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# *ACMA- Financial Analysis*

## *Q1 FY-22*

*Strictly private  
and confidential*

*November 2021*



**pwc**

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From the contents listing on any section divider – click on the title of the sub-section

# *List of Companies*

## Classification of 68\* Auto component companies

\*Data for JMT Auto and Harita Seating not available

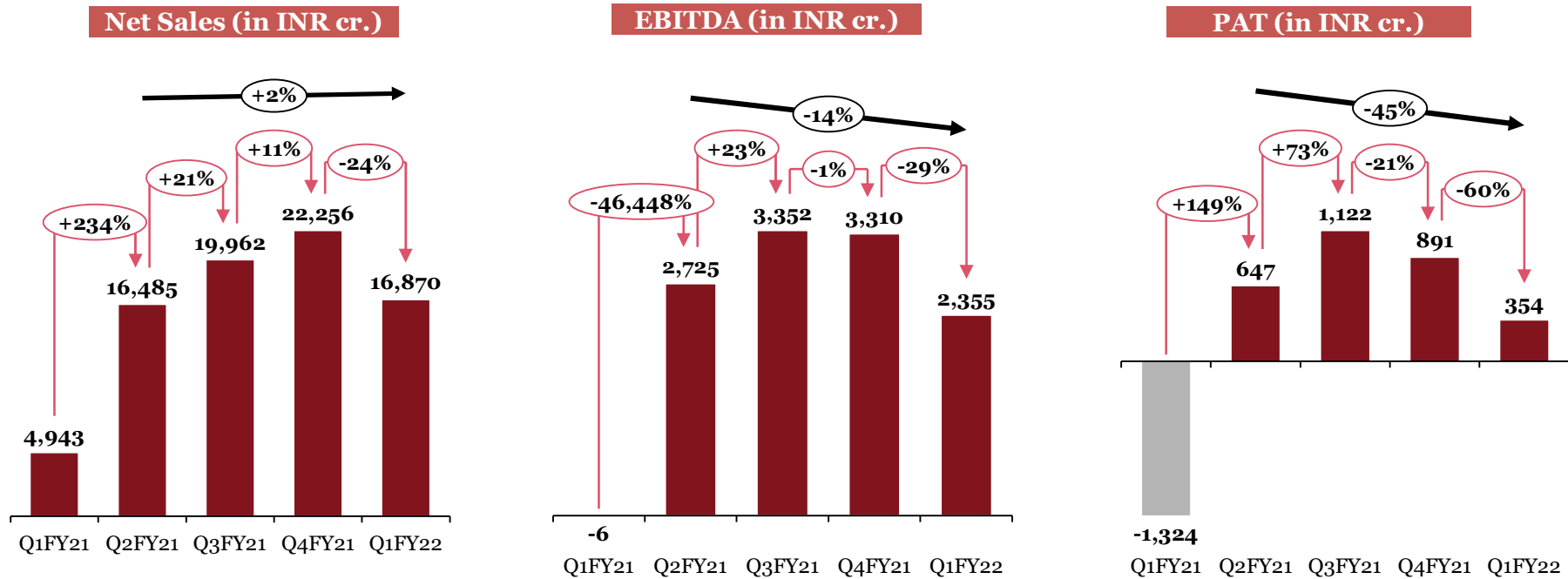
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	9	23	9	27

Segment based classification		
Segment	#companies	List of companies
<b>Transmission</b>	<b>12</b>	Automotive Axles, Bharat Gears, Endurance Tech., JTEKT India, L G Balakrishnan, RACL Geartech, Rane (Madras), Setco Automotive, Shivam Autotech, Suprajit Engg., The Hi-Tech Gear, Z F Steering
<b>Engine</b>	<b>22</b>	Alicon Cast., Banco Products, Bimetal Bearings, Federal-Mogul Go, IP Rings, Kalyani Forge, Menon Bearings, Menon Pistons, Munjal Auto Inds, Pradeep Metals, Precision Camshf, Ramkrishna Forg., Rane Engine Val., Rico Auto Inds, Samkrp Pistons, Sharda Motor, Shriram Pistons, Sundaram Clayton, Sundram Fasten., Talbros Auto., Triton Valves, Ucal Fuel Sys.
<b>Suspension</b>	<b>14</b>	Enkei Wheels, G S Auto Intl., Gabriel India, GNA Axles, Hind. Composites, Jamna Auto Inds., Munjal Showa, Rane Brake Lin., Simm. Marshall, Steel Str. Wheel, Sundaram Brake, Talbros Engg., WABCO India, Wheels India
<b>Electrical and Electronics</b>	<b>10</b>	Bhagwati Auto, Fiem Inds., India Nipp. Elec., Lumax Auto Tech., Lumax Inds., Minda Corp, Minda Inds., Motherson Sumi, Pricol Ltd, Subros
<b>Interior</b>	<b>2</b>	Bharat Seats, SAL Automotive
<b>Body and Chassis</b>	<b>8</b>	Auto. Corp. of Goa, Autoline Inds., Automotive Stamp, Jay Bharat Mar., Jay Ushin, Omax Autos, PPAP Automotive, Rasandik Engg.

Tyre and battery companies are excluded in this report. Companies having less than INR 50 cr. annual revenue have been excluded from the scope of this study. The data for the following analysis is sourced from Capitaline.

# *Financial Summary*

## Aggregate financial analysis (68 in-scope companies)



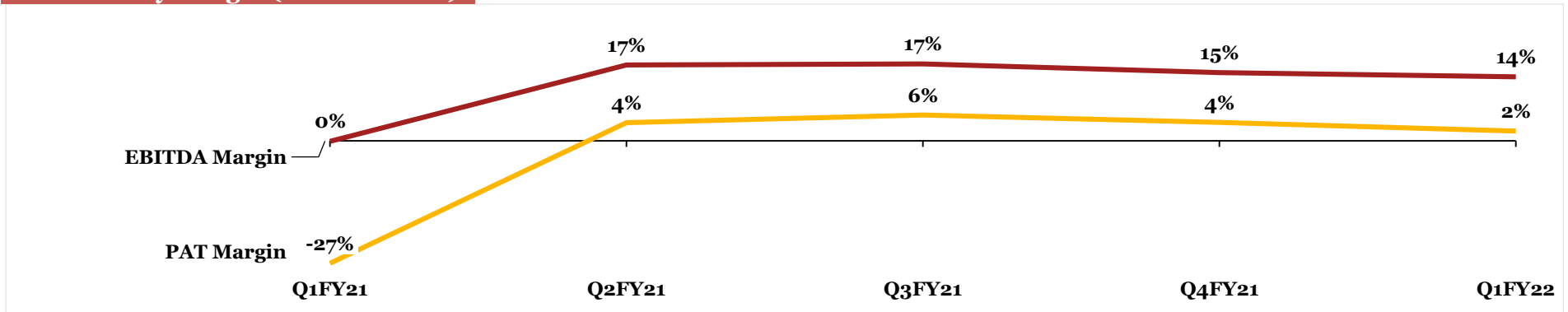
- This quarter includes the months of Apr'21, May'21 and Jun'21 during which the onset of the second wave of COVID-19 took place, bringing along with it various state-imposed lockdowns.
- Net Sales, EBITDA and PAT all fell drastically - owing to a fall in domestic production across all categories from 5.5 million units in Q4 FY21 to 3.1 million units in Q1 FY22 - as economic and commercial activity almost came to a standstill during the peak of the second wave.

## Trends in profitability (as % of Net sales)

For PAT calculation, the following formula is used:  $PAT = \text{Reported Profit After Tax} - \text{Other Income}$

For EBITDA calculation, the following formula is used:  $EBITDA = \text{Total Income} - \text{Total Expenditure} - \text{Net Sales} + \text{Other Income}$

### Profitability margin (% of net sales)



#### EBITDA margin distribution of in-scope companies

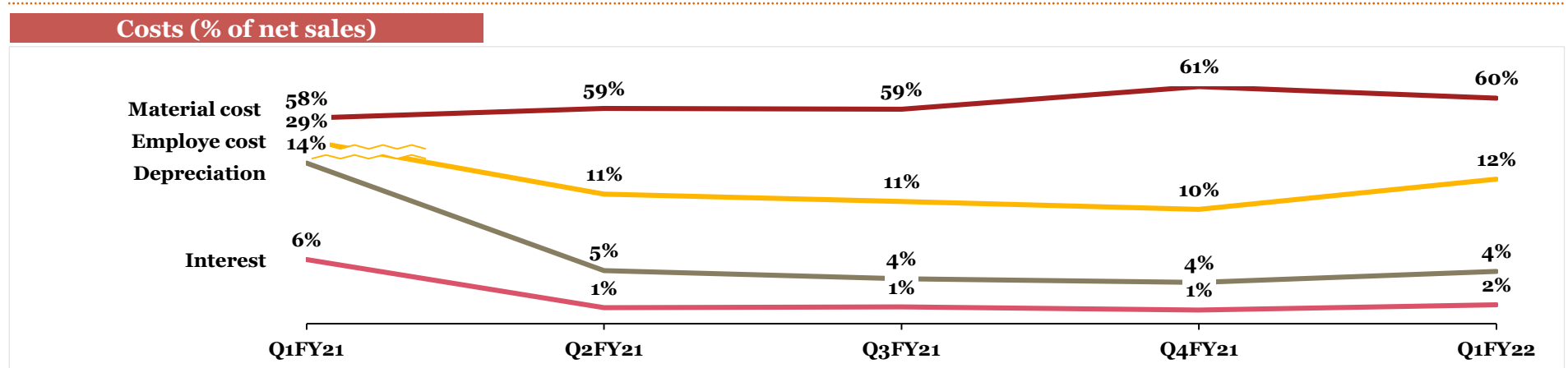
Range	Q1 FY21 Number of companies	Q1 FY22 Number of companies
Less than 0%	26	2
0-10%	11	16
10-20%	13	35
more than 20%	18	15

#### PAT margin distribution of in-scope companies

Range	Q1 FY21 Number of companies	Q1 FY22 Number of companies
less than 0%	62	32
0-5%	3	21
5-10%	3	13
more than 10%	0	2

- EBITDA and PAT slipped to levels slightly below those of Q4 FY21, as the negative impact of rising employee costs far outdid the positive impact of lower material costs.
- Multiple lockdowns in India during the quarter halted vehicle production due to a lack of demand and supply disruptions.

## Trends in costs (as % of Net sales)



### Material cost/net sales distribution of in-scope companies

Range	Q1 FY21	Q1 FY22
20-50%	21	23
50-70%	32	29
more than 70%	15	16

### Employee cost/net sales distribution of in-scope companies

Range	Q1 FY21	Q1 FY22
0-10%	28	19
10-20%	36	41
more than 20%	4	8

### Interest/net sales distribution of in-scope companies

Range	Q1 FY21	Q1 FY22
0-2%	48	40
2-5%	14	21
more than 5%	5	7

### Depreciation/net sales distribution of in-scope companies

Range	Q1 FY21 #companies	Q1 FY22
0-2%	8	4
2-5%	46	37
more than 5%	14	27

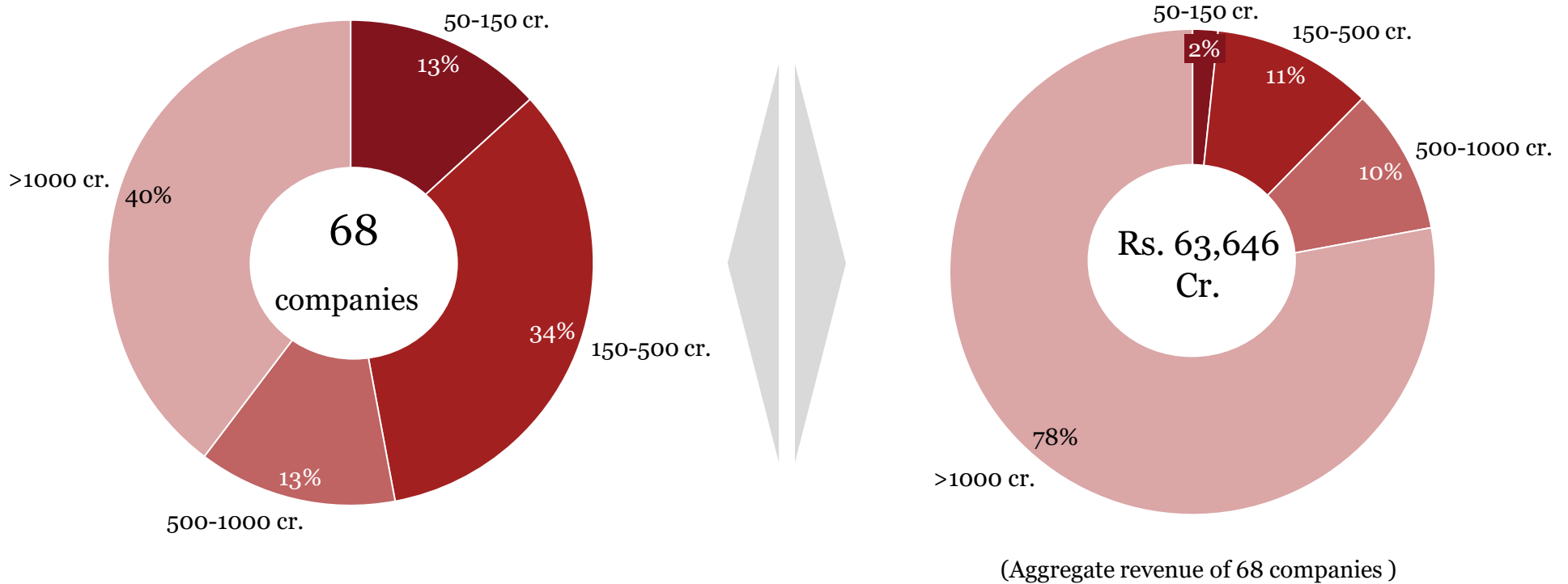
- An increase in employee healthcare expenditure due to the onset of the second wave of COVID-19, alongside a sharp rise in one-time costs associated with voluntary separations, resulted in a 2% rise in employee costs.



# *Size based analysis*

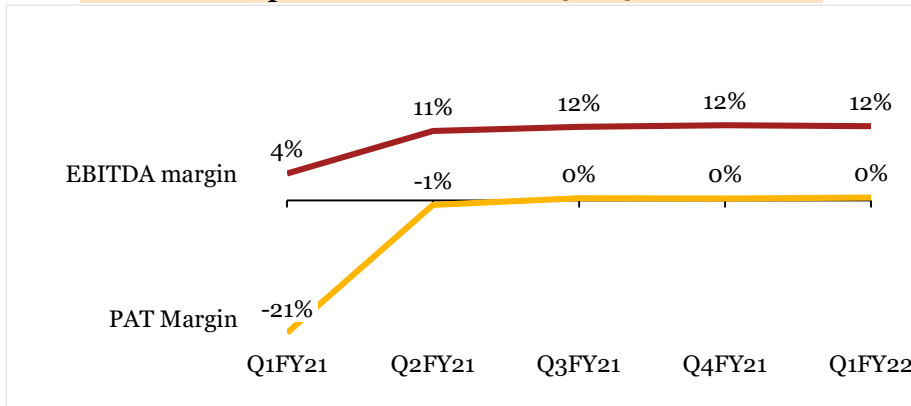
## Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	10	24	9	27

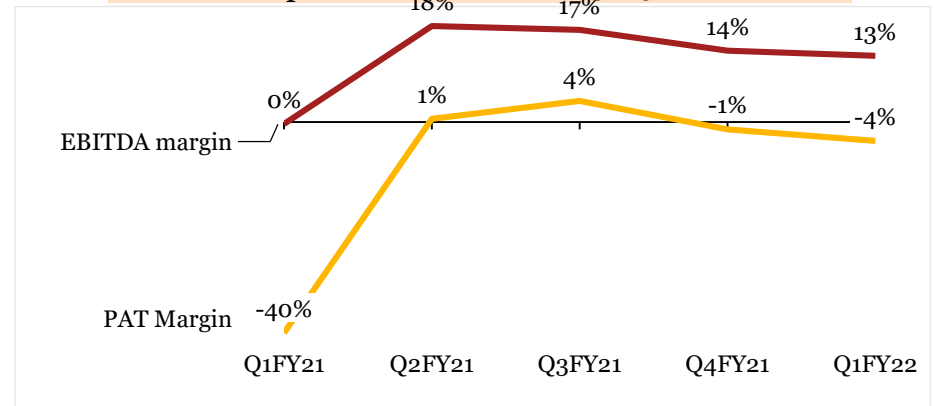


## Trends in profitability (as % of Net sales)

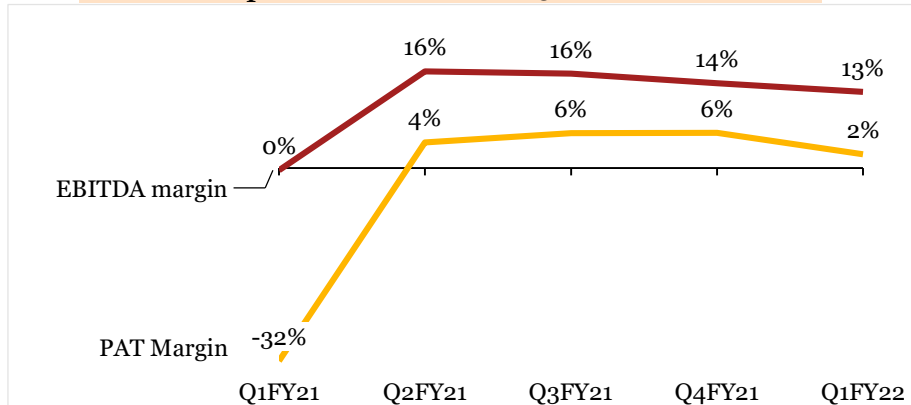
Companies with revenue 50-150 cr.



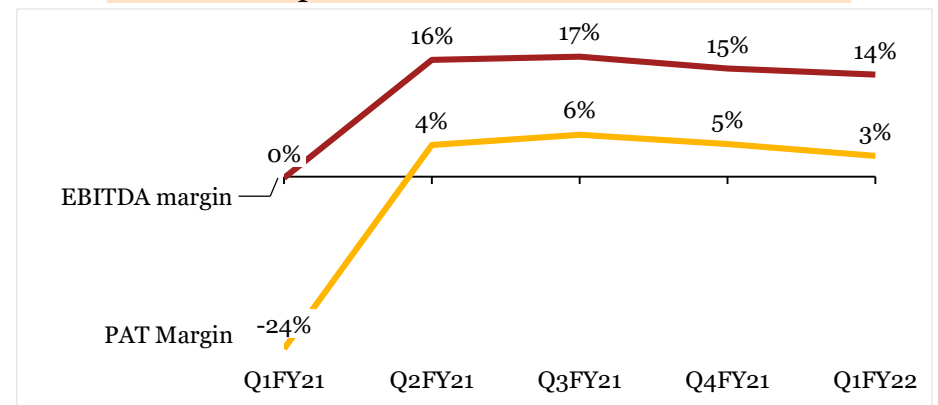
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

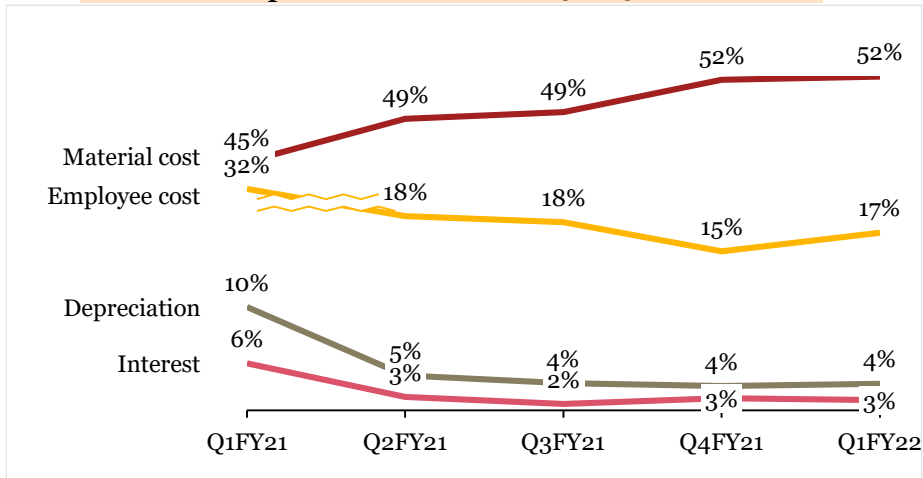


Companies with revenue >1000 cr.

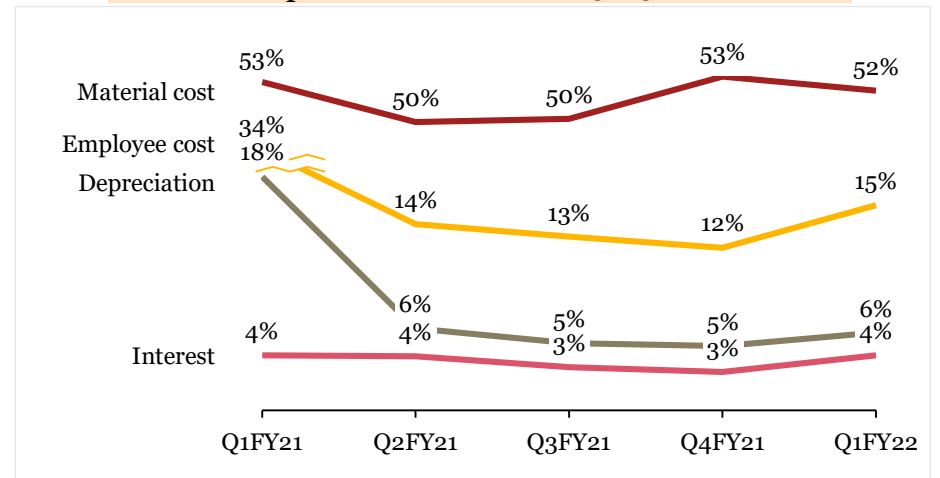


## Trends in costs (as % of Net sales)

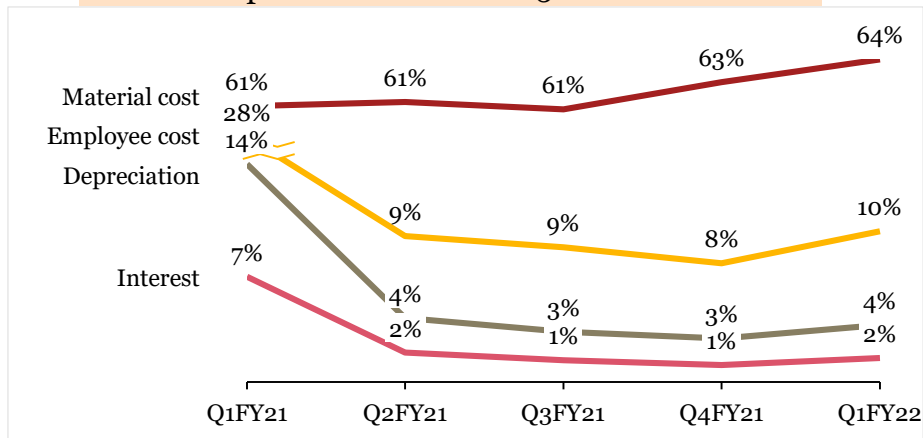
Companies with revenue 50-150 cr.



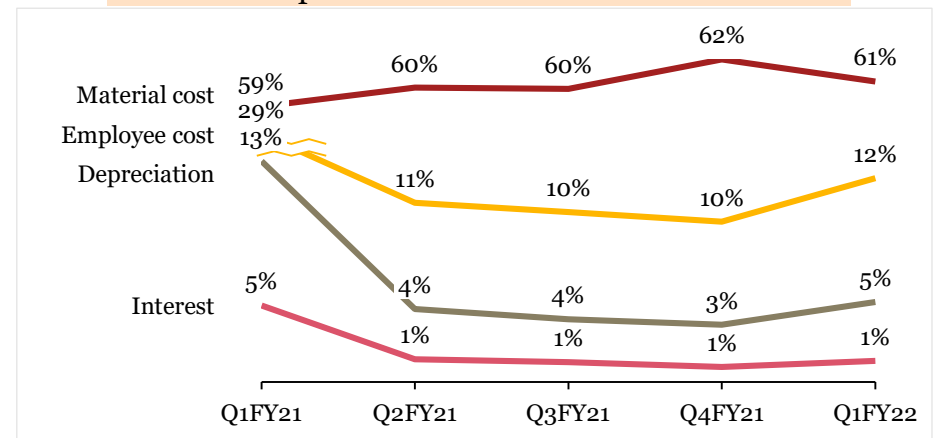
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

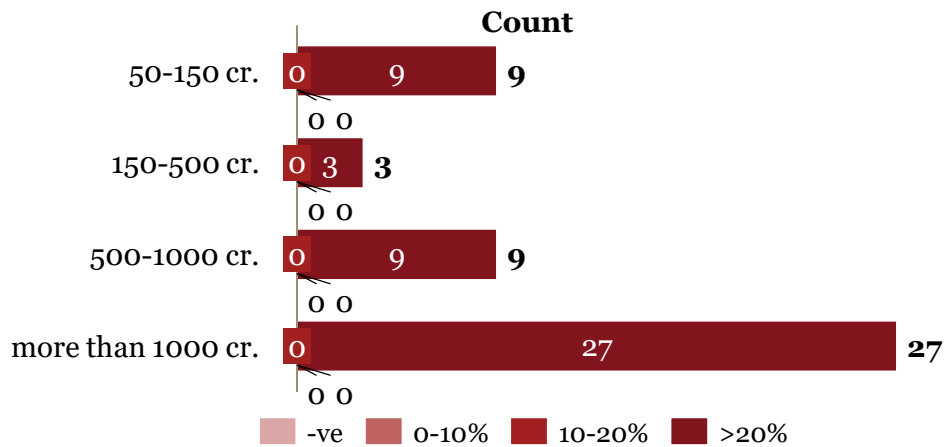


Companies with revenue >1000 cr.

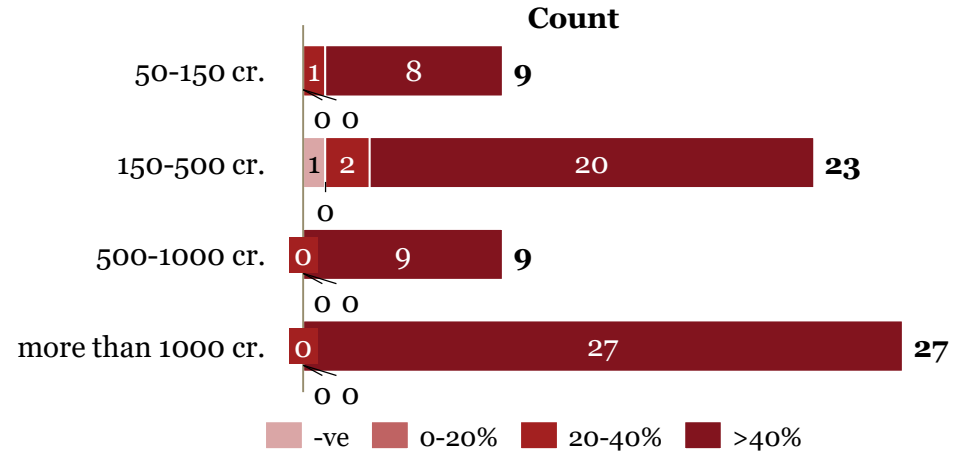


## Count of companies per growth % range : by revenue segment Q4 FY21 vs. Q4 FY20

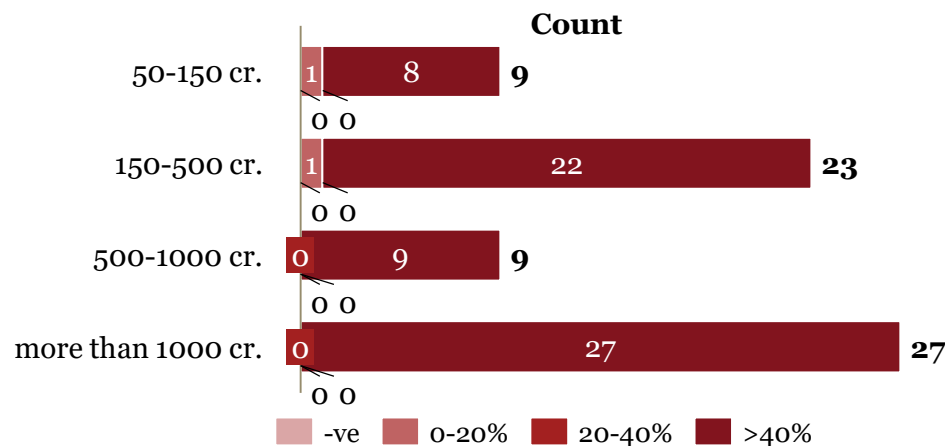
**Count of companies by Y-o-Y Net Sales growth %**



**Count of companies by Y-o-Y PAT growth %**

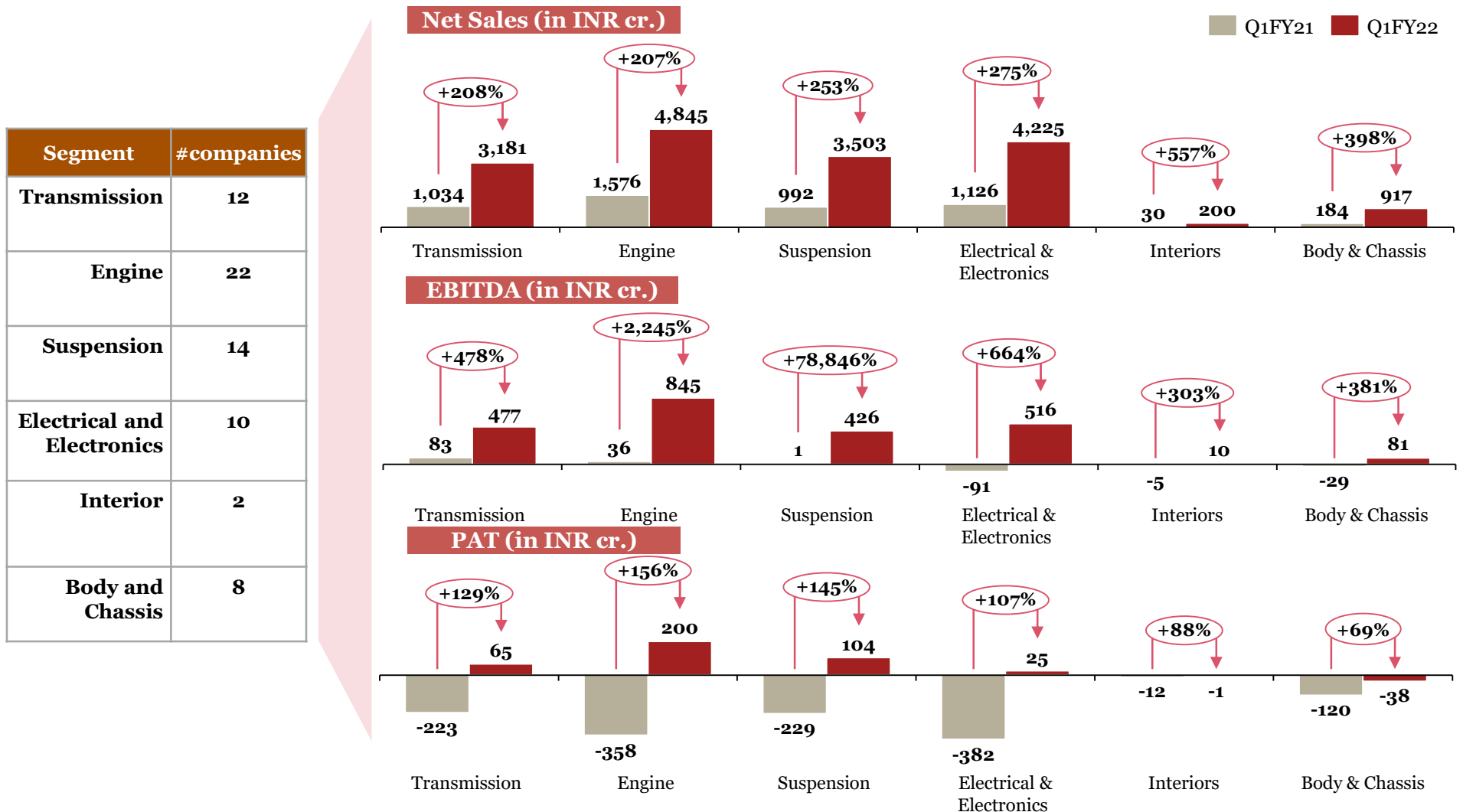


**Count of companies by Y-o-Y EBITDA growth %**



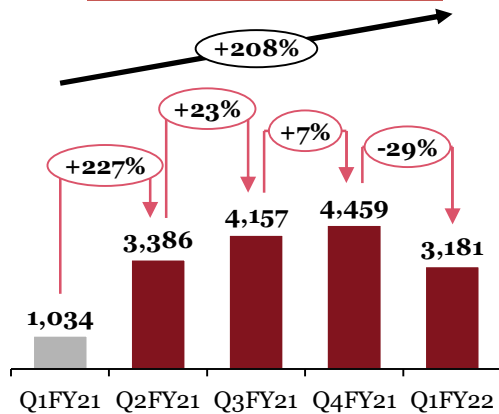
# *Segment analysis*

## Segment-wise analysis of in-scope companies: Q4 FY21 vs. Q4 FY20

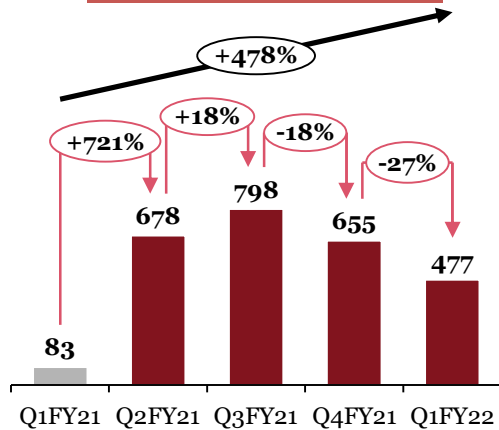


## Transmission segment (12 companies)

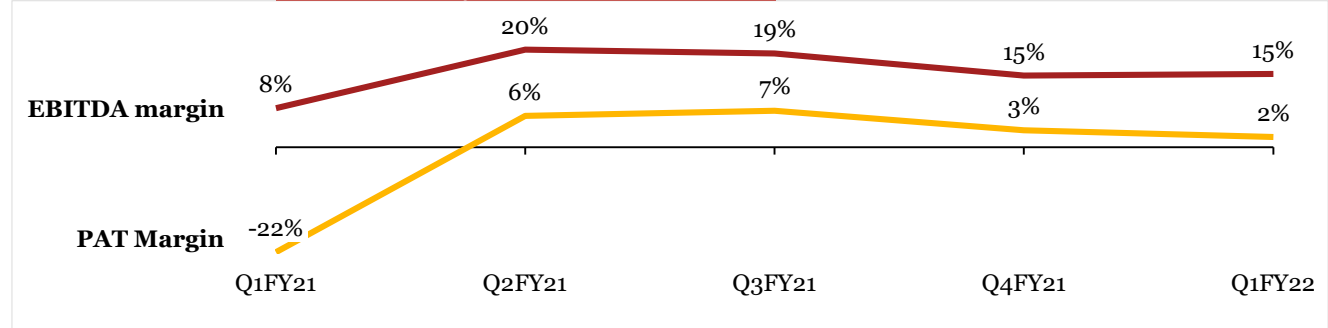
Net Sales (in INR cr.)



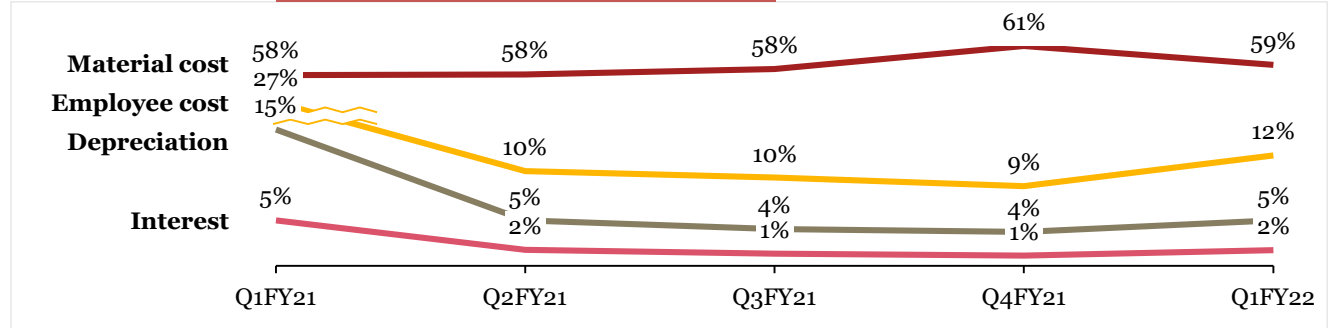
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



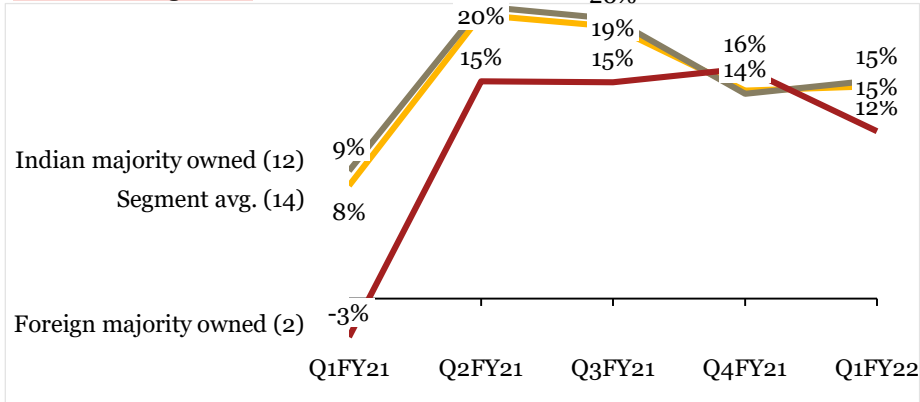
- Both Net Sales and EBITDA fell considerably due to a fall in production.
- A 2% drop in material costs – caused by a lack of demand – was combatted by a 3% rise in employee costs – owing to a steep rise in Voluntary Separation Scheme (VSS) costs.



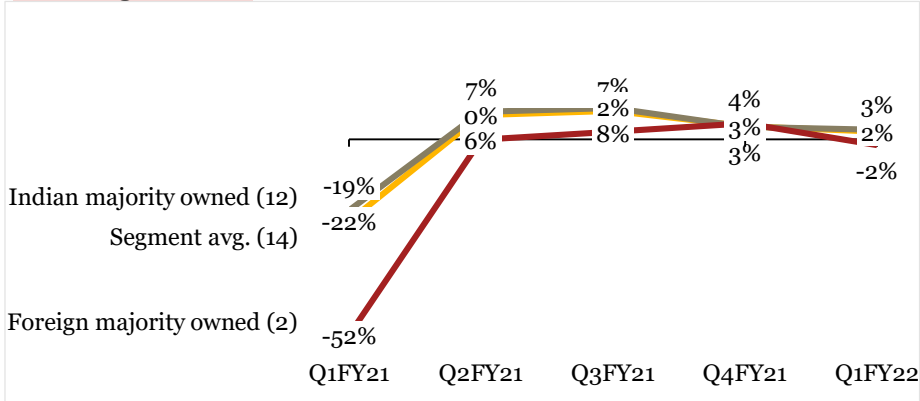
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

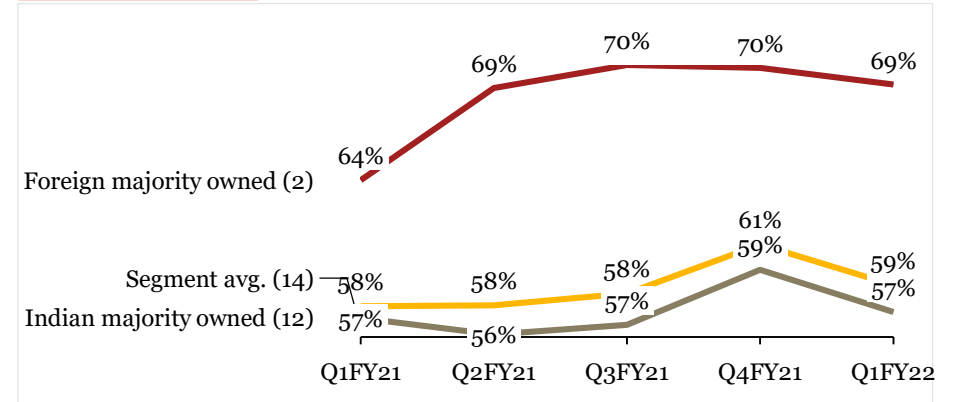


#### PAT Margin

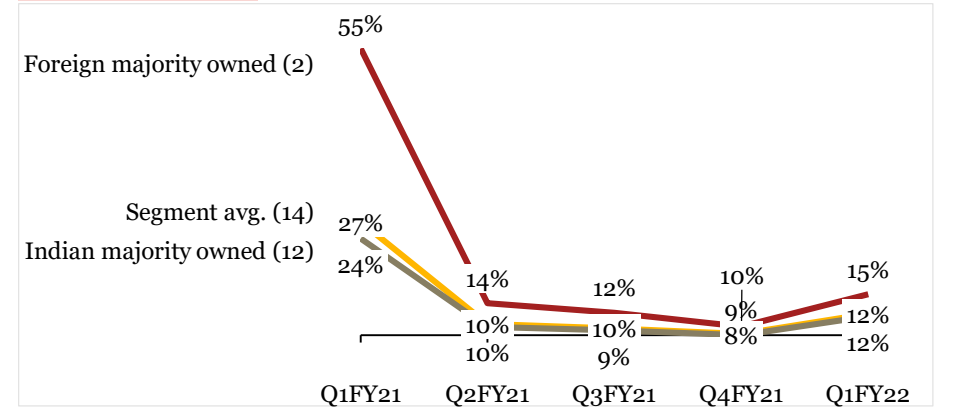


### Costs (as % of Net sales)

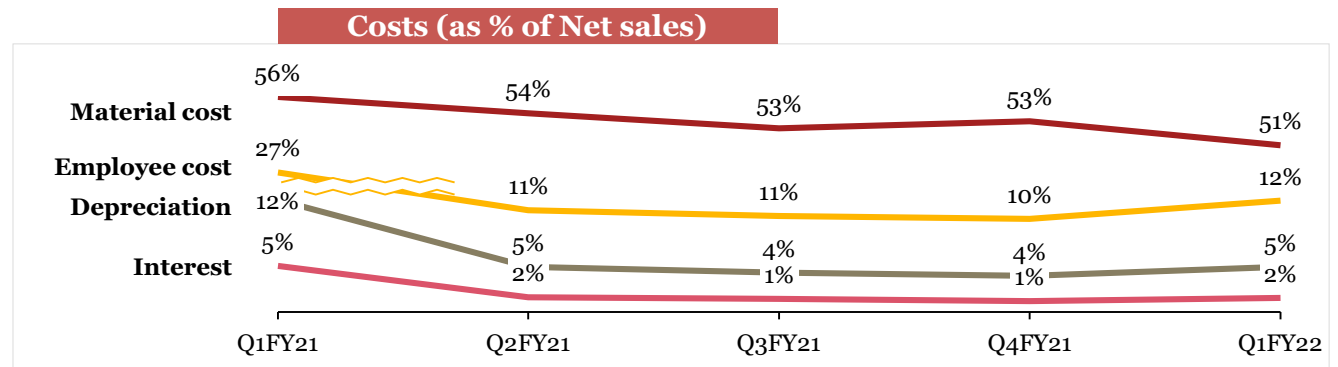
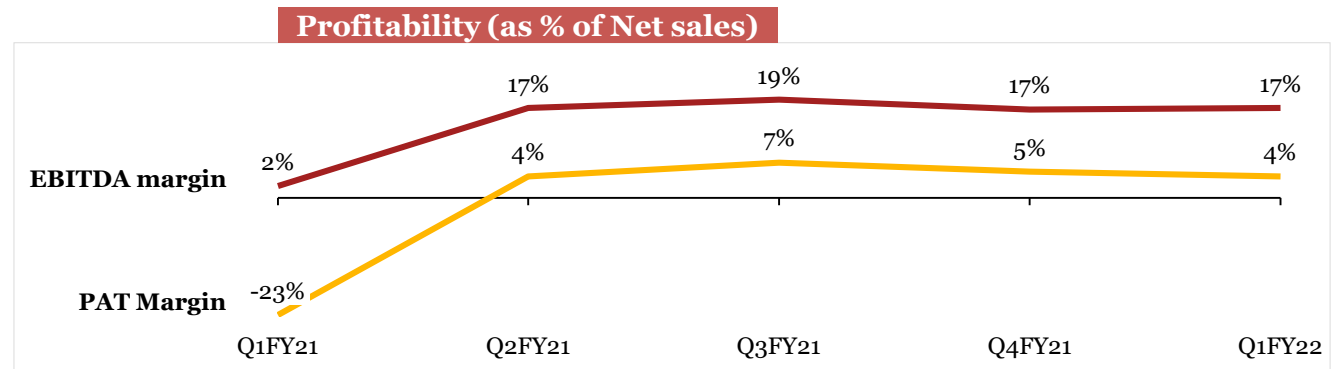
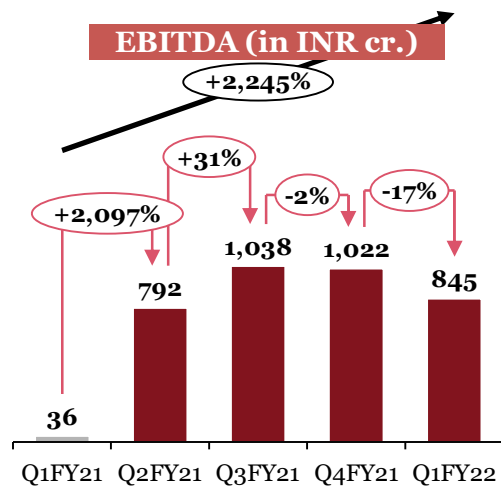
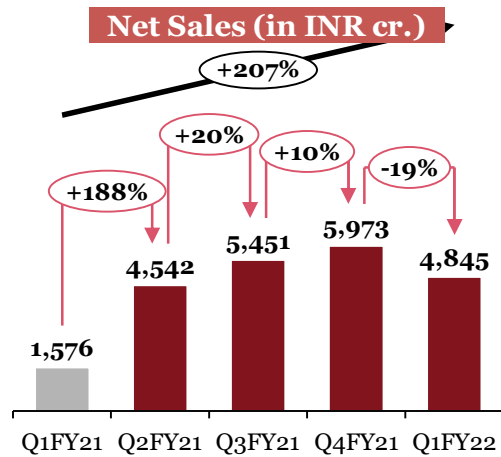
#### Material cost



#### Employee cost



## Engine segment (22 companies)

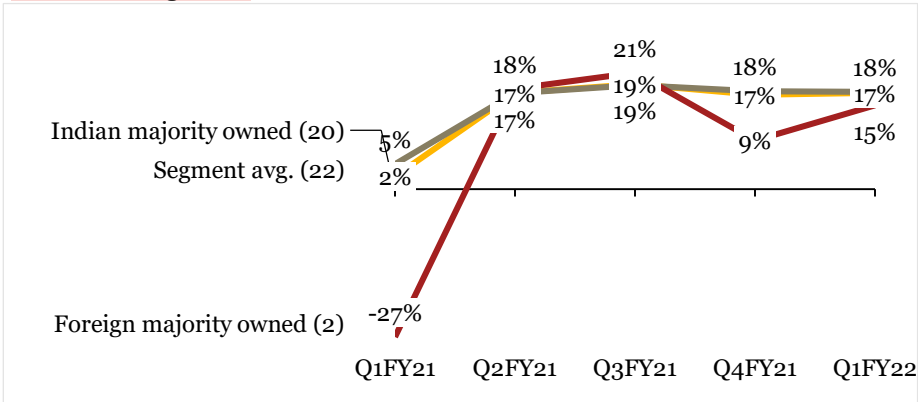


- The engine segment experienced the lowest overall drop in Net Sales and EBITDA across all segments, partly owing to the continuous drop in material costs over the last year.
- An increase in healthcare expenditure caused a 2% rise in employee costs.

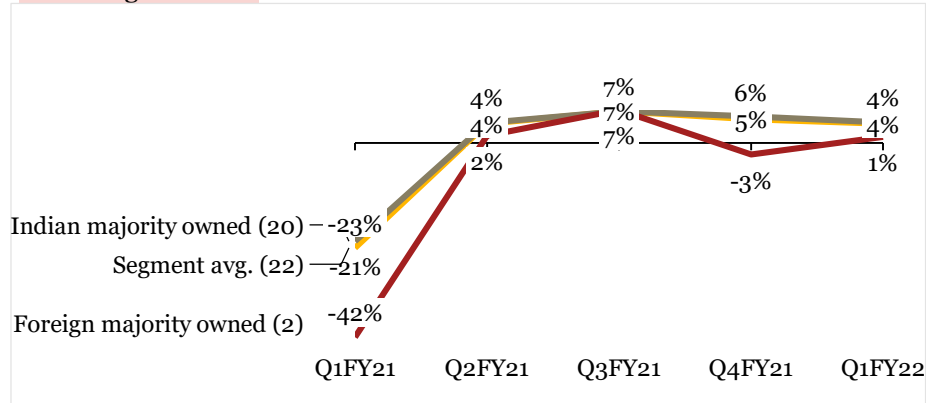
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

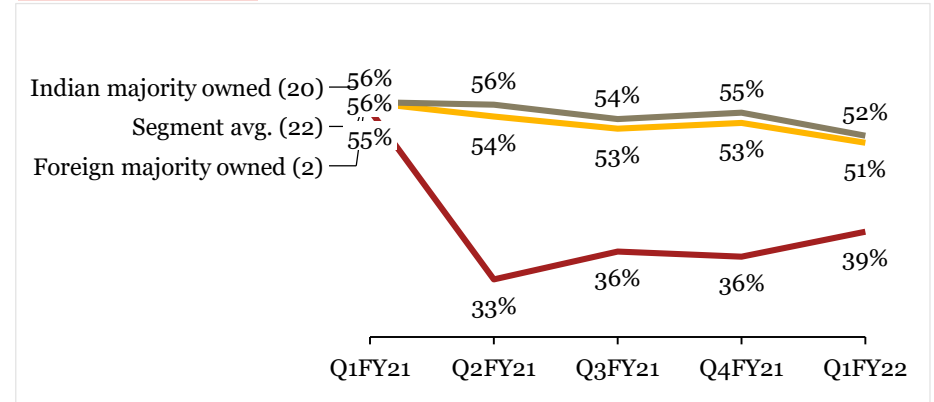


#### PAT Margin

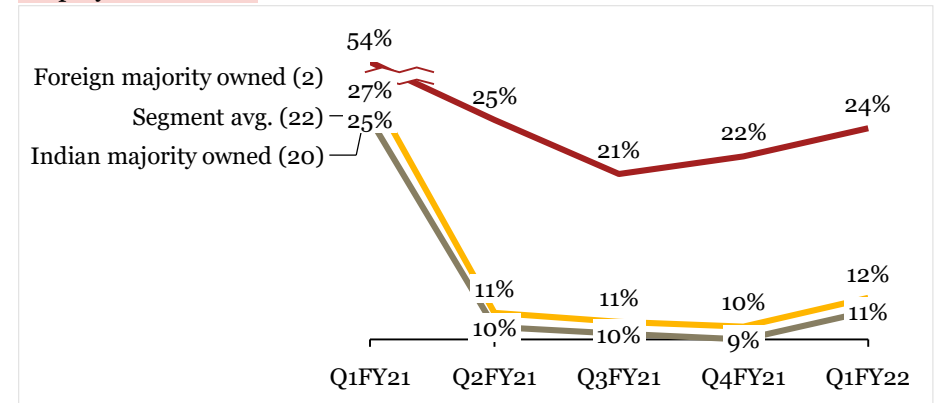


### Costs (as % of Net sales)

#### Material cost

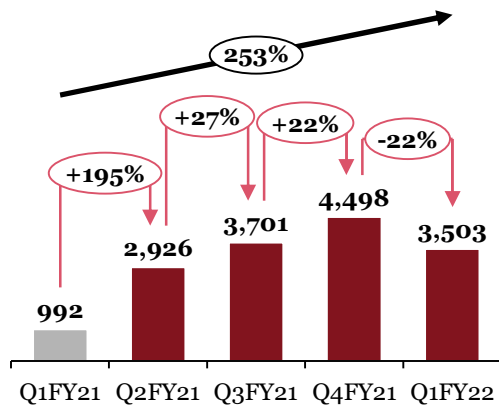


#### Employee cost

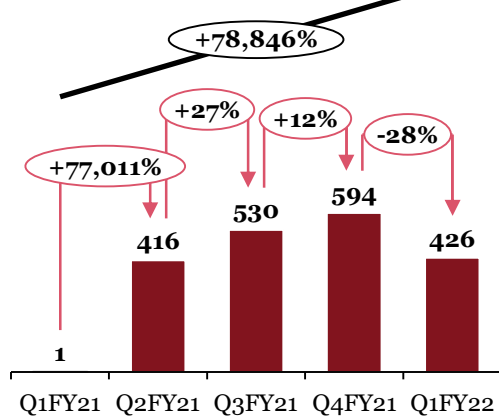


## Suspension segment (14 companies)

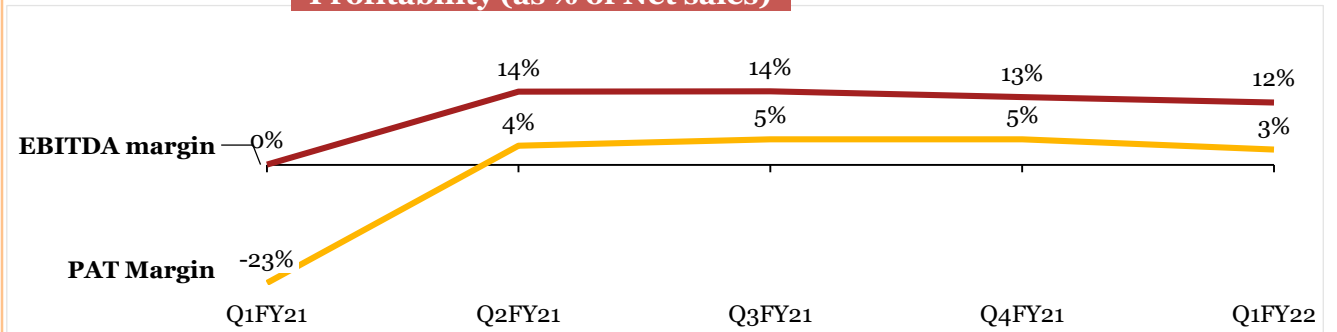
Net Sales (in INR cr.)



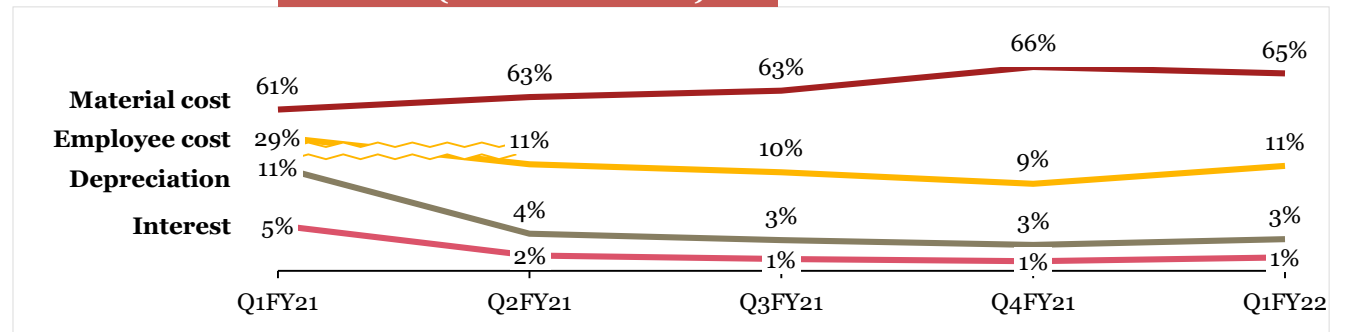
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

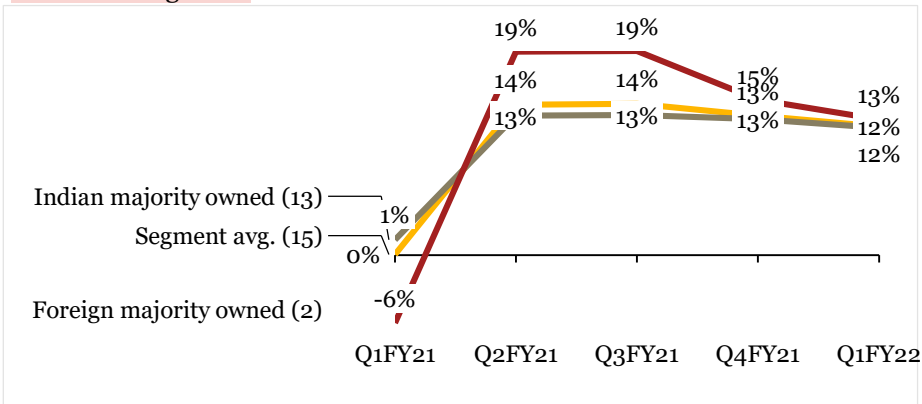


➤ The Suspension segment saw both net sales and EBITDA fall by over 20%, as a minor dip in material costs wasn't sufficient to combat rising employee costs, which are primarily attributed to an increase in payments of fixed-tenure salaries.

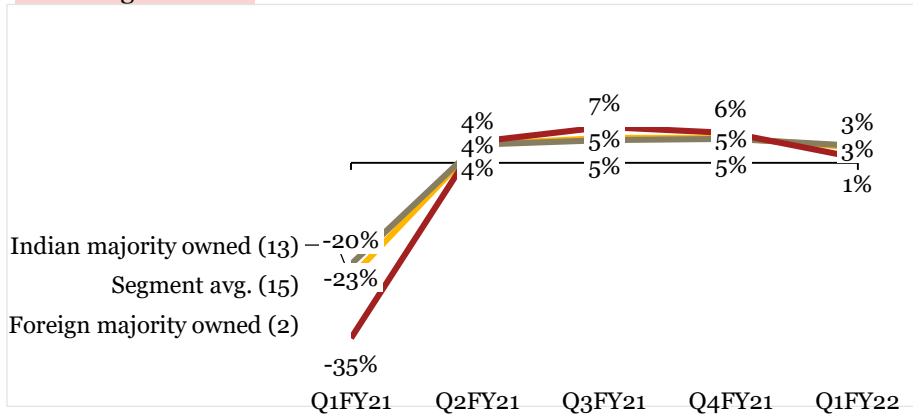
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

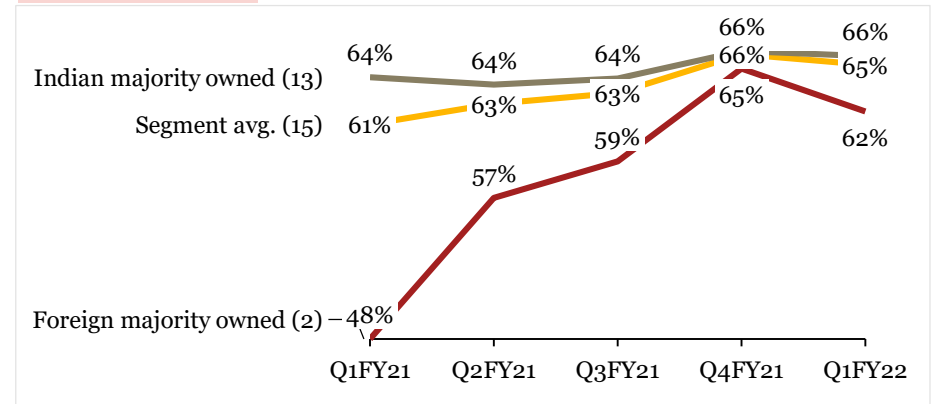


#### PAT Margin

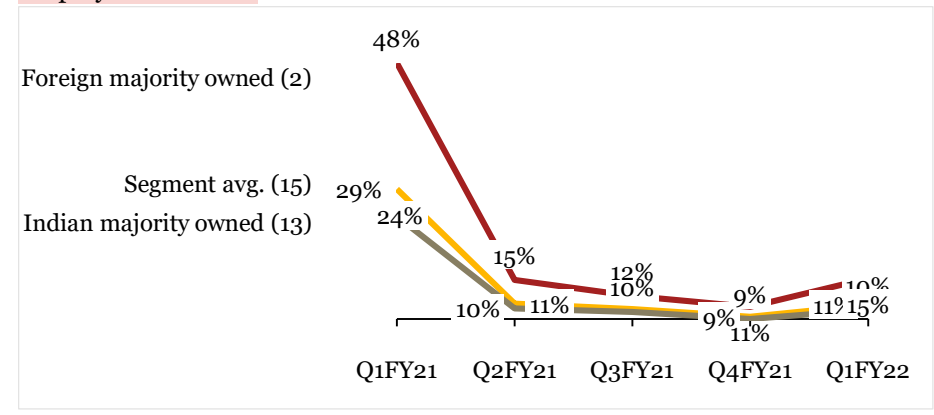


### Costs (as % of Net sales)

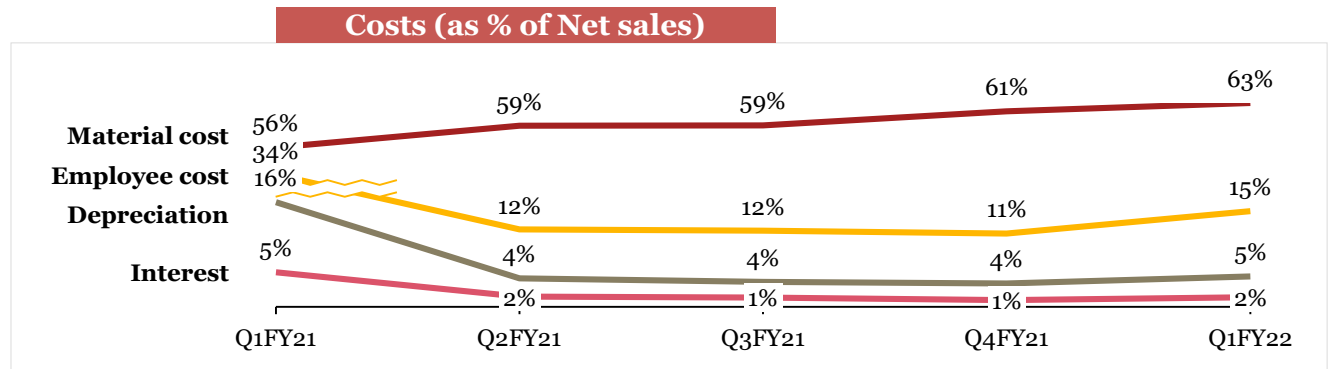
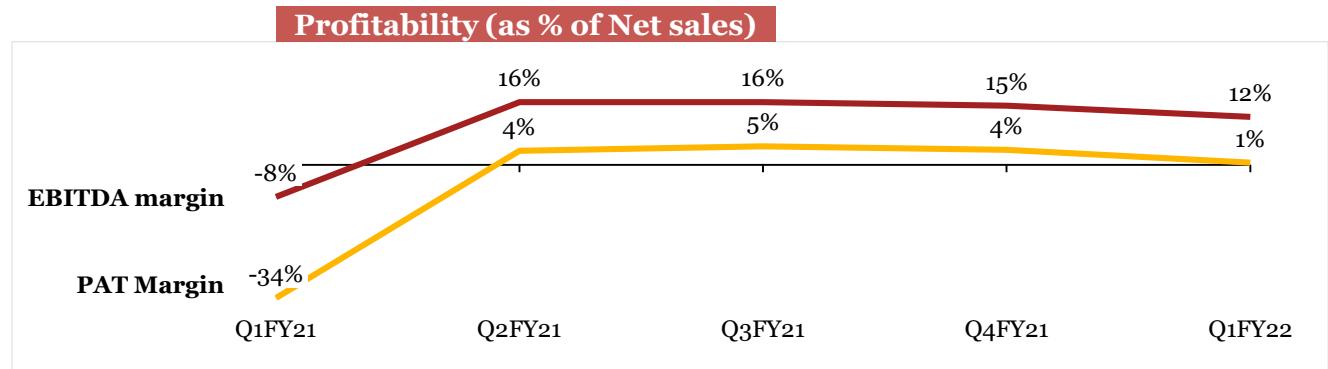
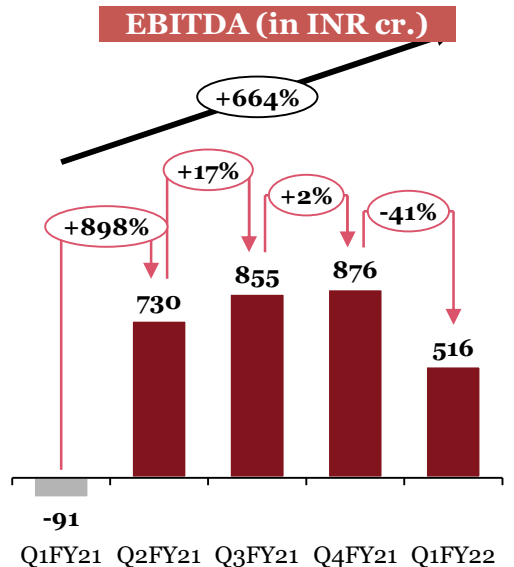
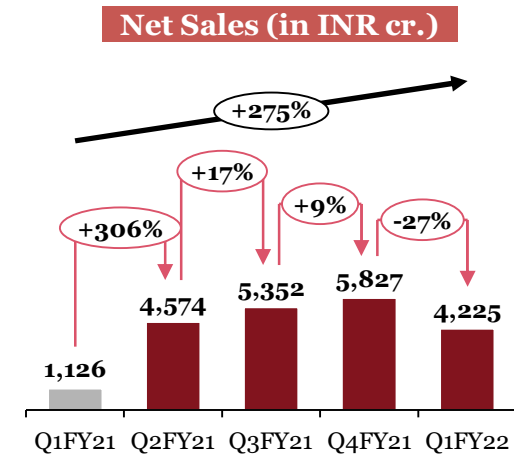
#### Material cost



#### Employee cost

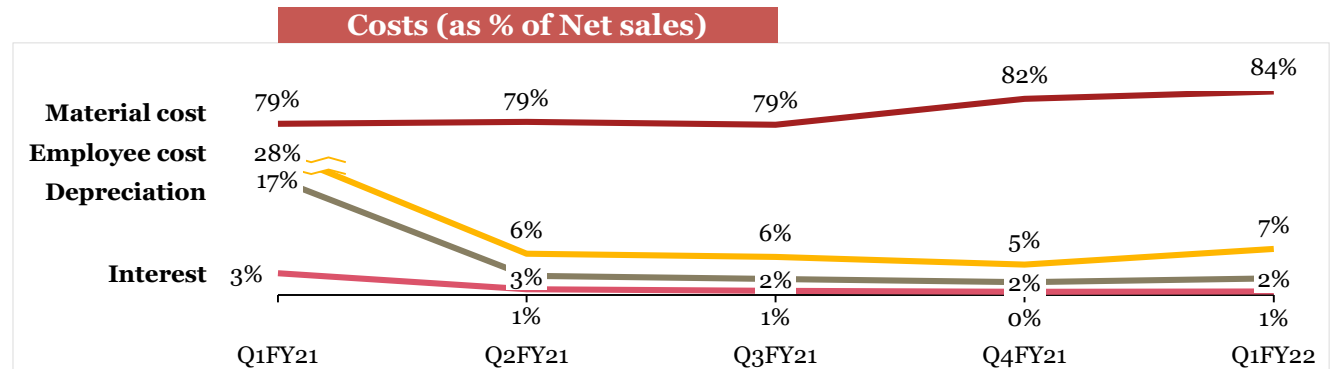
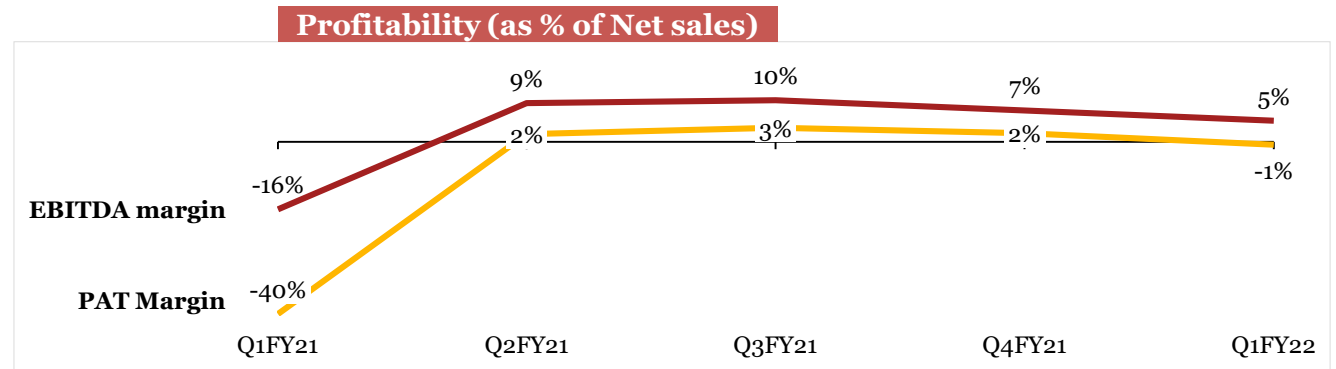
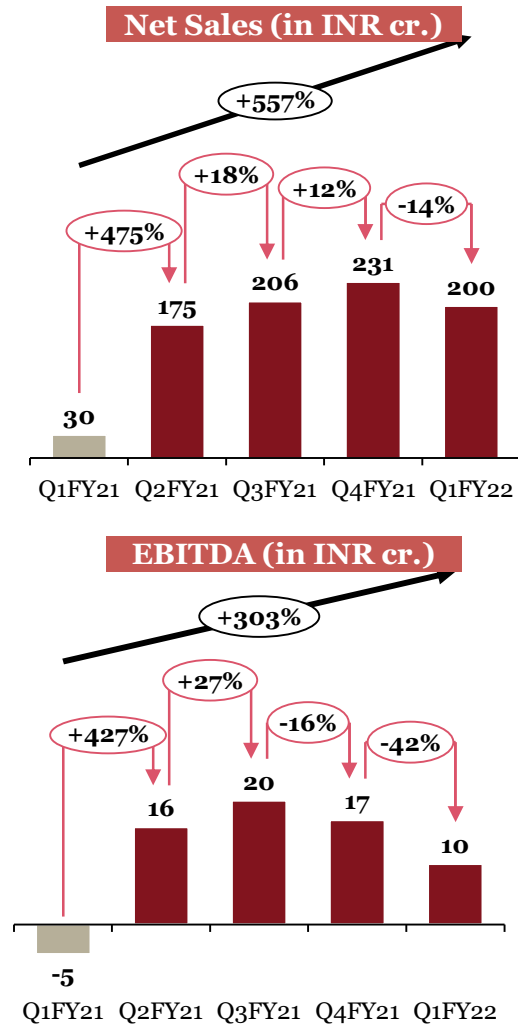


## Electrical and Electronics segment (10 companies)



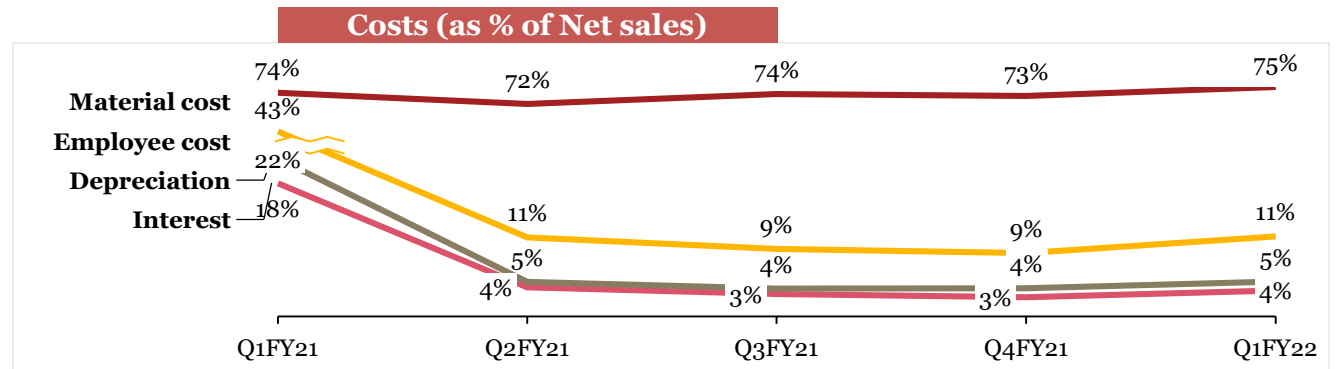
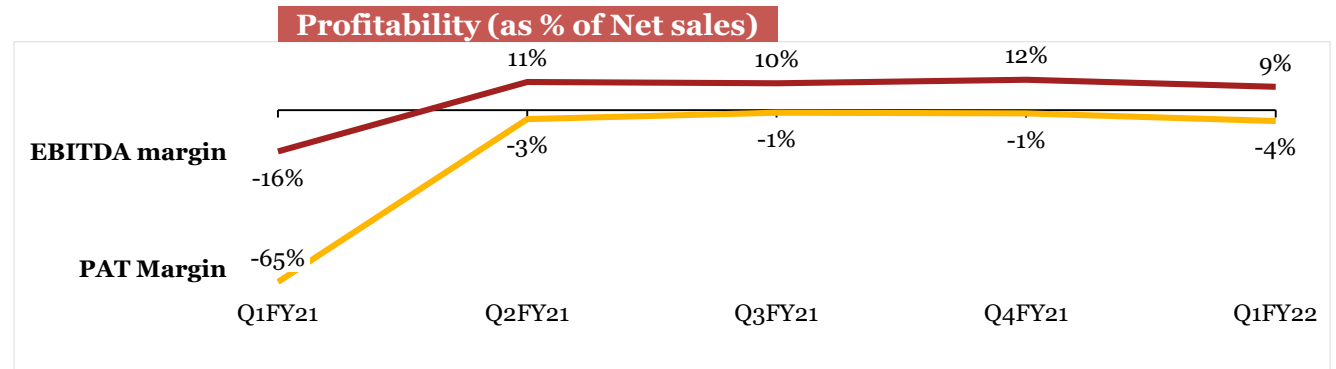
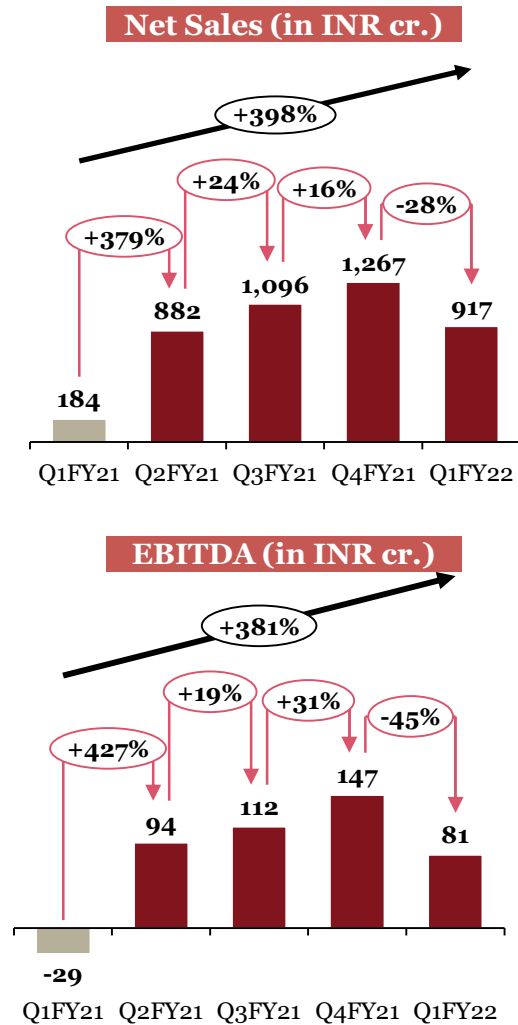
- Both Net Sales and EBITDA tanked, as aftermarket revenues spiraled downwards owing to a lack of demand.
- A rise of costs across all categories ensured that this segment was amongst the most heavily-affected.

## Interior segment (2 companies)



- EBITDA fell thrice as much as Net Sales. The occurrence of this deviation is primarily attributed to excess remuneration of senior employees during the quarter (Bharat Seats)
- A rise in both material and employee costs, along with a fall in production numbers, are the other contributing factors to the decline in financials.

## Body and chassis segment (8 companies)



- The body and chassis segment was amongst the worst-hit segments during the onset of the second wave, being one of 3 segments whose material costs rose during Q1 FY22.
- This was further assisted by a spike in COVID-19 related employee costs, such as healthcare expenditure and Voluntary Separation Scheme (VSS) payments.



## Appendices

Ratios Used		
Ratios	Definition	
<b>EBITDA margin</b>	(EBITDA-other income)/Net sales	
<b>PAT margin</b>	(PAT-other income)/Net sales	
<b>Cost as % of net sales</b>	<b>Landed material</b>	Raw Material + Stock Adjustments + Purchase of Finished goods/ Net sales
	<b>Depreciation</b>	Depreciation/ Net sales
	<b>Employee</b>	Employee cost/ Net sales
	<b>Interest</b>	Interest/ Net sales

*'other income' has been removed from the respective parameters to only include the revenue from core operations*



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