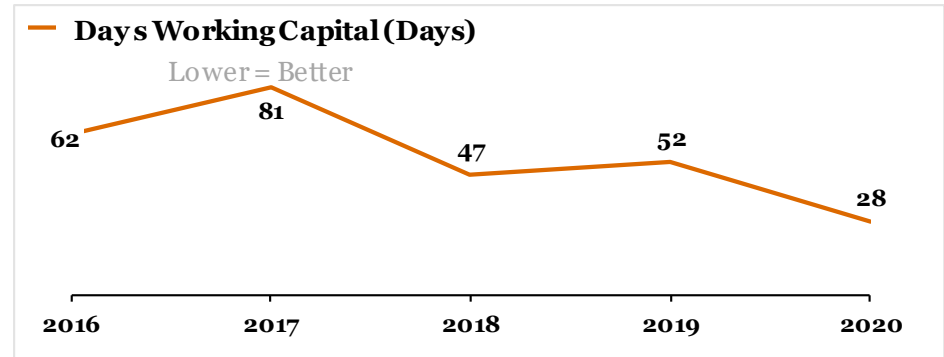
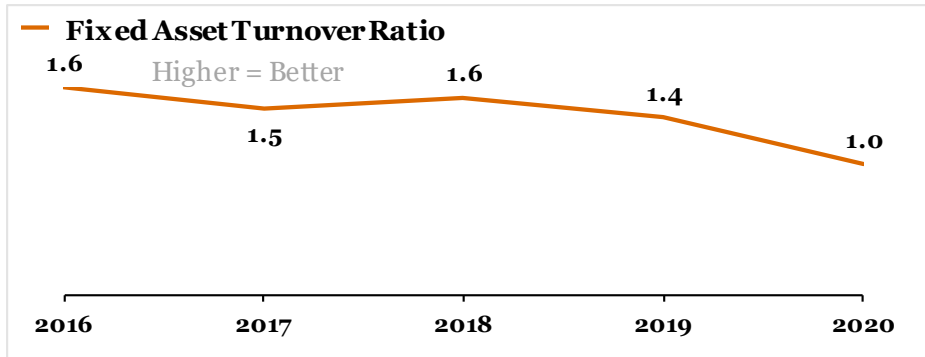
Margins (% of net sales)



Force Motors



Trends in efficiency

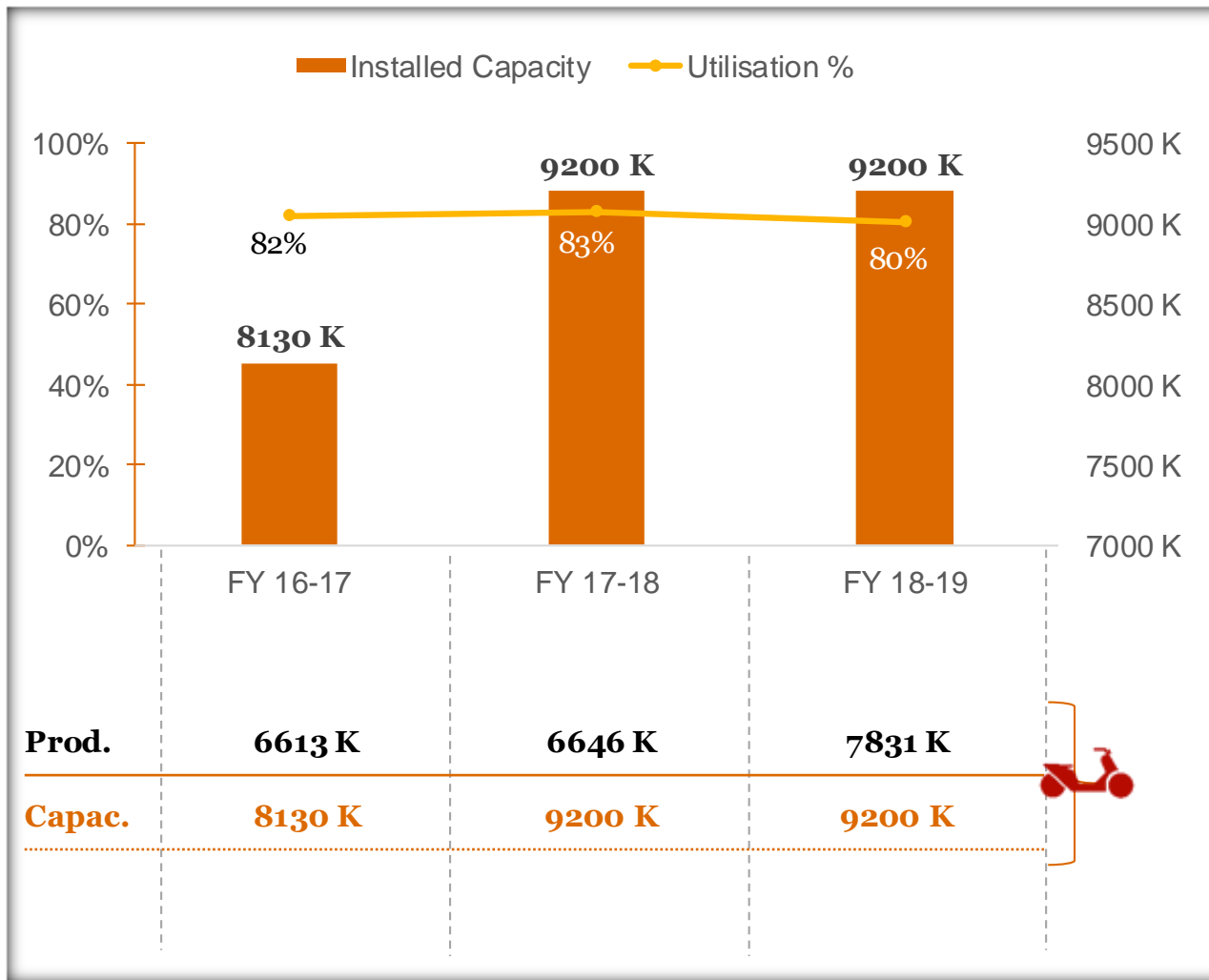


In FY 20

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

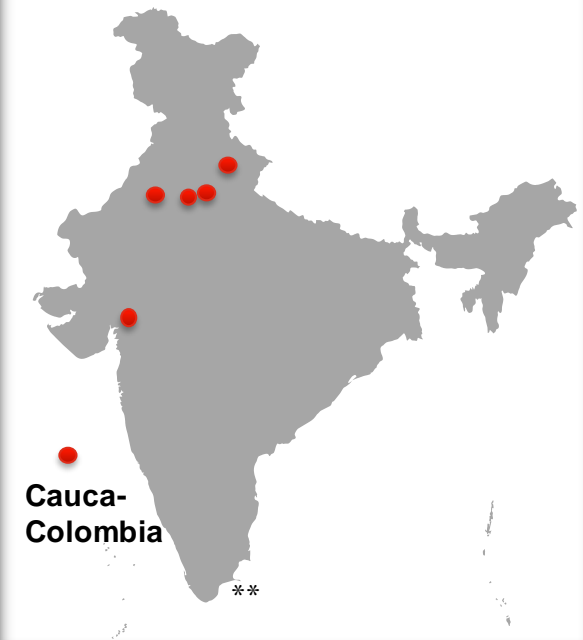
Hero Motocorp

Hero MotoCorp



Manufacturing Sites in India

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



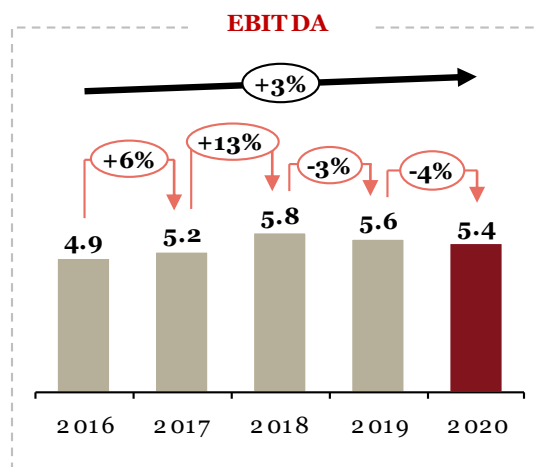
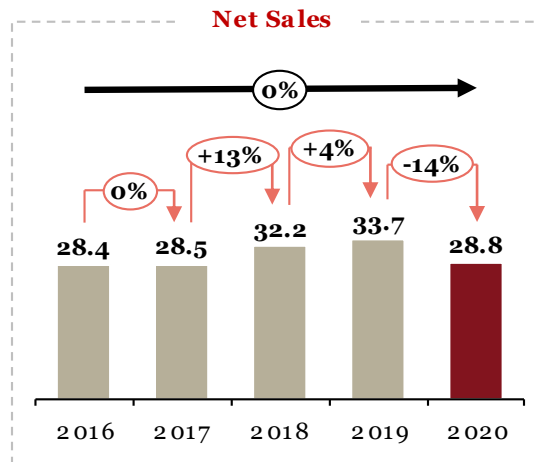
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Hero Motocorp

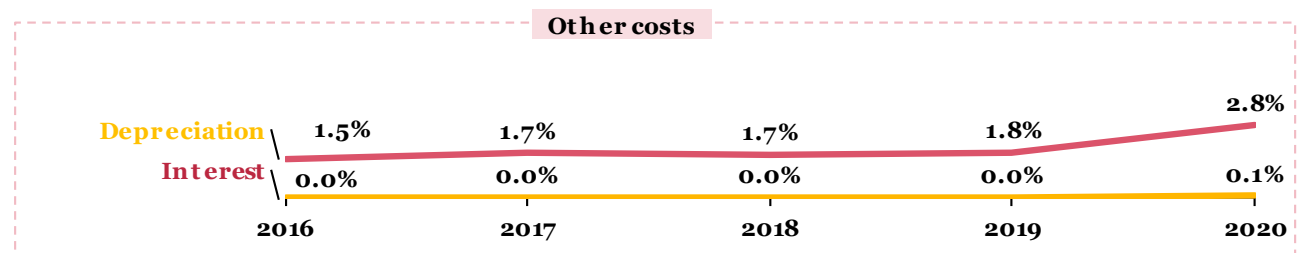
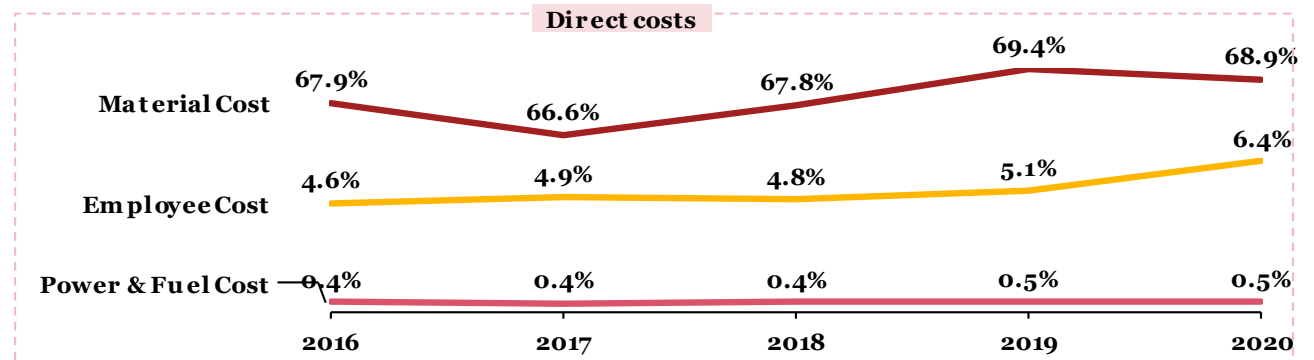
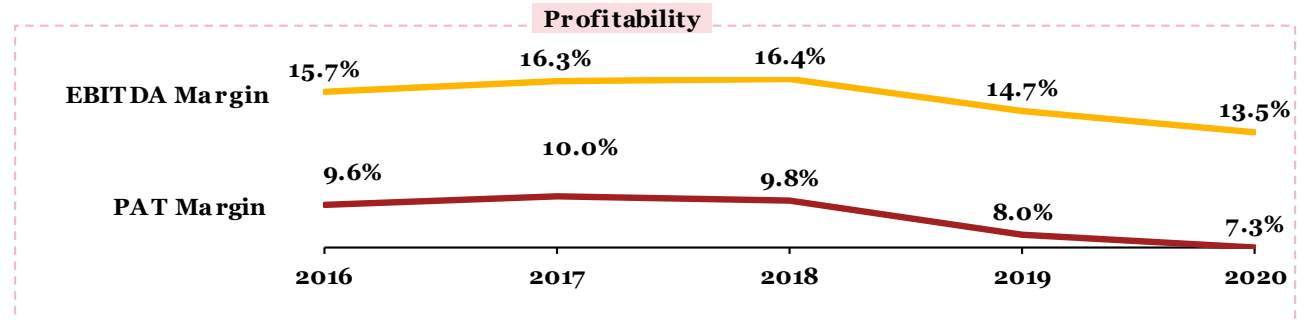


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



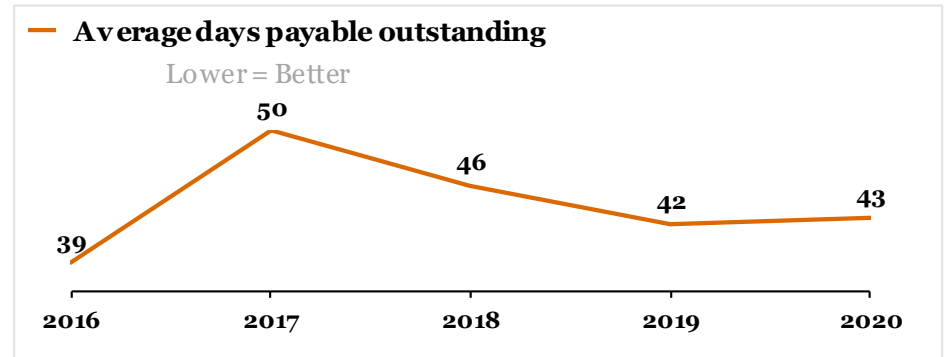
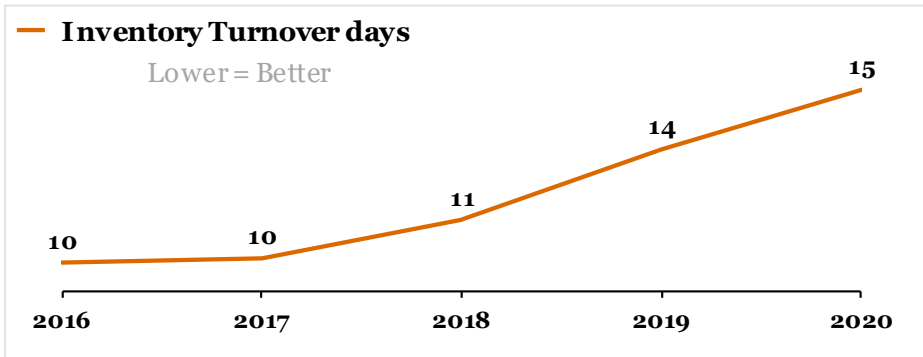
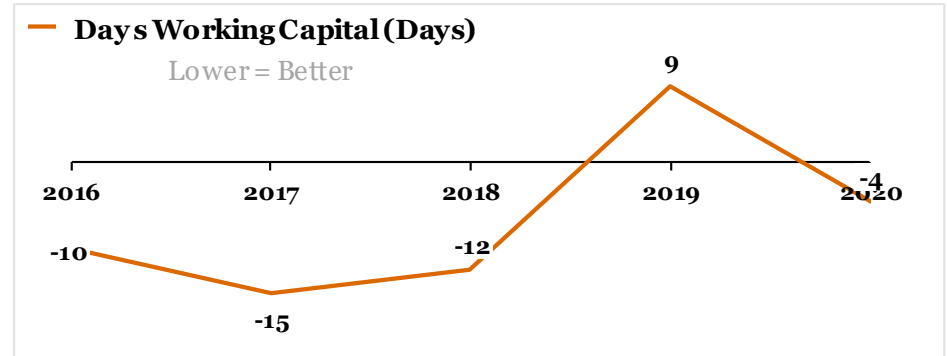
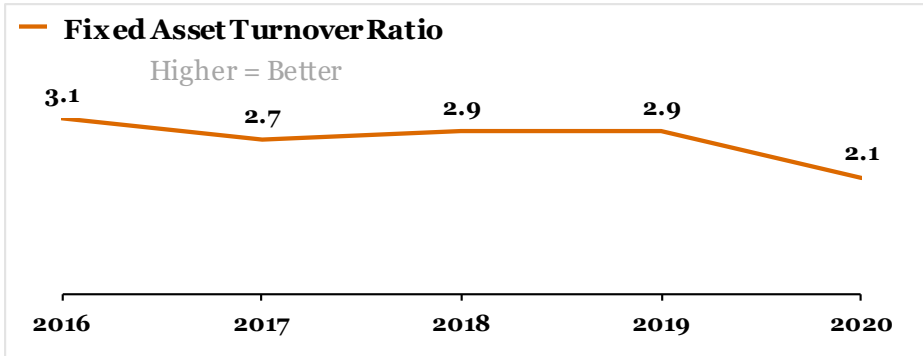
Margins (% of net sales)



Hero Motocorp



Trends in efficiency

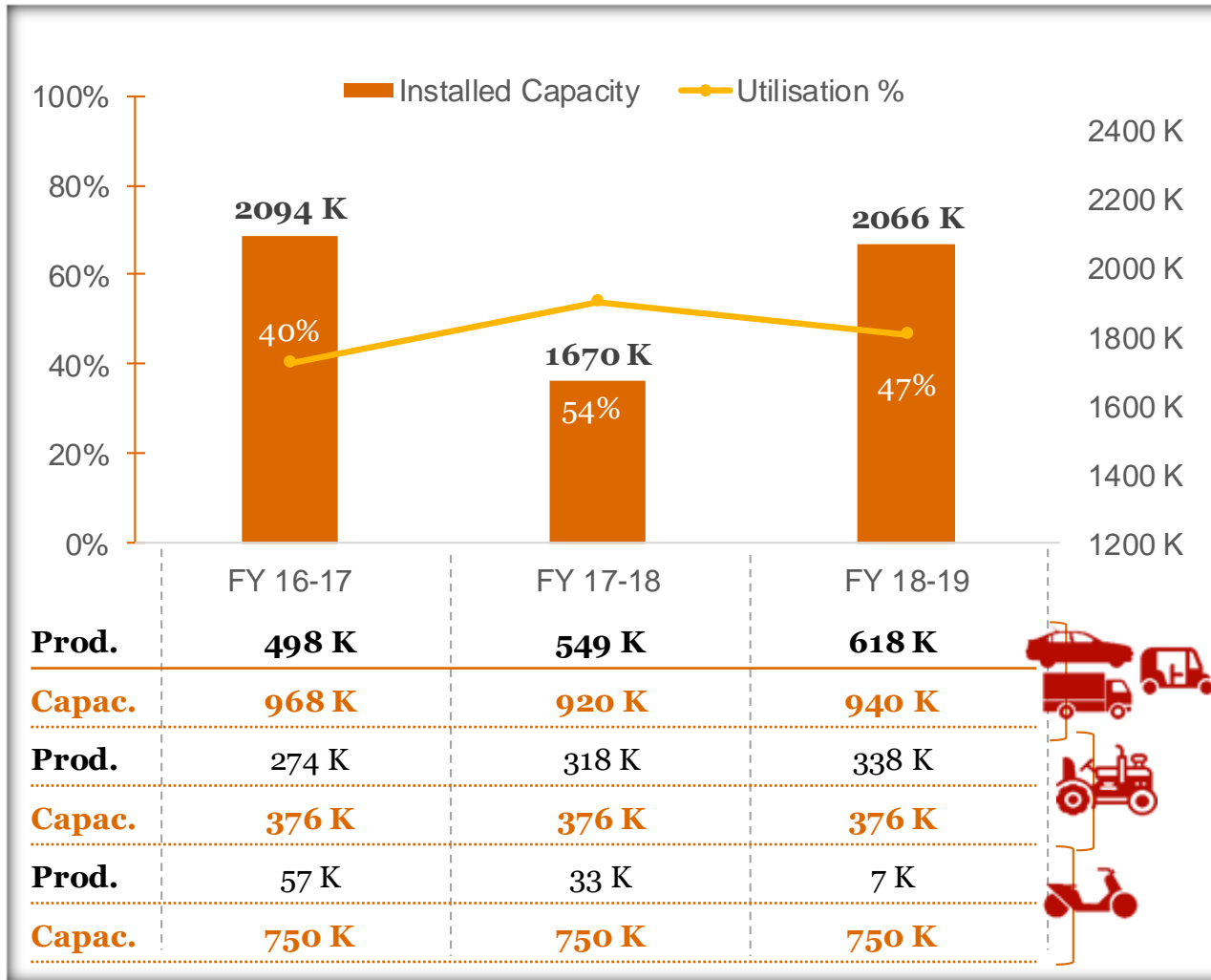


In FY 20

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

Mahindra and Mahindra

Mahindra & Mahindra

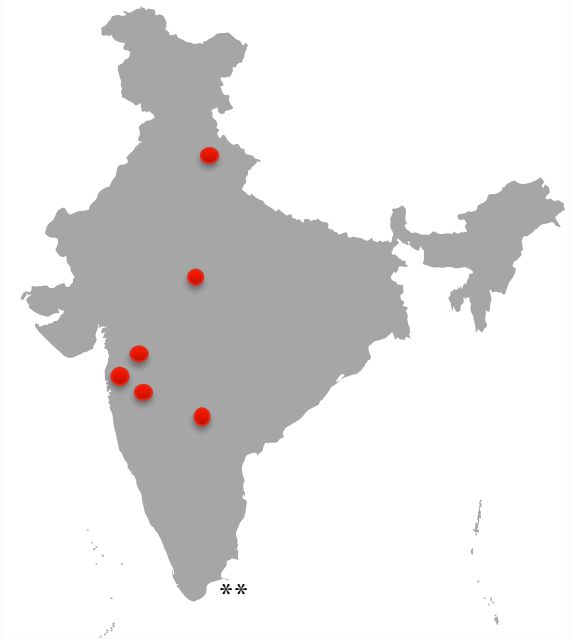


Manufacturing Sites in India

- Haridwar-UK** **Kandivali-MH**

- Zaheerabad-AP** **Nashik-MH**

- Chakan-MH** **Pithampura-MP**



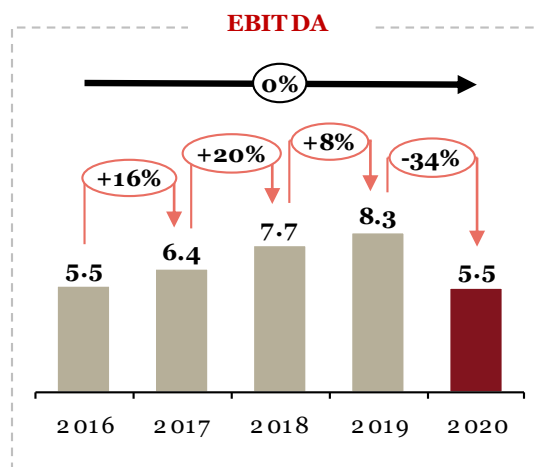
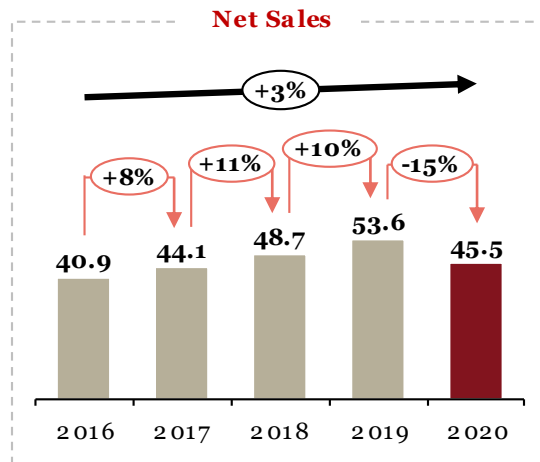
** This map is not to scale. It is an indicative outline intended for general reference use only. Capacity includes production capacity for Construction Equipment.

Mahindra and Mahindra

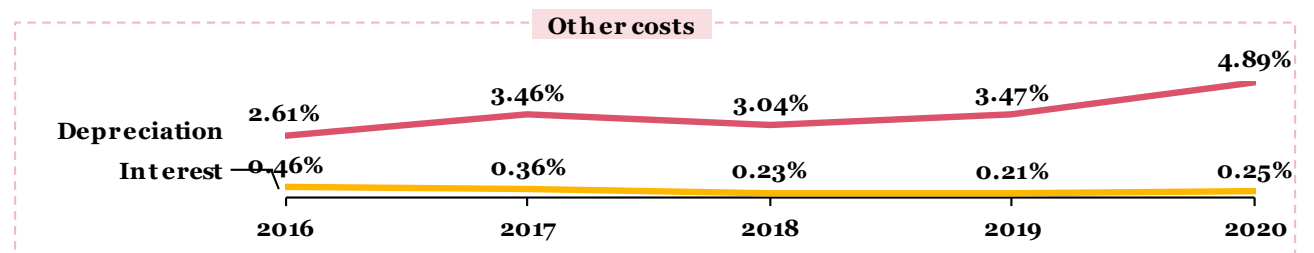
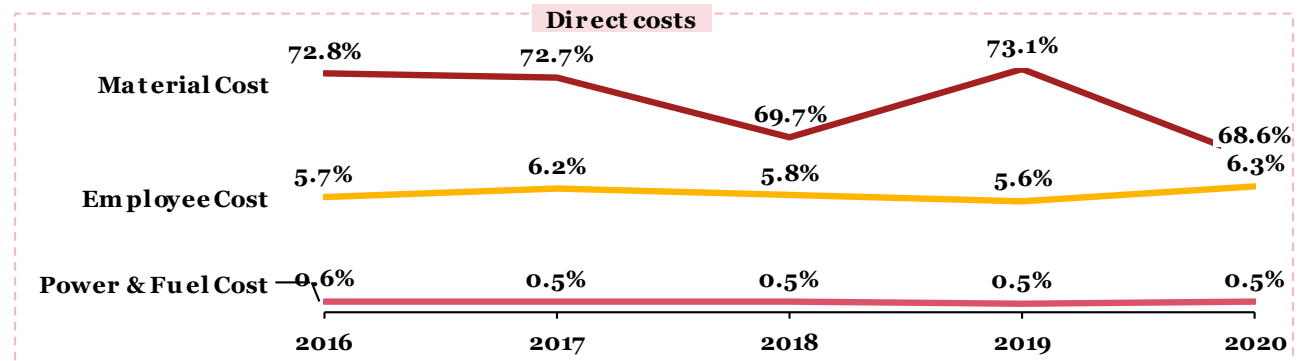
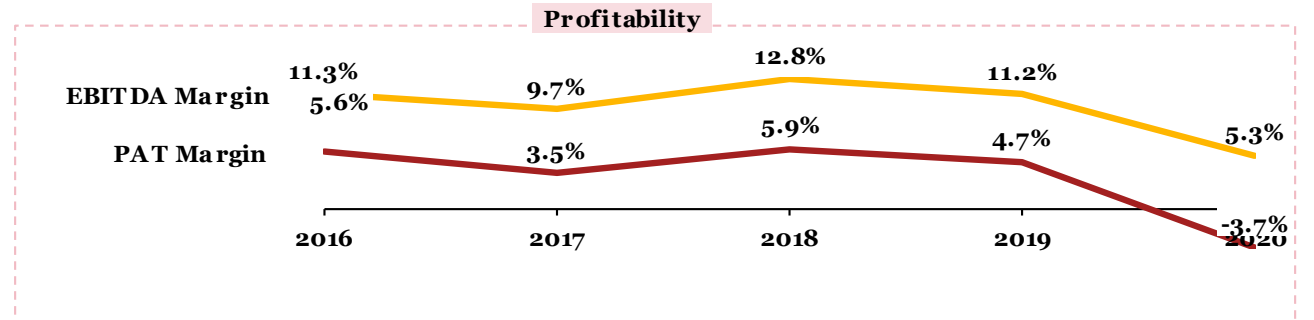


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



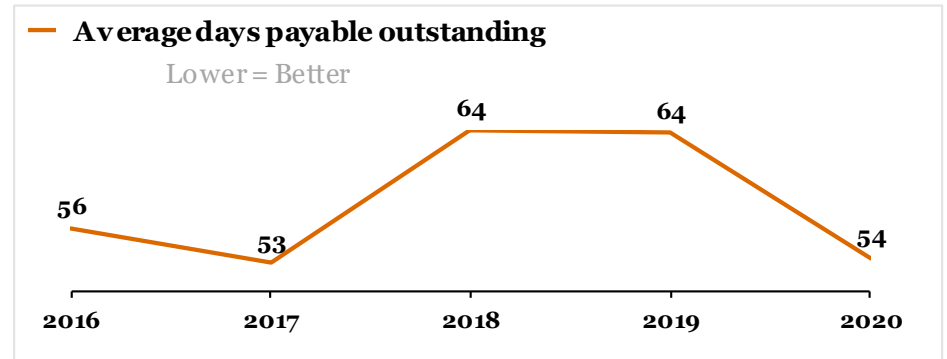
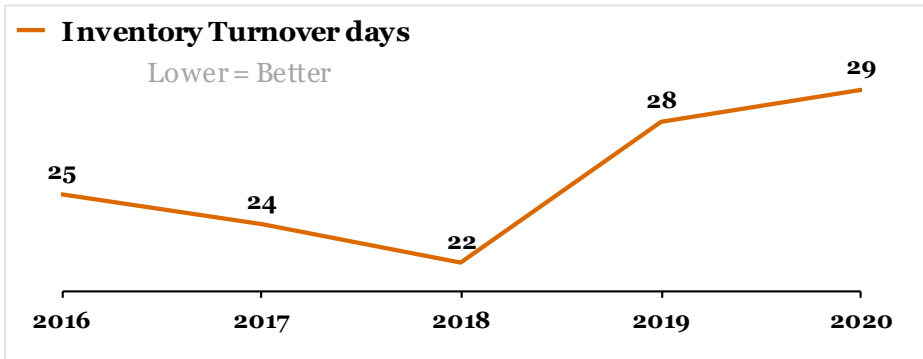
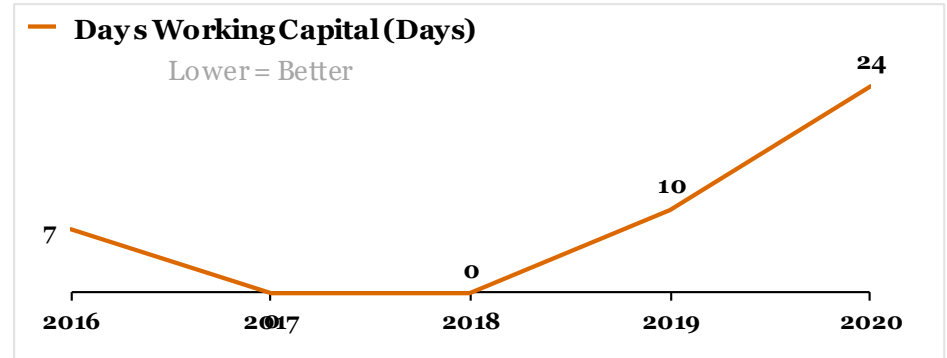
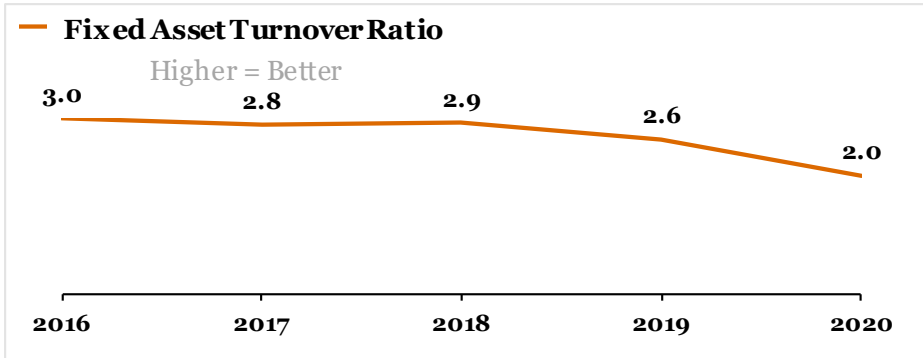
Margins (% of net sales)



Mahindra and Mahindra



Trends in efficiency

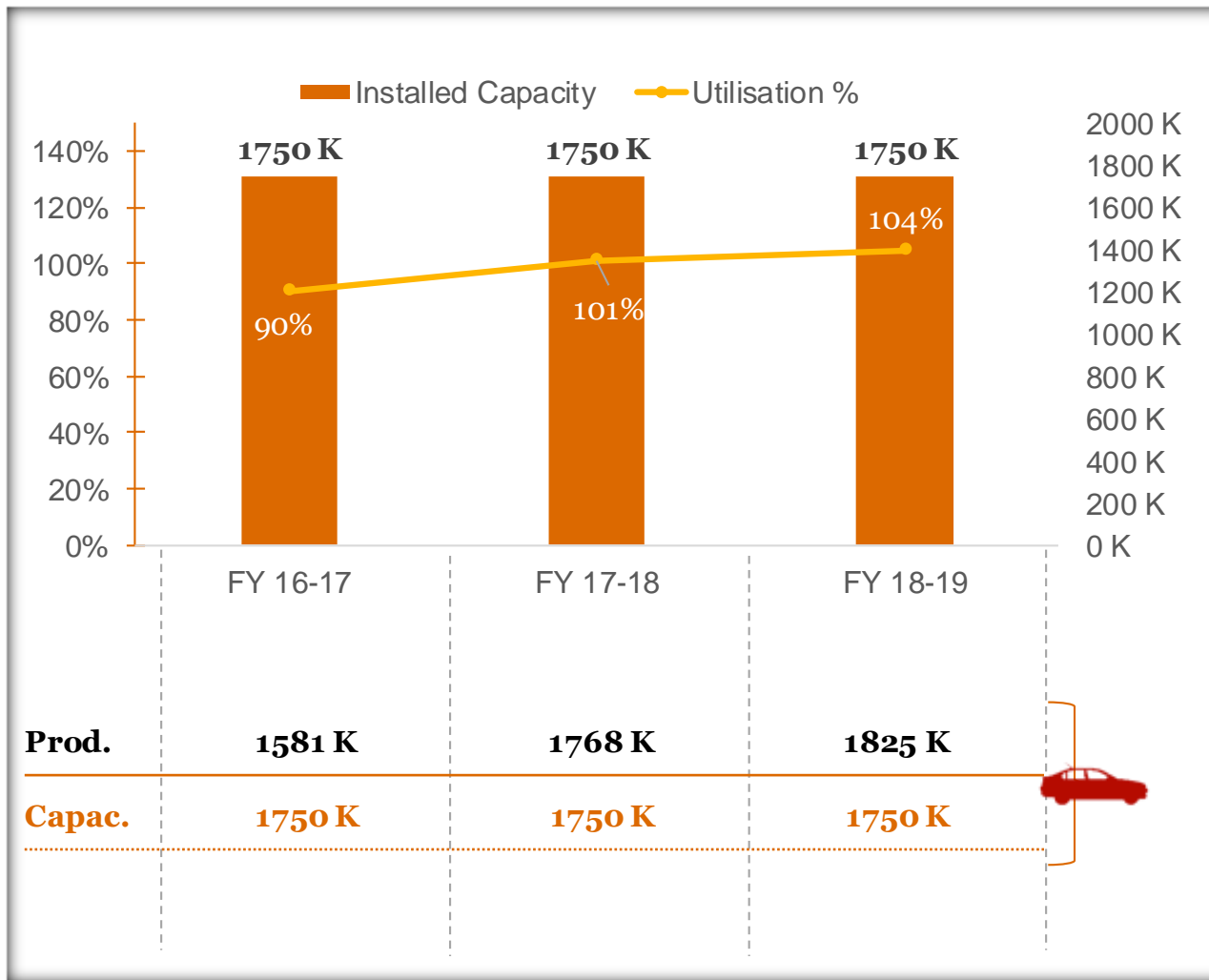


In FY 20

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

Maruti Suzuki

Maruti Suzuki

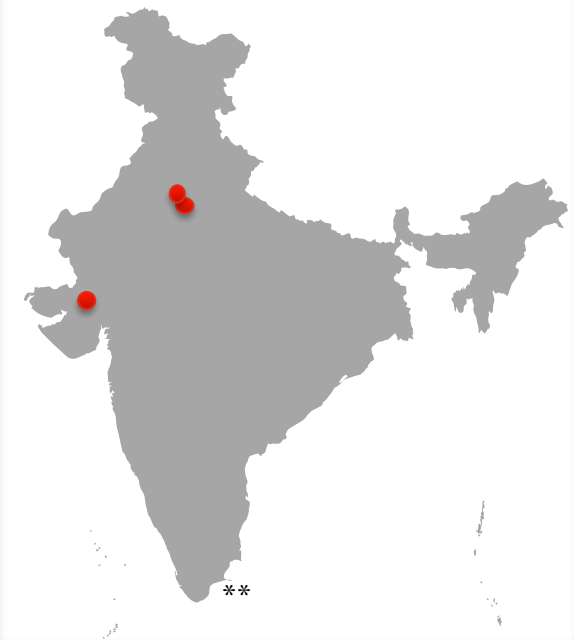


Manufacturing Sites in India

Gurgaon-HR

Manesar-HR

Hansalpur-GJ



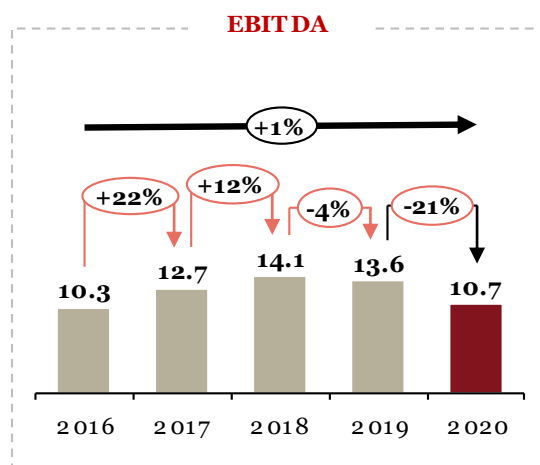
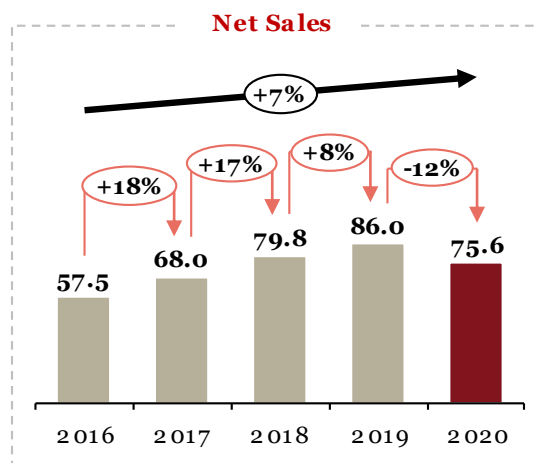
** This map is not to scale. It is an indicative outline intended for general reference use only.

Maruti Suzuki

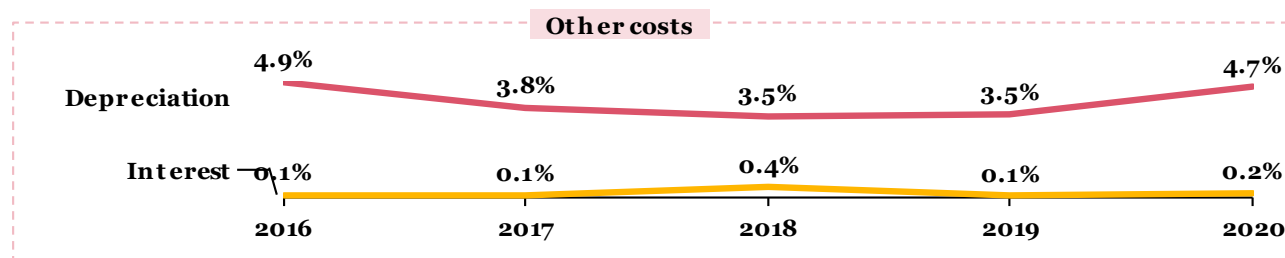
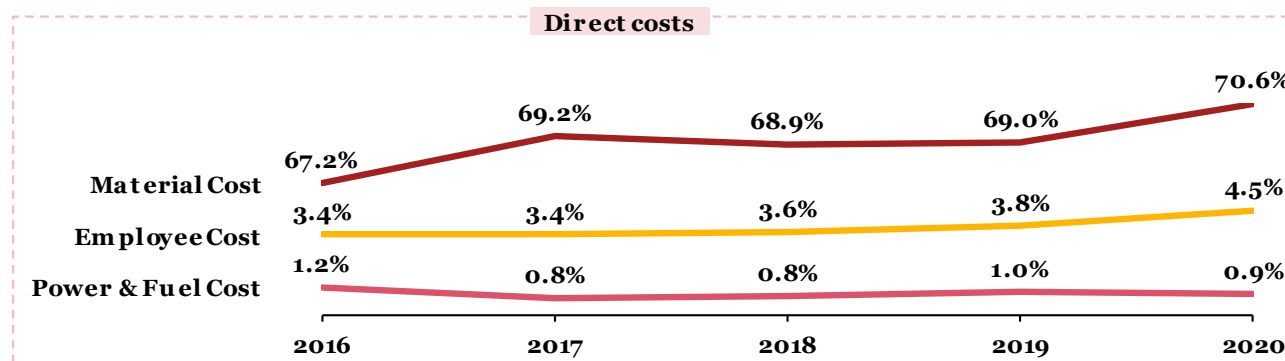
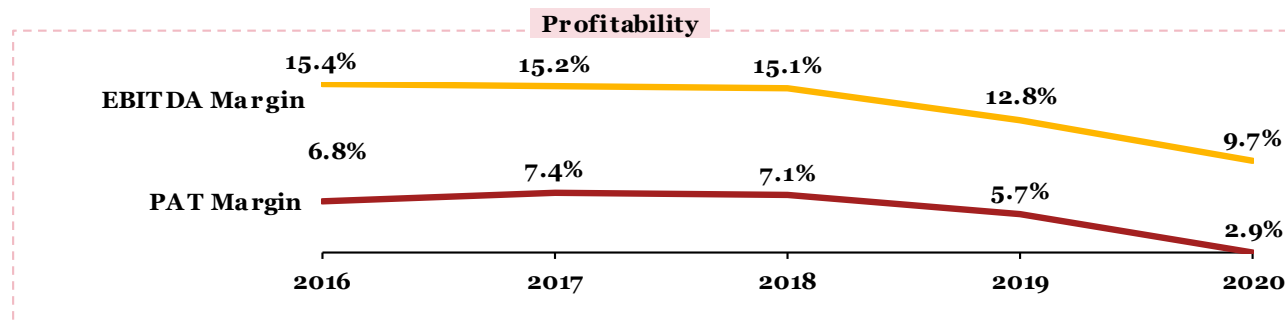


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



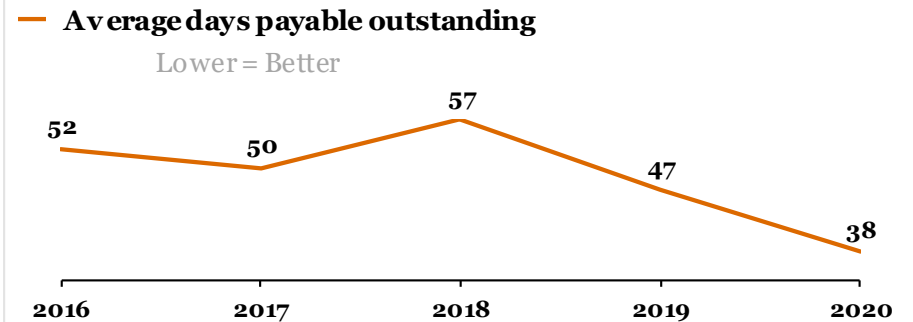
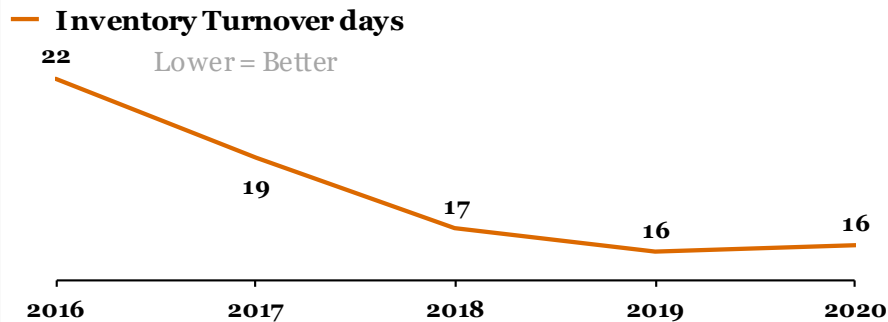
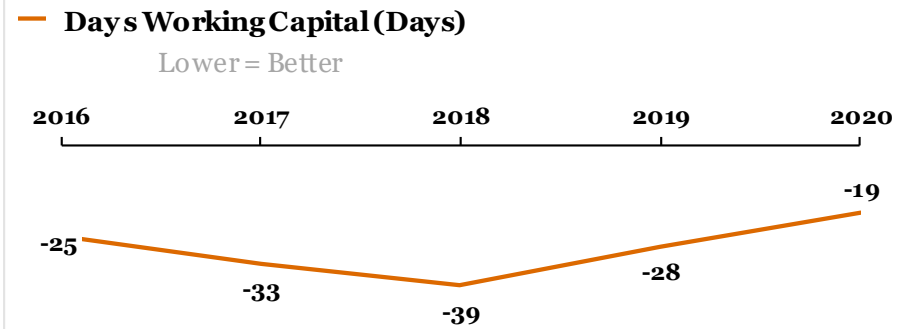
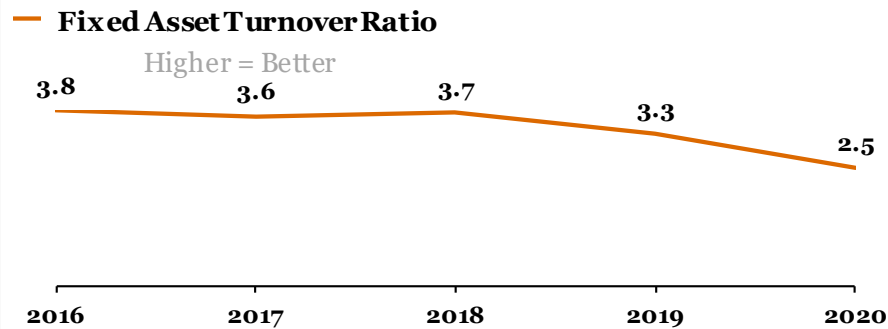
Margins (% of net sales)



Maruti Suzuki



Trends in efficiency

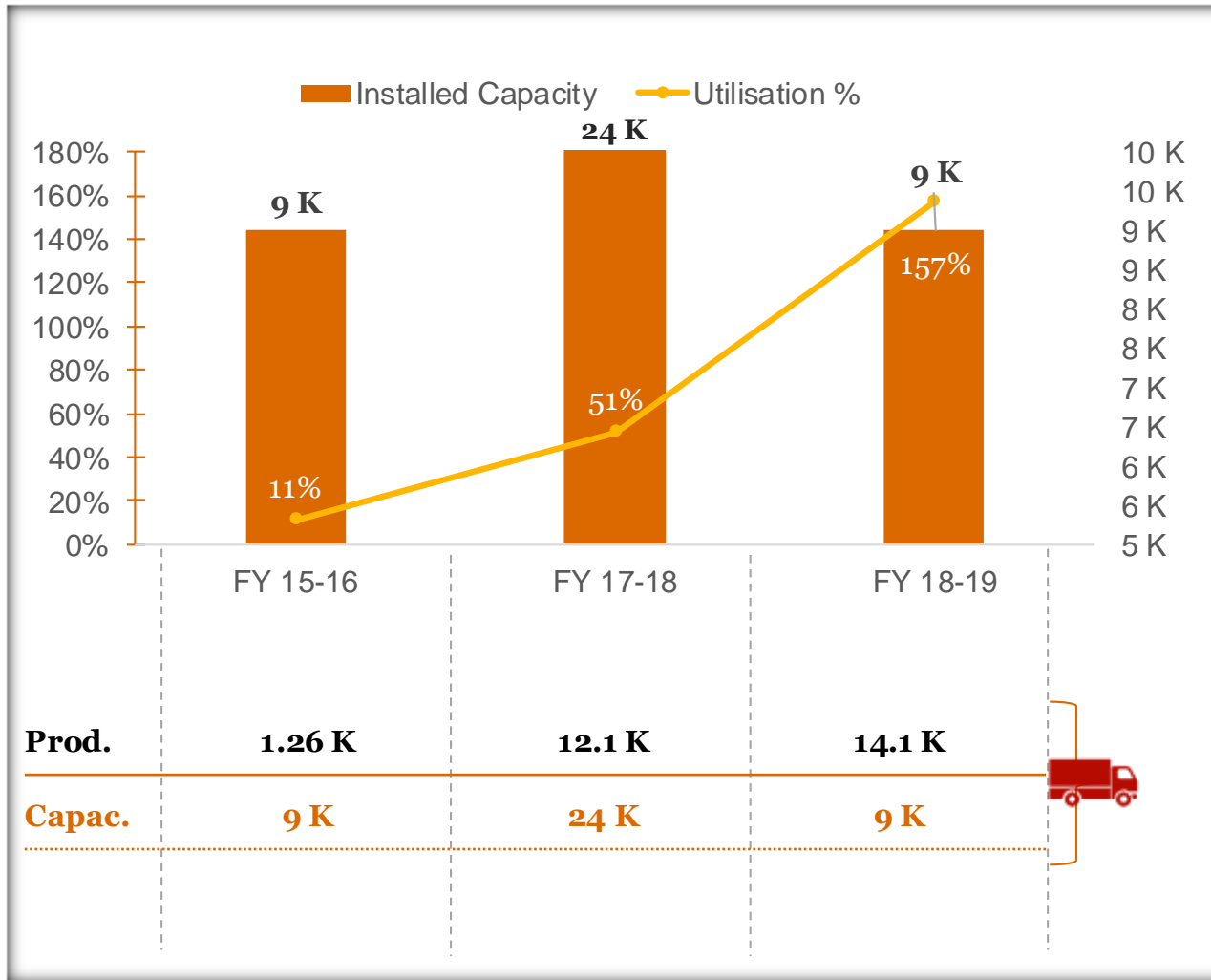


In FY 20

- 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



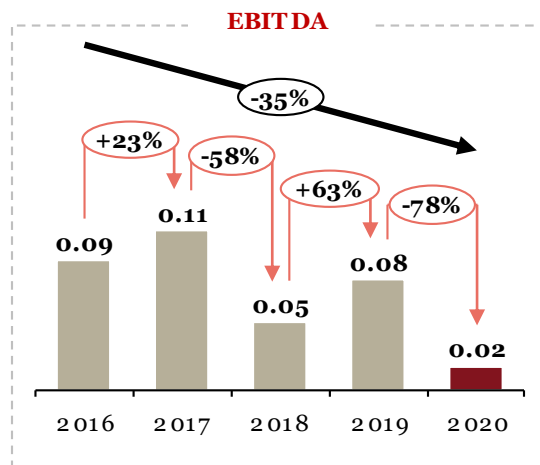
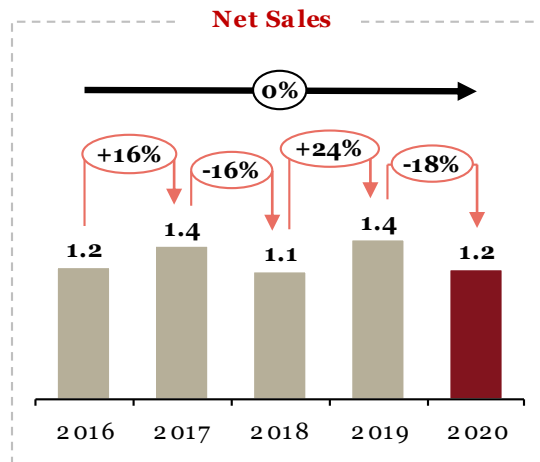
** This map is not to scale. It is an indicative outline intended for general reference use only.

SML ISUZU

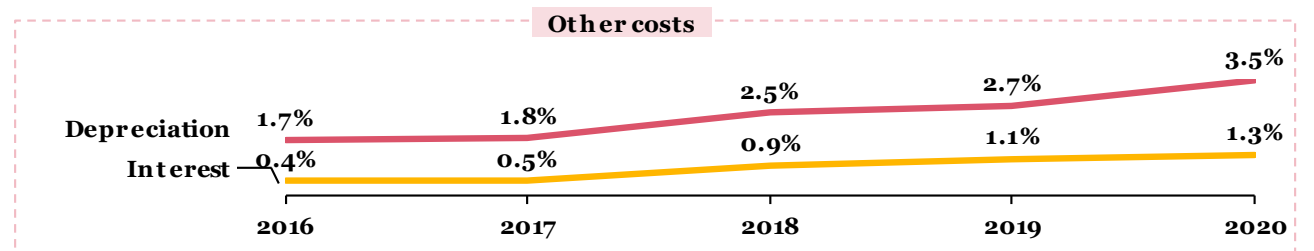
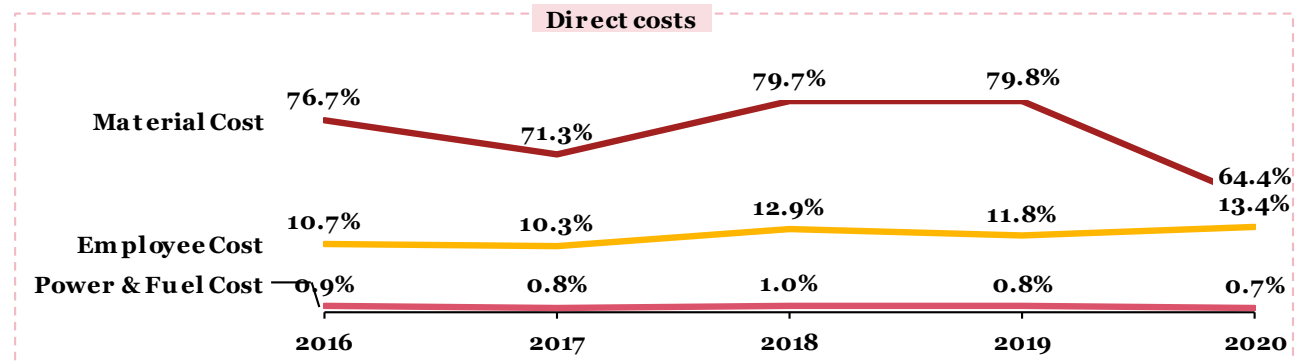
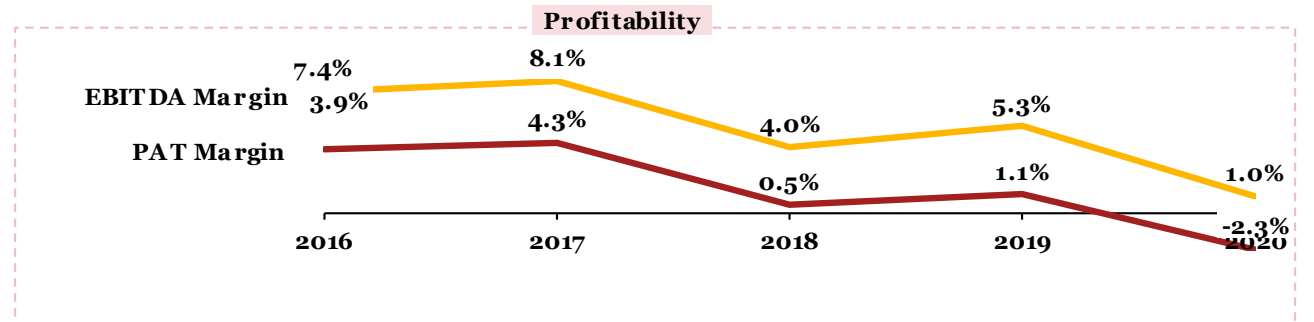


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



Margins (% of net sales)



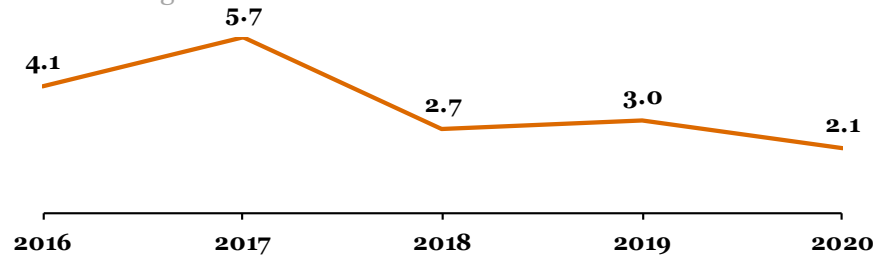
SML ISUZU



Trends in efficiency

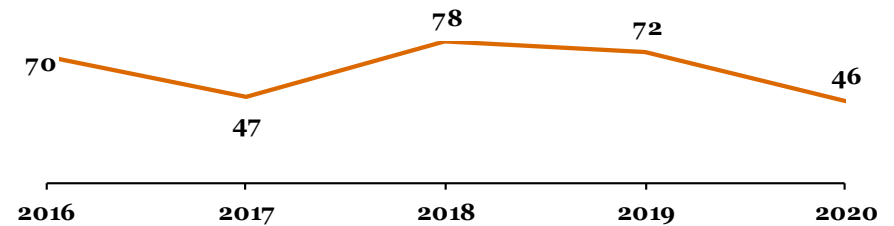
Fixed Asset Turnover Ratio

Higher = Better



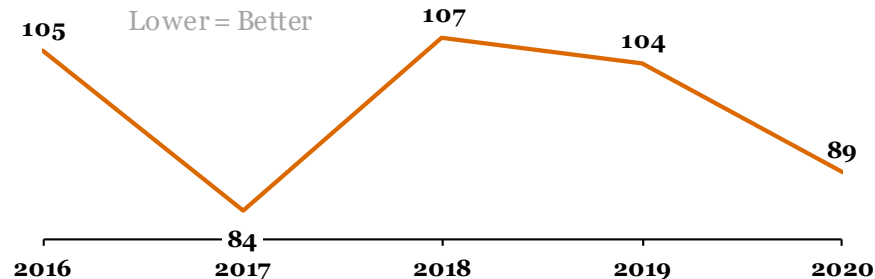
Days Working Capital (Days)

Lower = Better



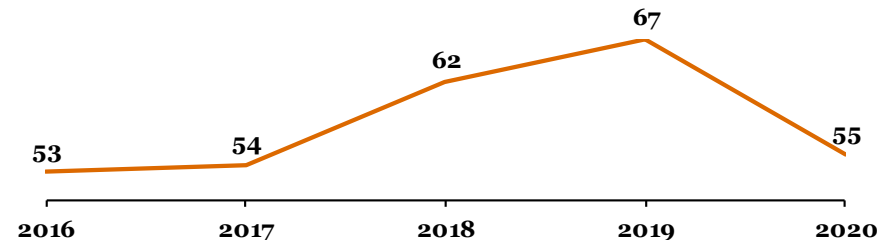
Inventory Turnover days

Lower = Better



Average days payable outstanding

Lower = Better

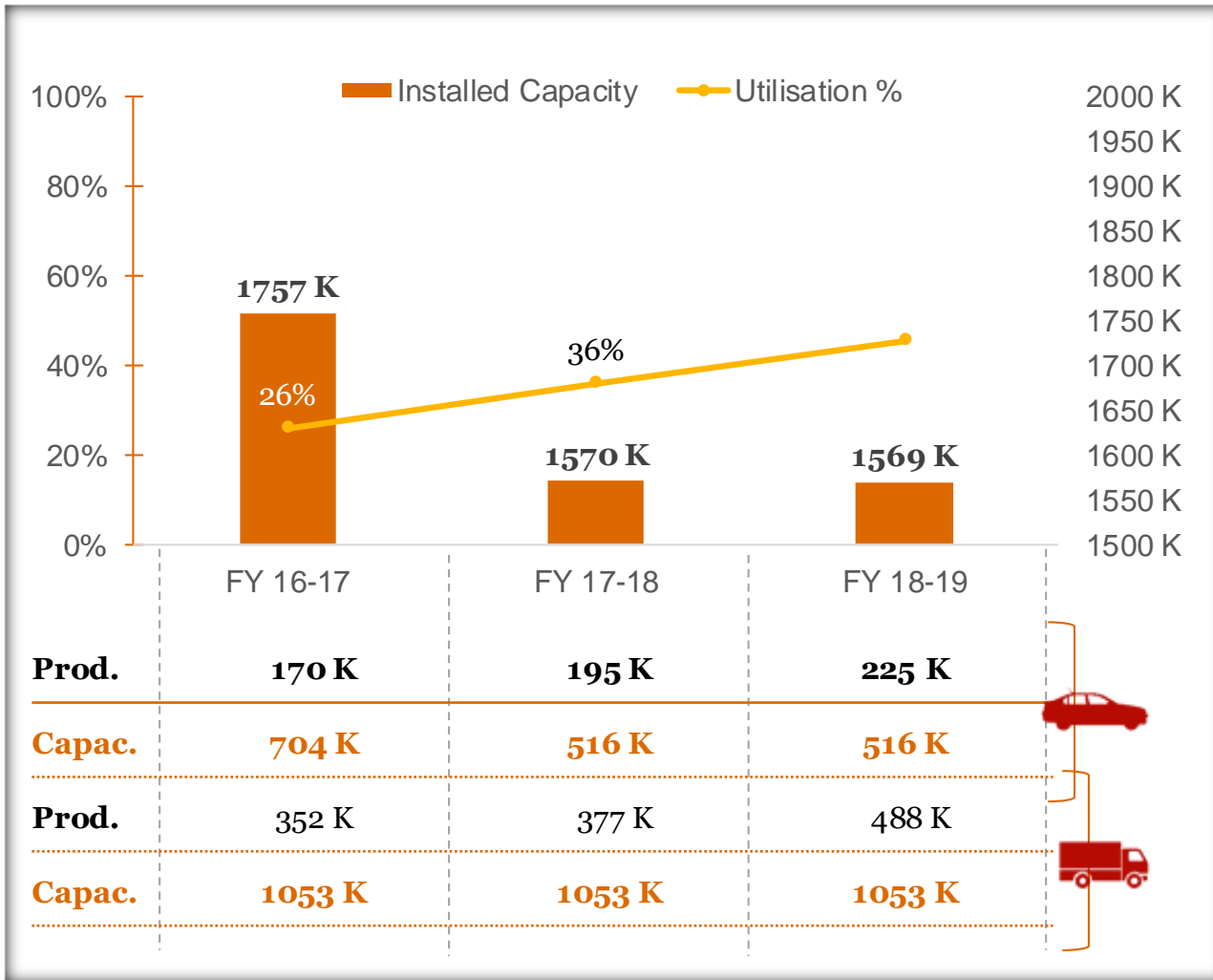


In FY 20

- 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

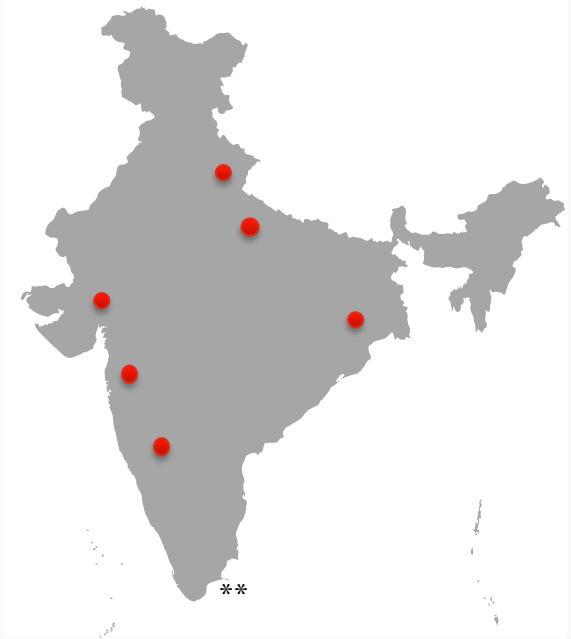
Tata Motors

Tata Motors



Manufacturing Sites in India

Pune-MH	Sanand-GJ
Lu cknow-UP	Jam shedpur-JH
Pantanagar-UK	Dharwad-KN



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

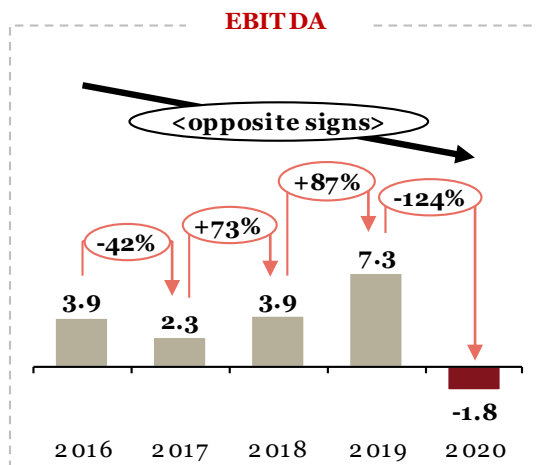
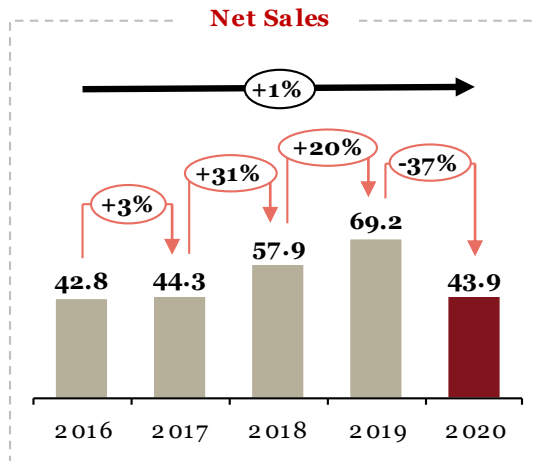
** Total production capacity has been segregated into PV and CV capacity in the ratio of production volumes for the year.

Tata Motors

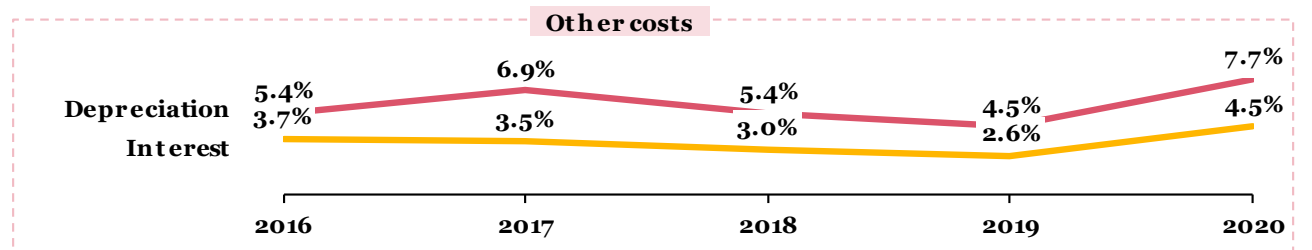
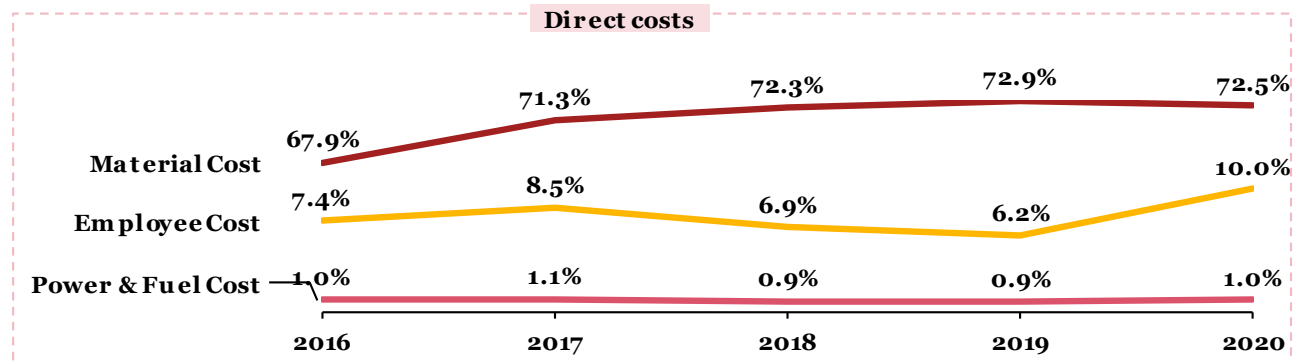
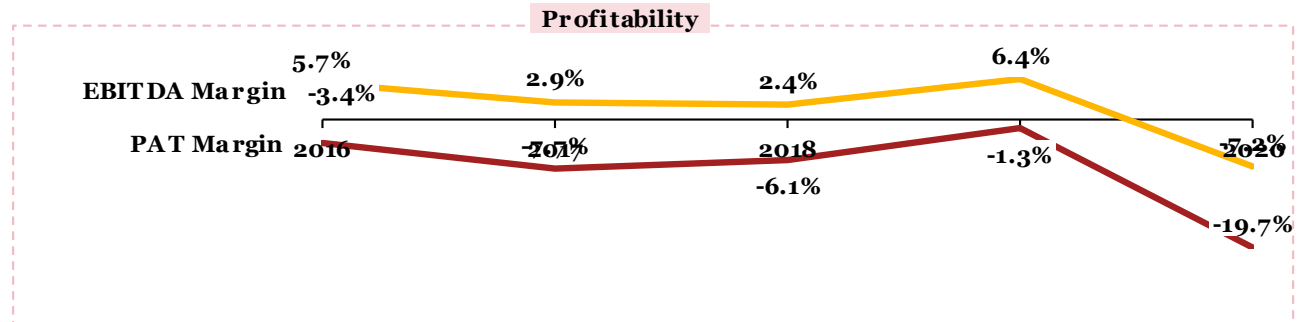


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



Margins (% of net sales)



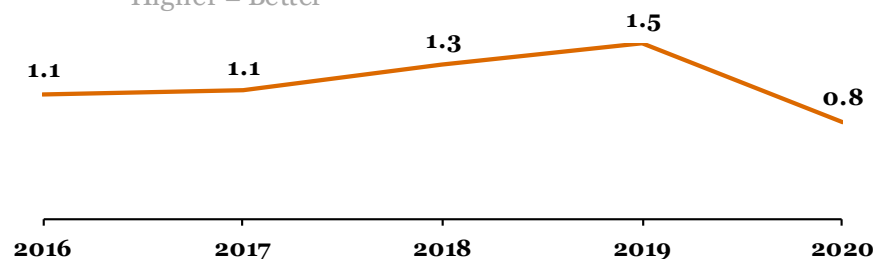
Tata Motors



Trends in efficiency

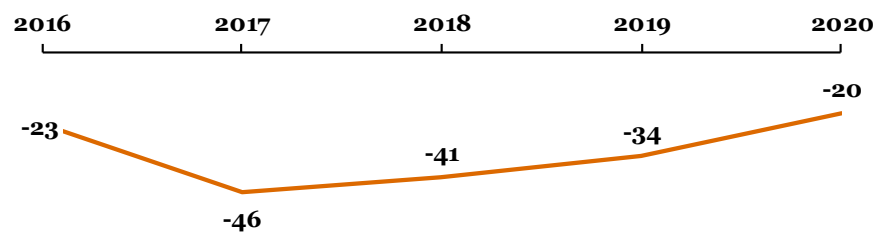
Fixed Asset Turnover Ratio

Higher = Better



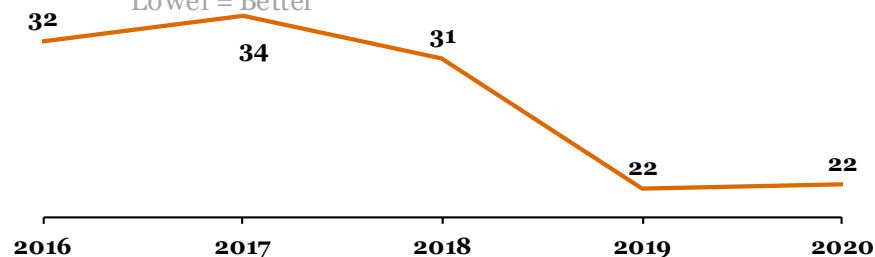
Days Working Capital (Days)

Lower = Better



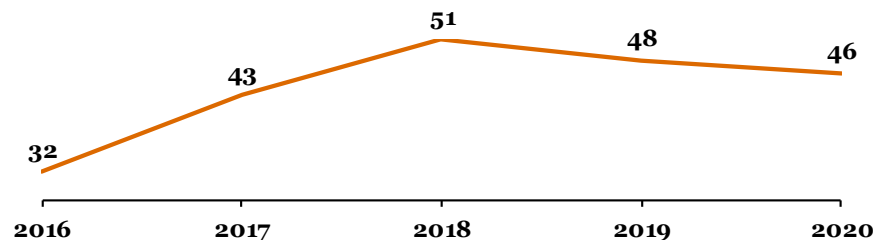
Inventory Turnover days

Lower = Better



Average days payable outstanding

Lower = Better

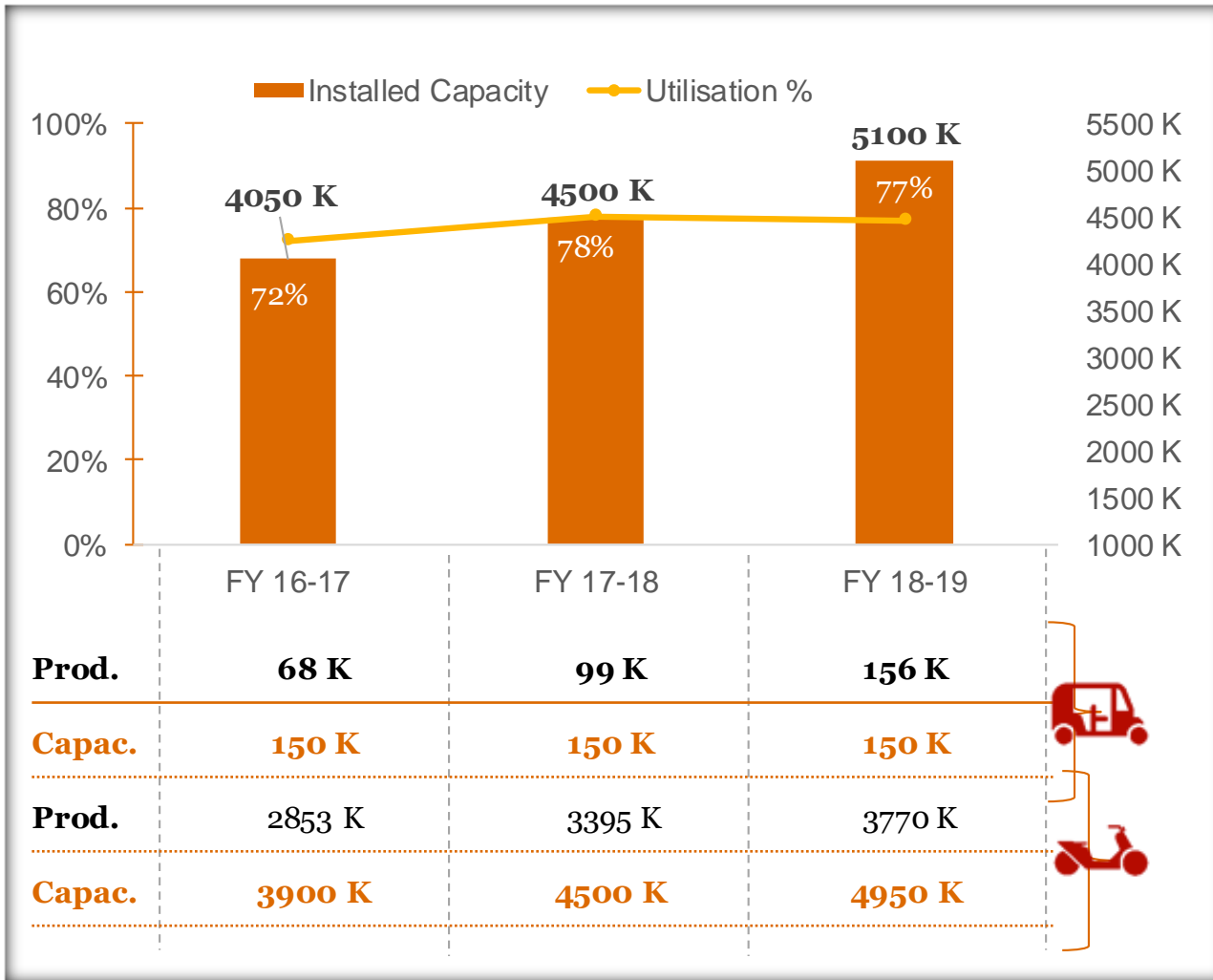


In FY 20

- 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

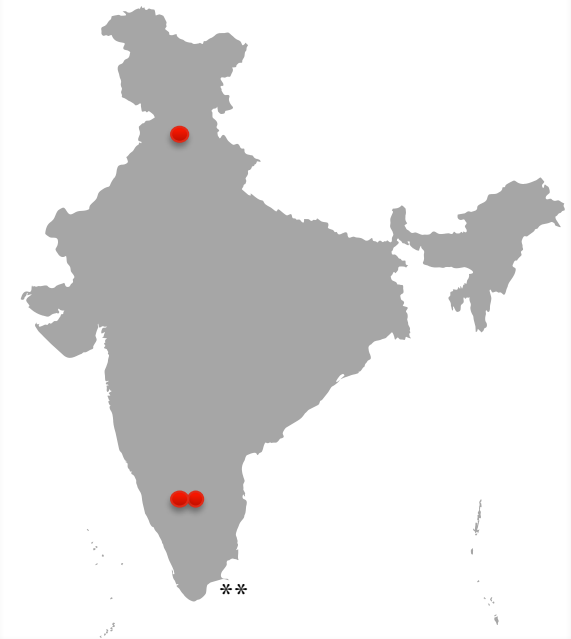


Manufacturing Sites in India

Hosur-TN

Mysore-KN

Solan-HP



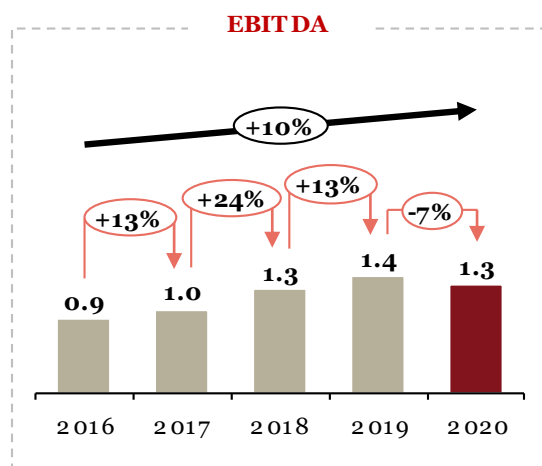
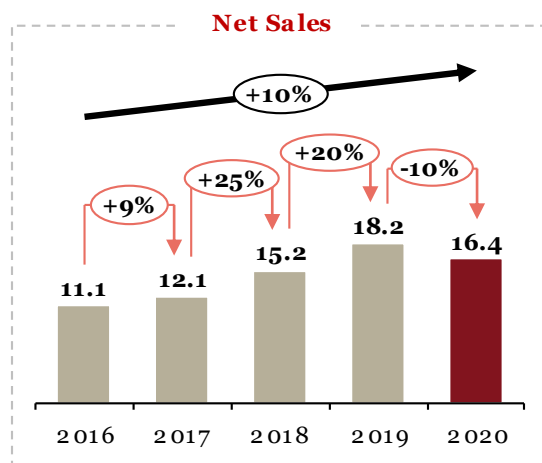
** This map is not to scale. It is an indicative outline intended for general reference use only.

TVS

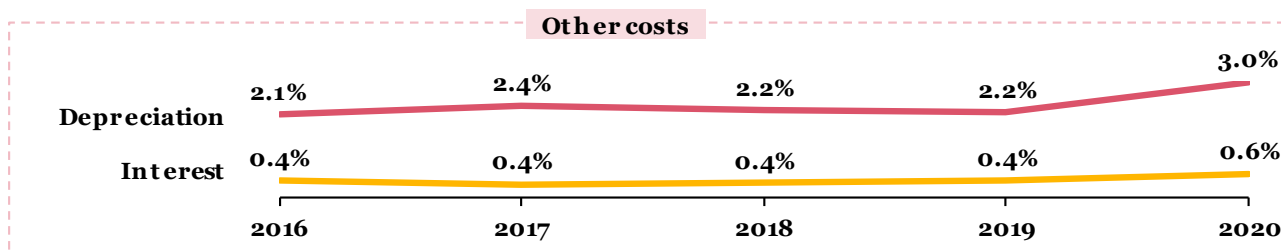
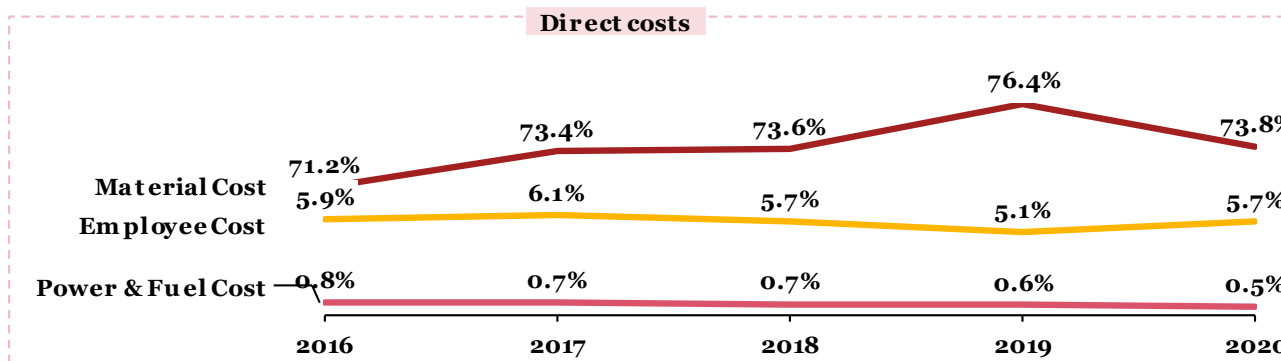
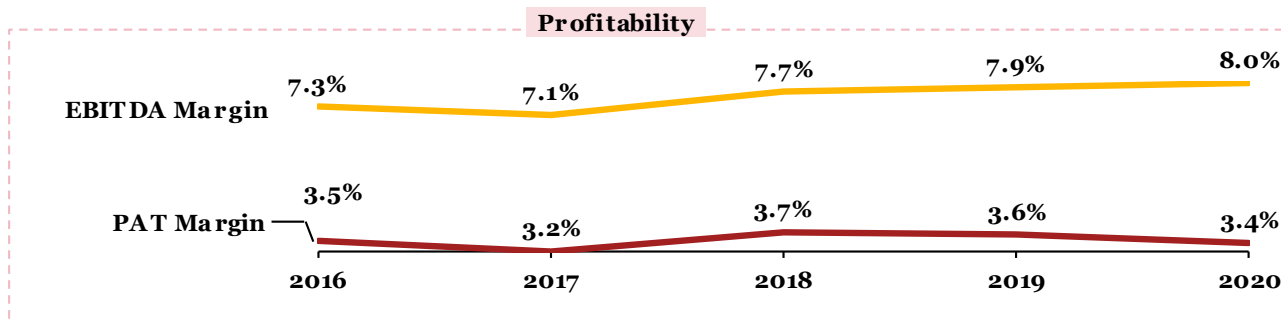


Trends in aggregates, profitability and costs

Aggregates (INR '000 Cr)



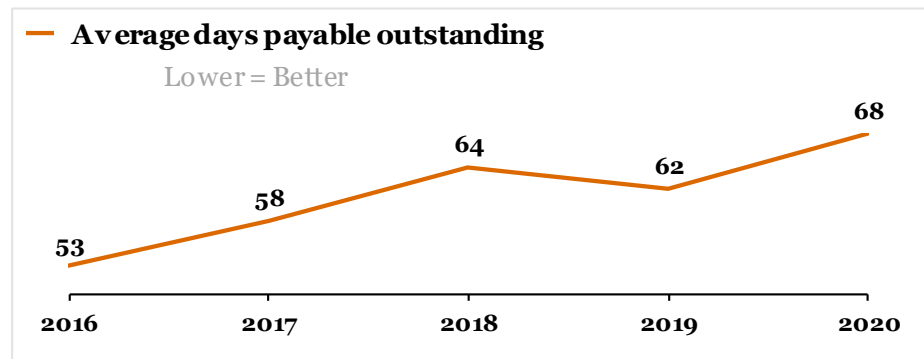
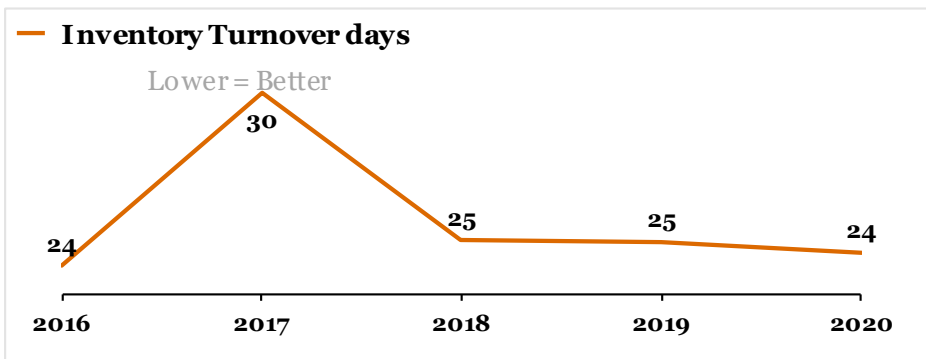
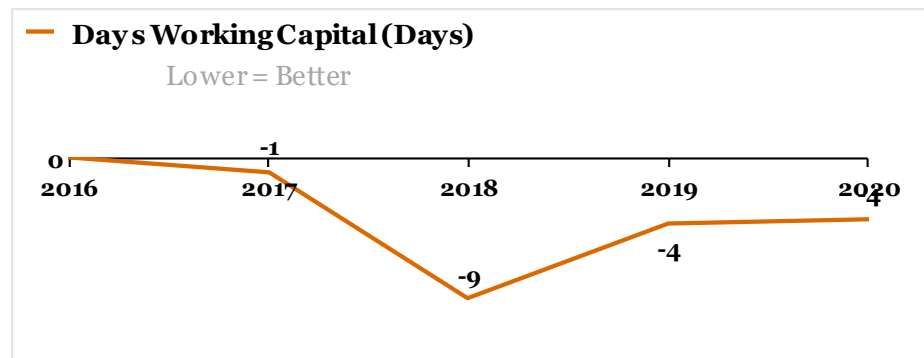
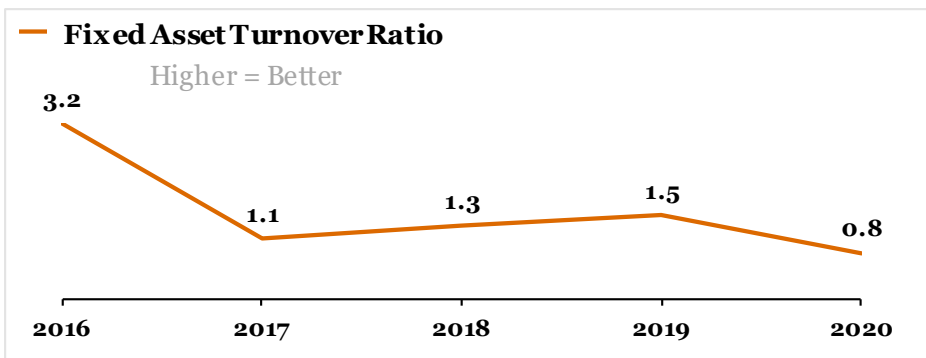
Margins (% of net sales)



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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