

# AUTOMOBILE SECTOR

COVID AND POST COVID ANALYSIS

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# CONTENT OF THE PRESENTATION

- Founders and Promoters
- Vision and Mission Statement
- Quality Policy of the Company
- Management Structure
- Financial Structure
- Service /Manufacturing Challenges at the time of Covid.
- Production/ Sales Forecasting at the time of Covid
- Sales of respective sector Covid and Post Covid
- How the Company handled its Employees at the time of Covid, Policies of the Government and support to the given sector

# INTRODUCTION

The logo for Tata Motors, featuring the words "TATA" and "MOTORS" in white, bold, sans-serif capital letters stacked vertically on a blue square background.

tata group, privately owned conglomerate of nearly 100 companies encompassing several primary business sectors: chemicals, consumer products, energy, engineering, information systems, materials, and services. headquarters are in mumbai.

the tata group was founded as a private trading firm in 1868 by entrepreneur and philanthropist jamsetji nusserwanji tata. in 1902 the group incorporated the indian hotels company to commission the taj mahal palace & tower, the first luxury hotel in india, which opened the following year.

after jamsetji's death in 1904, his son sir dorab tata took over as chair of the tata group.

# VISION AND MISSION



**Vision**  
To be globally significant in each of our chosen businesses by 2025.

**Mission**  
To be the most reliable global network for customers and suppliers, that delivers value through products and services.  
To be a responsible value creator for all our stakeholders.

# QUALITY POLICY OF THE COMPANY

We at Tata Power are committed to continuously improving levels of Quality across all our businesses thereby ensuring the satisfaction of our Stakeholders. We believe in the principle of First time right & Quality Always and will work towards this objective by:-

- Ensuring all processes, products and services conform to relevant and benchmarked standards of quality so as to meet aspirations of stakeholders especially customers.
- Effective Implementation of Quality Management System (QMS) and quality measures to ensure high level of performance of processes, products and services.
- Embracing quality principles and Business Excellence journey as per accreditation of Tata Business Excellence Model (TBEM).
- Identifying, reviewing and resolving Corrective and Preventive Action (CAPA) of all non conformances and facilitating assurance and excellence in processes & results.



# MANAGEMENT STRUCTURE

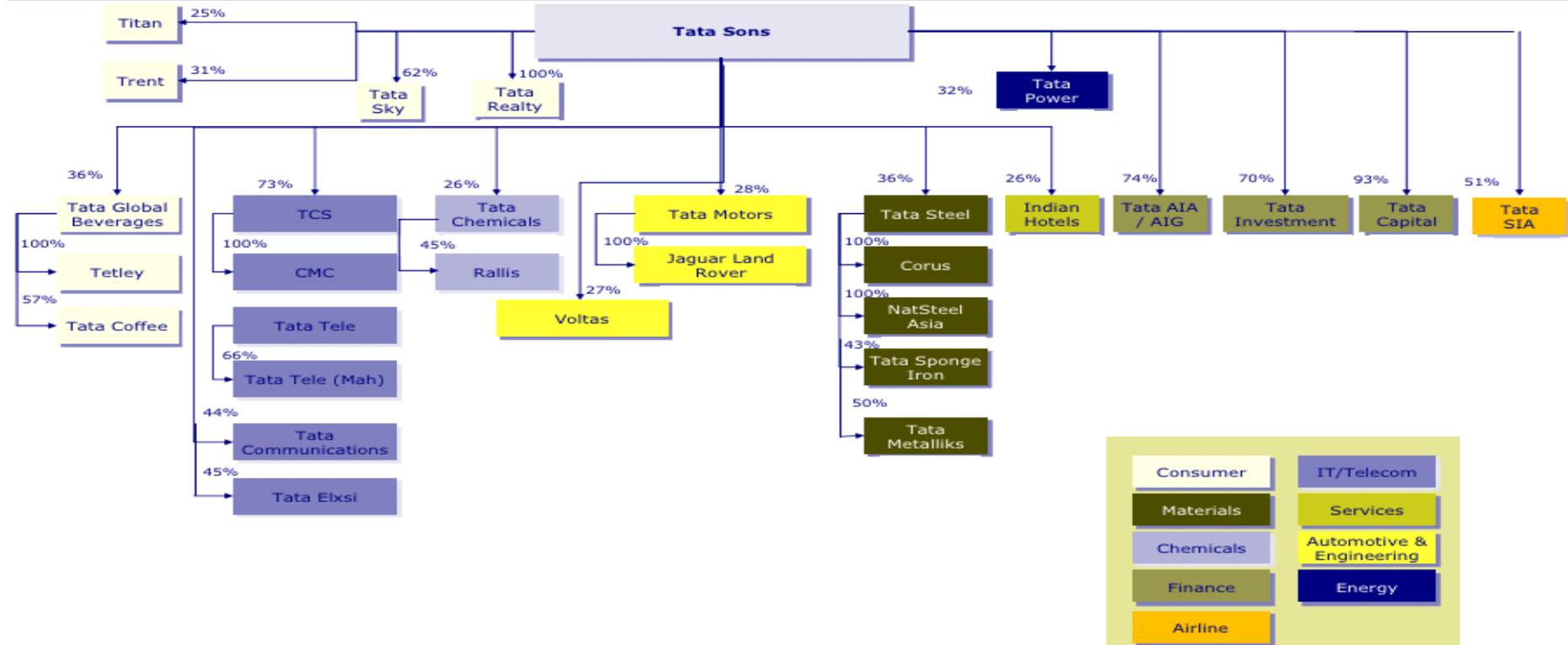
24 October 2016

mahesh.handurkar@clsa.com

## Tata group structure

Figure 3

### Tata Sons Holdco structure



Source: Companies, Ace Equity, CLSA

# FINANCIAL STRUCTURE

	Conso (Rs. Cr Ind AS)		JLR (£M, IFRS)		TML (S) (Rs.Cr, Ind AS)		
	Q4 FY'20	Vs. PY	Q4 FY'20	Vs. PY	Q4 FY'20	Vs. PY	
Q 4 F Y 2 0	Net Revenue	62,493	(28) %	5,426	(24) %	9,733	(48) %
	EBITDA (%)	4.6	(510) bps	4.8	(500) bps	5.5	(1250) bps
	EBIT (%)	(5.0)	(840) bps	(4.6)	(770) bps	(15.6)	(1790) bps
	PBT	(9,313)	-	(501)	-	(4,786)	-
F Y 2 0	Net Revenue	261,068	(14) %	22,984	(5) %	43,928	(37) %
	EBITDA (%)	8.4	(50) bps	8.7	50 bps	0.6	(760) bps
	EBIT (%)	(0.2)	140 bps	(0.1)	60 bps	(7.1)	(1090) bps
	PBT	(10,580)	-	(422)	-	(7,127)	-

Following its return to profit in the second and third quarters, COVID-19 significantly impacted the fourth quarter. As a result of lower sales, JLR suffered a loss of £501 million in Q4 and £422 million for the full year on revenues of £5.4 billion and £23 billion, respectively. However, Earnings Before Interest and Tax (EBIT) which also excludes foreign exchange and commodity revaluation were still almost breakeven for the year (margin up 0.6% year on year) and cash flow was positive in Q4. Cost and cash improvements under Project Charge increased by £600 million in Q4 to bring cumulative savings to £3.5 billion by 31 March 2020. The company ended the fourth quarter with solid liquidity including £3.7 billion of cash and a £1.9 billion undrawn revolving credit facility.

# MANUFACTURING CHALLENGES AT THE TIME OF COVID.

- Growth during the year impacted by subdued demand following the general economic slowdown, liquidity stress, low freight availability for cargo operators, transition to BSVI and the supply chain disruptions due to COVID-19.
- Seamless transition to BSVI led by strong focus on retails; System stock at historical low.
- CV retails at 361K. Market share in MHCV up 240 bps to 57.4% and ILCV up 180 bps to 47.2%.
- CV EBITDA margins impacted due to adverse mix and negative operating leverage.
- PV retails at 149K. Exciting product portfolio launched viz. new BS VI range and the New Altroz.
- PV contribution margins steady, focus on front end activation.
- Rs. 6000Cr of cost and cash savings to planned to be delivered in FY21.
- Strong liquidity position of Rs. 6.7 KCr.

# PRODUCTION/ SALES FORECASTING AT THE TIME OF COVID

Tata Motors probably did plan 2020 well in advance in regard to product launches, new cars, and BSVI transition, it's all fallen flat in the face of current developments.

Passenger vehicles sales are down 68 percent, down to 5,676 units from 17,810 units. With that, FY20 sales closes at 38 percent decline, down to 1,31,197 units from 2,10,143 units sold in the previous financial year.

Tata Motors domestic sales (CV and PV) for FY20 ends at 35 percent decline. Sales fell to 4,42,052 units, down from 6,78,835 units from FY19. Total domestic for March 2020 is reported at 11,012 units, down 84 percent from 68,727 units. Of this total domestic CV sales is reported at 5,336 units, down 90 percent from 50,917 units.

FY20 CV domestic sales is reported at 3,10,855 units, down 34 percent from 4,68,692 units. Almost all of its BSIV CV stock is retailed, however registration for some is awaited in the backdrop of current lockdown. Once, lockdown is lifted, and a structure is laid out for such registrations, such activity will commence.

the market beaten, Tata Motors is upbeat about its March sales, and hails customer response for its new Altroz, and refreshed BSVI range of Tiago, Tigor, Nexon and Harrier. BSIV vehicle stock is near zero across the network. From next month, Tata Motors' wholesale monthly numbers will not be available. Instead, reports will be made available on a quarterly basis.

Category	Mar '20	Mar '19	% change	FY20	FY19	% Change
Total PV	5,676	17,810	-68%	1,31,197	2,10,143	-38%

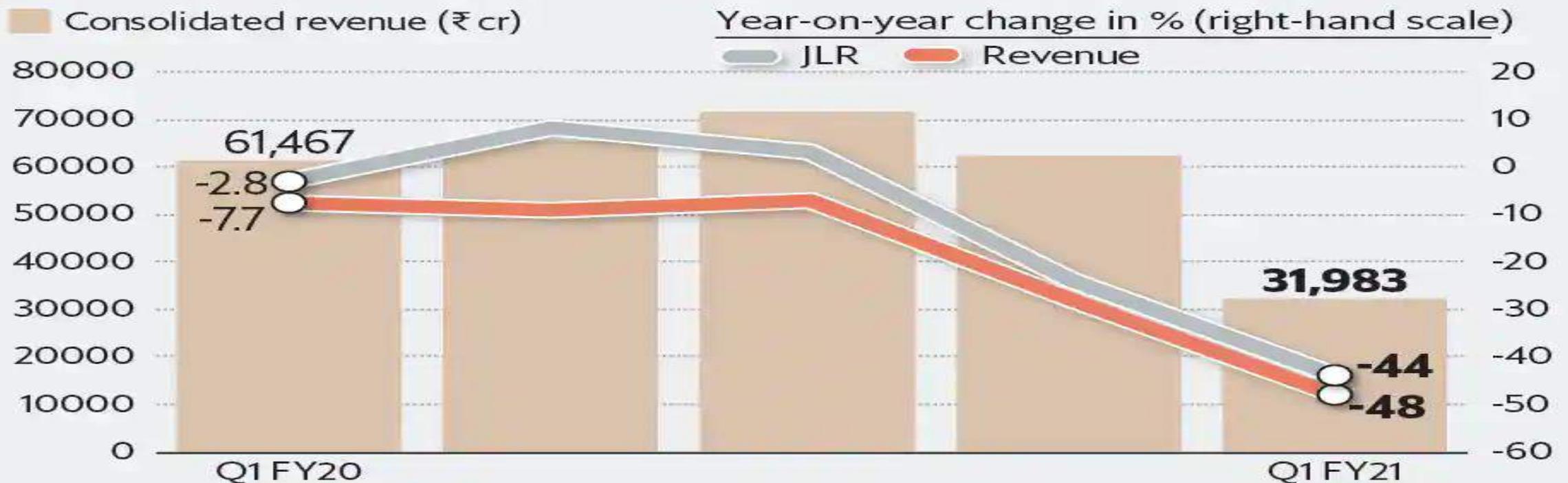
Category	Mar'20	Mar'19	% change	FY20	FY19	% Change
M&HCV	1,601	15,327	-90%	75,485	151,105	-50%
I & LCV	1,033	6,730	-85%	41,949	56,996	-26%
Passenger Carriers	1,637	7,239	-77%	37,698	54,207	-30%
SCV cargo and pickup	1,065	21,621	-95%	1,55,723	2,06,384	-25%
Total Domestic	5,336	50,917	-90%	3,10,855	4,68,692	-34%
CV Exports	1,787	5,619	-68%	29,845	51,085	-42%
Total CV	7,123	56,536	-87%	3,40,700	5,19,777	-34%

Category	Mar '20	Mar '19	% change	FY20	FY19	% Change
Total Domestic Sales	11,012	68,727	-84%	4,42,052	6,78,835	-35%

# COVID AND POST COVID ANALYSIS OF TATA MOTORS

## Pandemic woes

Tata Motors' revenue fell 48% y-o-y in Q1, hit by covid-led disruptions, with recovery expectations pushed back to the second half.



Source: Company

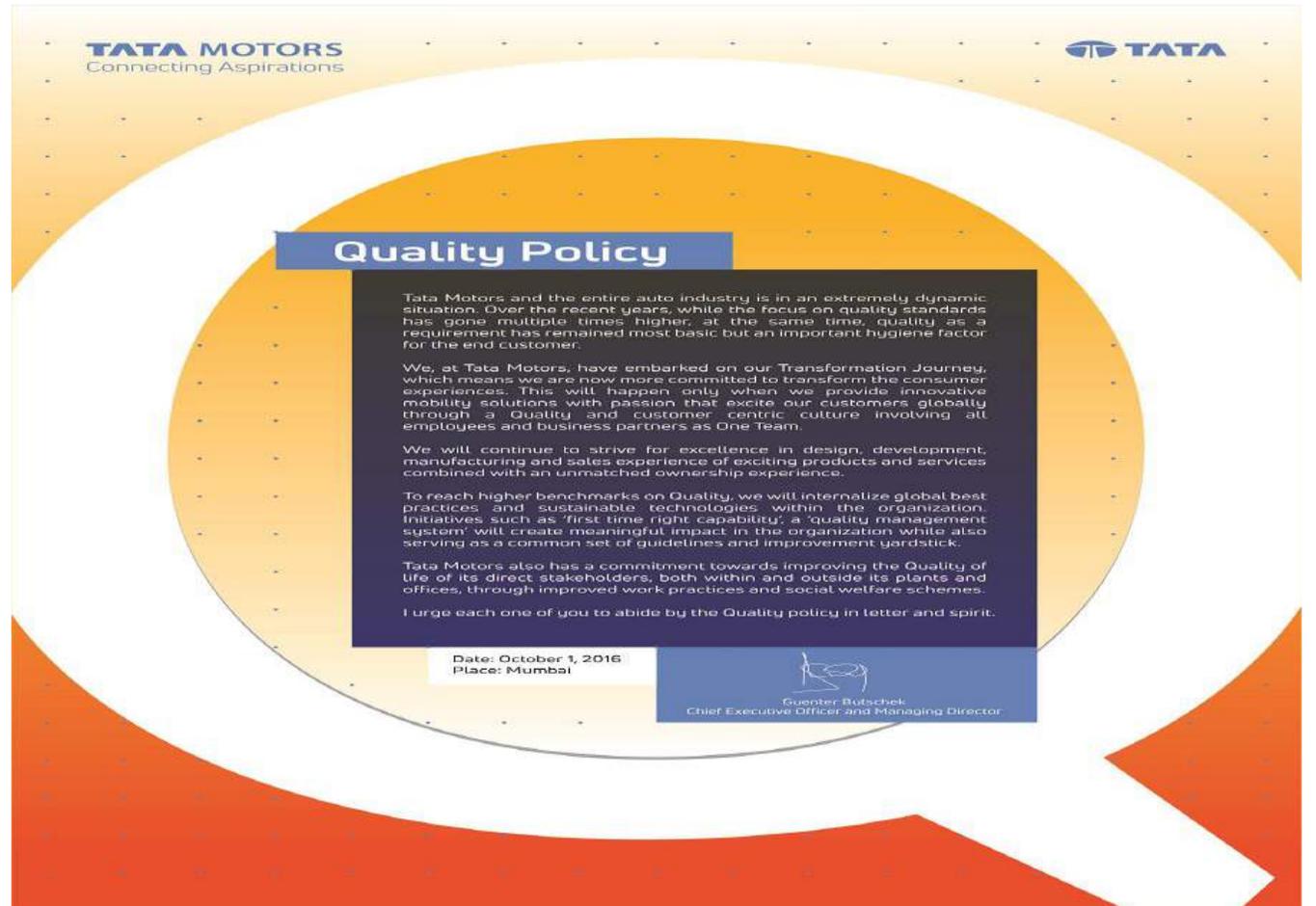
# COMPANY HANDLED ITS EMPLOYEES AT THE TIME OF COVID

As a company, we are closely monitoring the COVID-19 situation, with the safety of our employees and business continuity for our customers and partners our top priority. We regularly communicate best practice advisories, and have put in place precautionary measures to protect our employees and ensure business continuity for us and our customers including:

- The implementation and continuation of work from home for all employees globally, with the exception of some essential roles that need to be conducted from an office or on location for critical network maintenance. In these cases, arrangements have been made to ensure their safety and protection.
- Globally, as businesses gradually reopen, we continue to prioritise virtual meetings and events and are assessing face to face business meetings and travel requests based on business needs and customer requirements, in compliance with local government policies, applicable laws, rules and regulations and bearing in mind all safety precautions.
- Tata Communications is fortunate in that – as a global company with a highly distributed workforce – we’ve had flexible working policies in place for some time now. These policies include work from home and flexible working hours. A variety of virtual collaboration environments and unified communication and collaboration technologies are widely adopted within our company.

# QUALITY POLICY

- When representing our company, we shall **act with professionalism, honesty and integrity, and conform to the highest moral and ethical standards.** In the countries we operate in, we shall exhibit culturally appropriate behaviour.



The image shows a graphic representation of the Tata Motors Quality Policy document. It features the Tata Motors logo at the top left and the Tata logo at the top right. The central focus is a large, stylized speech bubble containing the text of the policy. The text is organized into several paragraphs, with the title 'Quality Policy' at the top. The document is signed by Gunter Butschek, Chief Executive Officer and Managing Director, and includes the date and place of issuance.

**TATA MOTORS**  
Connecting Aspirations

**TATA**

## Quality Policy

Tata Motors and the entire auto industry is in an extremely dynamic situation. Over the recent years, while the focus on quality standards has gone multiple times higher, at the same time, quality as a requirement has remained most basic but an important hygiene factor for the end customer.

We, at Tata Motors, have embarked on our Transformation Journey, which means we are now more committed to transform the consumer experiences. This will happen only when we provide innovative mobility solutions with passion that excite our customers globally through a Quality and customer centric culture involving all employees and business partners as One Team.

We will continue to strive for excellence in design, development, manufacturing and sales experience of exciting products and services combined with an unmatched ownership experience.

To reach higher benchmarks on Quality, we will internalize global best practices and sustainable technologies within the organization. Initiatives such as 'first time right capability; a 'quality management system' will create meaningful impact in the organization while also serving as a common set of guidelines and improvement yardstick.

Tata Motors also has a commitment towards improving the Quality of Life of its direct stakeholders, both within and outside its plants and offices, through improved work practices and social welfare schemes.

I urge each one of you to abide by the Quality policy in letter and spirit.

Date: October 1, 2016  
Place: Mumbai

  
Gunter Butschek  
Chief Executive Officer and Managing Director

# BUSINESS MODEL OF TATA MOTORS

The Business model canvas of Tata Motors:

Key Activities	Customer Segments	Value Proposition	Key Partners	Customer Relationships
<ul style="list-style-type: none"> <li>✓ Automotive segment operations</li> <li>-Development</li> <li>-Manufacturing</li> <li>-Design</li> <li>-R&amp;D</li> <li>-Quality Control</li> <li>-Sales &amp; Marketing</li> <li>-After sales services</li> </ul>	<ul style="list-style-type: none"> <li>✓ Rural and Semi-Urban, Urban market</li> <li>✓ Defence</li> <li>✓ Truck Drivers &amp; Transporters</li> </ul>	<ul style="list-style-type: none"> <li>✓ Diverse Portfolio</li> <li>✓ Leading brand</li> <li>✓ Innovation and Technology</li> </ul>	<ul style="list-style-type: none"> <li>✓ Subsidiaries and associate companies</li> <li>✓ Partnerships through Strategic Alliances</li> <li>✓ Distribution partners</li> <li>✓ Manufacturers of automotive parts and Components</li> <li>✓ Leading banks</li> </ul>	<ul style="list-style-type: none"> <li>✓ Customer support division</li> <li>✓ Customer service initiatives</li> <li>✓ Call center service</li> </ul>
<ul style="list-style-type: none"> <li>✓ Other Operations</li> <li>-IT services</li> <li>-Vehicle Financing</li> </ul>	<b>Key Resources</b> <ul style="list-style-type: none"> <li>✓ Investments and innovation</li> <li>✓ Manufacturing capabilities</li> <li>✓ Workforce</li> <li>✓ Natural resources</li> <li>✓ Infrastructure facilities and Infrastructure</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>✓ Online platform</li> <li>✓ Dealer network</li> <li>✓ Workshops</li> </ul>	
<b>Cost Structure</b>		<b>Revenues Streams</b>		
<b>Cost structure:</b> <ul style="list-style-type: none"> <li>✓ Finance capital</li> <li>✓ Human capital</li> <li>✓ Intellectual Capital Expenditure</li> <li>✓ Natural Capital</li> </ul>		<ul style="list-style-type: none"> <li>✓ Sale of product</li> <li>✓ Sale of service</li> <li>✓ Financial revenues</li> <li>✓ Government grants and incentives</li> </ul>		

