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# *ACMA- Financial Analysis*

## *FY 22*

*Strictly private  
and confidential*

*September 2022*



**pwc**

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# *List of Companies*

# Ratios Used

EBITDA Margin	$(\text{Reported Net Profit} + \text{Tax Expenses} + \text{Interest} + \text{Depreciation} - \text{other income}) / \text{Net Sales}$
EBIT Margin	$(\text{Reported Net Profit} + \text{Tax Expenses} + \text{Interest} - \text{other income}) / \text{Net Sales}$
PAT Margin	$(\text{Reported Profit} - \text{other income}) / \text{Net Sales}$
Debt-Equity Ratio	Total Liabilities/Total Shareholders' Funds
Working Capital Ratio	Total Current Assets/Total Current Liabilities
Quick Ratio	$(\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$
Fixed Asset Turnover Ratio	Annual Net Sales/Net Block
Inventory Turnover days	$(365 * \text{Inventories}) / (\text{Raw Material} + \text{Other Manufacturing expenses})$
Working Capital Cycle Days	$365 * \text{Net Current Assets} / \text{Net Sales}$
Average days payable outstanding.	$(365 * \text{creditors for goods}) / (\text{Raw Material} + \text{Other Manufacturing expenses})$
ROCE	$\text{EBIT} / (\text{Total Assets} - \text{Current Liabilities})$
RONW	$\text{PAT} / \text{Total Shareholder's Funds}$

## Classification of 67\* Auto component companies

\*Data for JMT Auto, Enkei Wheels 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	3	21	13	30

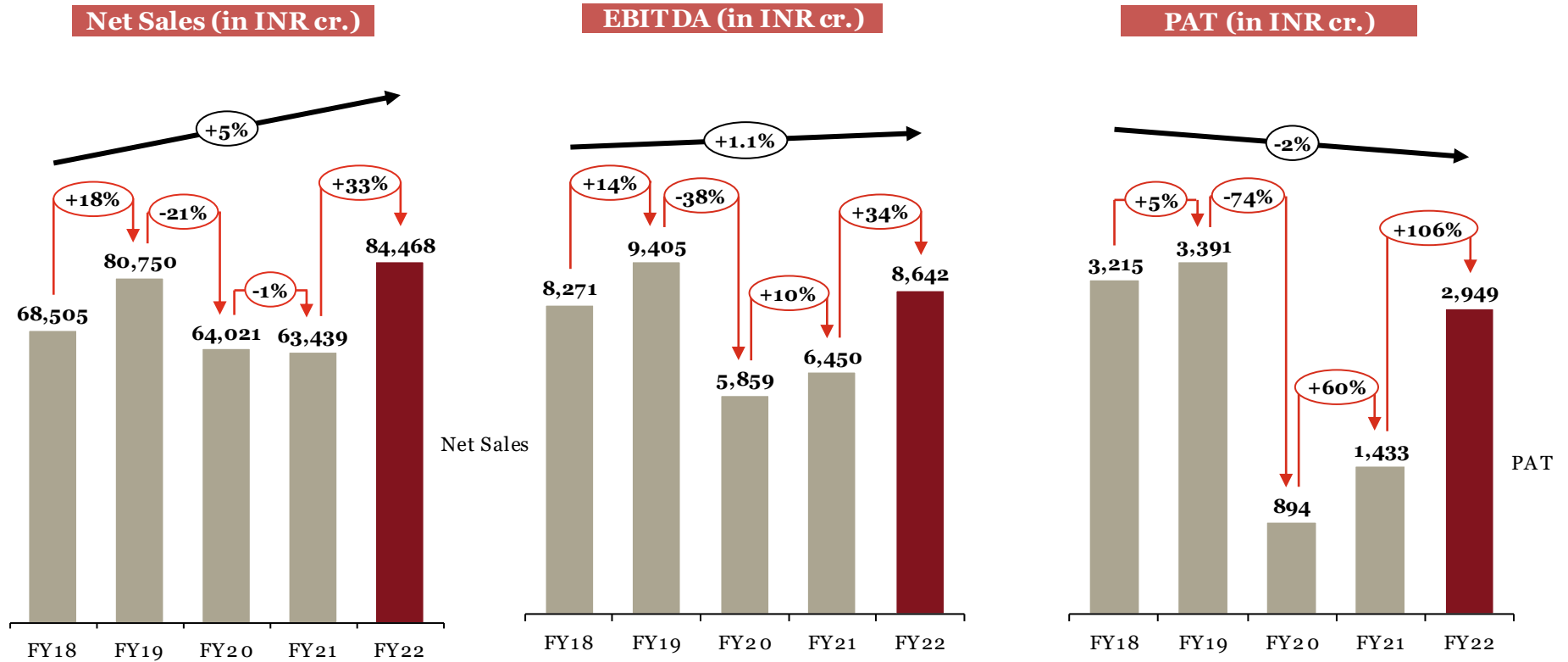
Segment based classification		
Segment	#companies	List of companies
<b>Transmission</b>	<b>12</b>	Automotive Axles, Bharat Gears, Endurance Tech., JTEKT India, LG Balakrishnan, RACL Geartech, Rane (Madras), Setco Automotive, Shivam Autotech, Suprajit Engg., The Hi-Tech Gear, ZF Steering
<b>Engine</b>	<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>13</b>	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., ZF Commercial, Wheels India, WABCO 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 with 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.

# *Collective Financial Summary of In-scope Auto-component Manufacturers*

## Aggregate financial analysis (67 in-scope companies)

67 in-scope companies

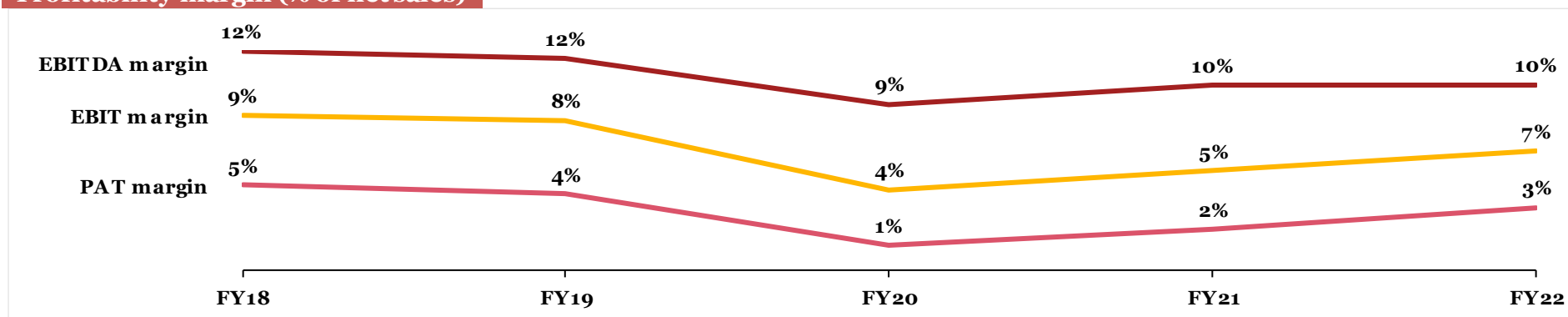


- EBITDA, Net Sales & PAT all rose sharply; better preparedness for the pandemic vis-à-vis FY 21 implied fewer lockdowns – leading to higher demand for short and medium-distance travel – and an upswing in industrial and commercial activity
- Rising raw material costs were offset by a steep decline in healthcare expenditures, along with lower interest and depreciation expenses

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

67 in-scope companies

### Profitability margin (% of net sales)



### PAT margin distribution of in-scope companies

PAT margin % Range	FY 21 Number of companies	FY 22 Number of companies
Less than 0	22	18
0-2	15	14
2-5	14	14
5-10	13	19
More than 10	3	2

### EBITDA margin distribution of in-scope companies

EBITDA margin % Range	FY 21 Number of companies	FY 22 Number of companies
Less than 0	5	3
0-5	12	10
5-10	20	25
10-20	28	26
More than 20	2	3

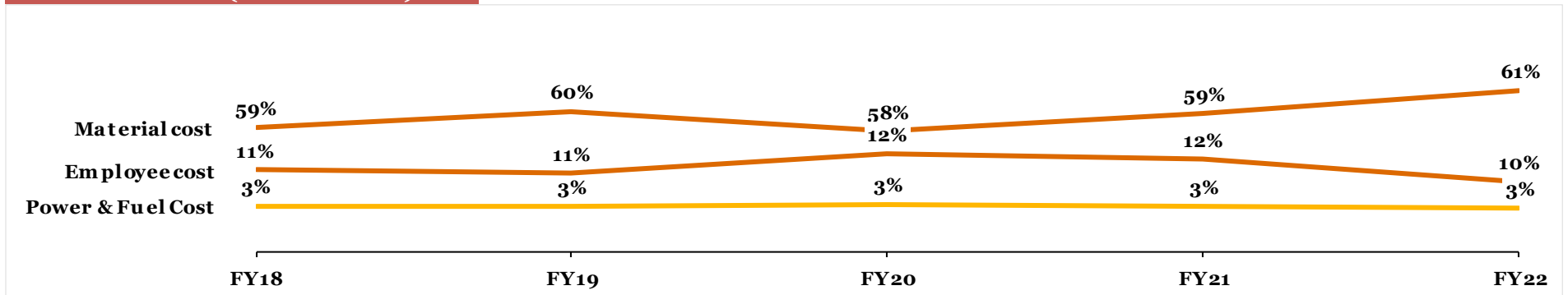
Rise in PAT and EBIT margin observed due to a combination of effective cost-cutting policies, lower healthcare expenses (due to better preparedness for the pandemic vs. FY 21), and an upswing in demand due to increased commercial and industrial activity.



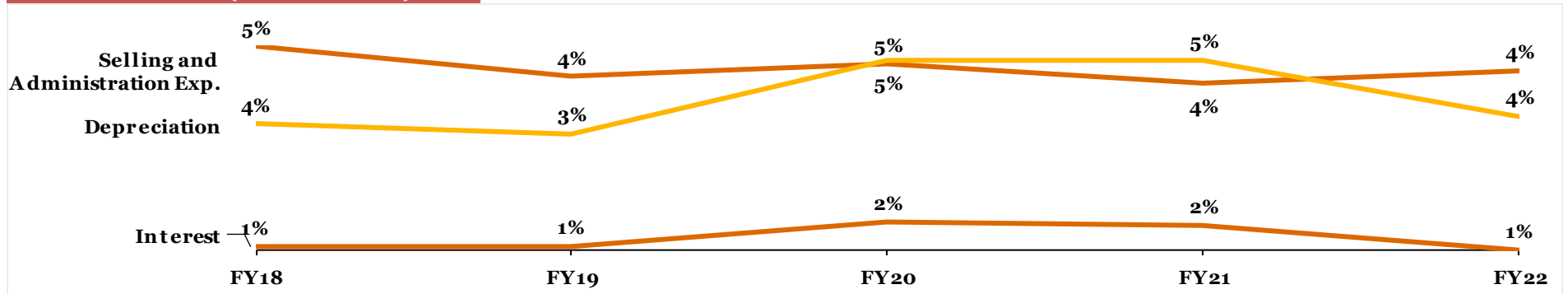
## Trends in costs (as % of Net sales)

67 in-scope companies

### Direct Costs (% of net sales)



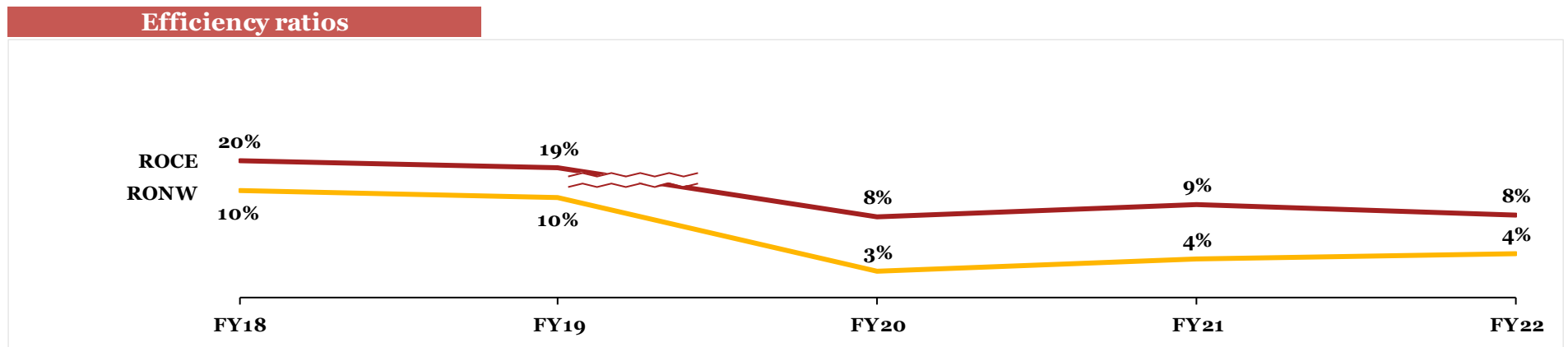
### Other Costs (% of net sales)



- Material costs rose on account of higher energy prices and supply chain disruptions caused by staggered lockdowns globally
- Employee costs decreased – healthcare expenditures were lower (vs. FY 21) due to better planning and execution of healthcare policies

## Trends in efficiency-1

67 in-scope companies



**ROCE distribution of in-scope companies**

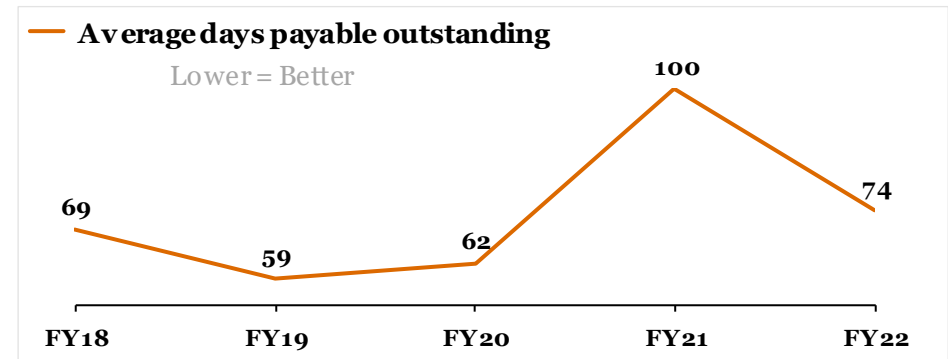
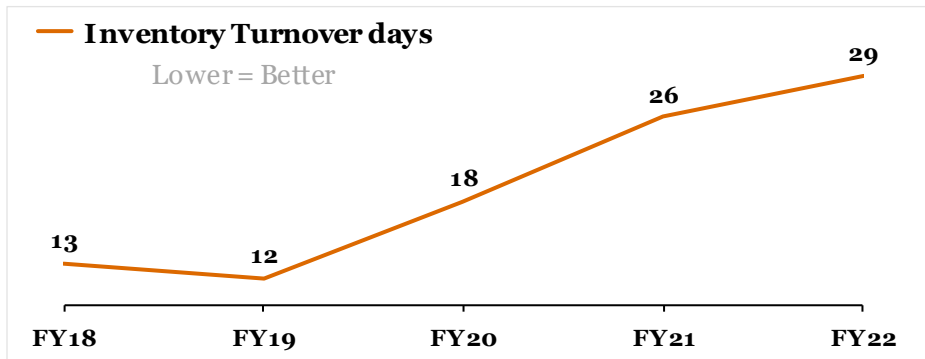
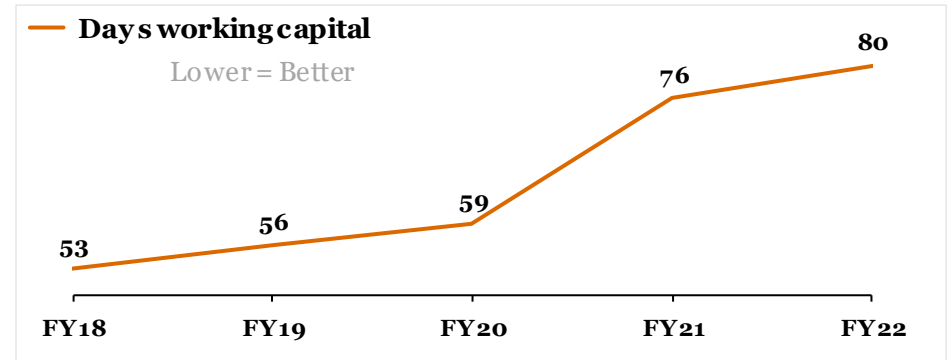
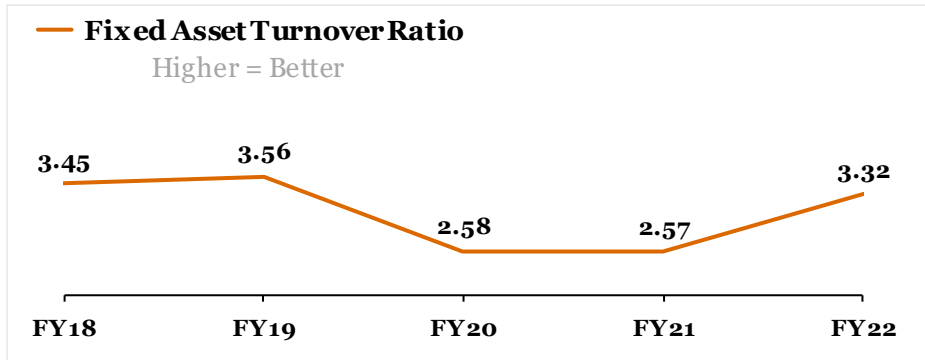
ROCE % Range	FY 21 Number of companies	FY 22 Number of companies
Less than 0	16	9
0-5	7	9
5-10	9	11
10-20	24	19
More than 20	11	19

**RONW distribution of in-scope companies**

RONW % Range	FY 21 Number of companies	FY 22 Number of companies
Less than 0	21	17
0-5	20	15
5-10	13	17
10-20	12	14
More than 20	1	4

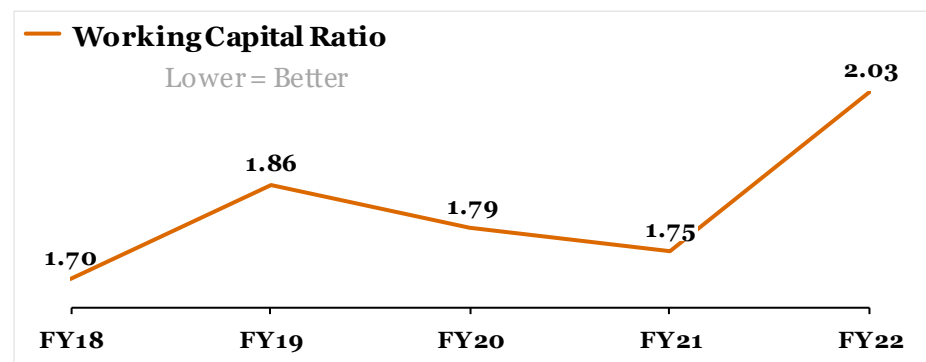
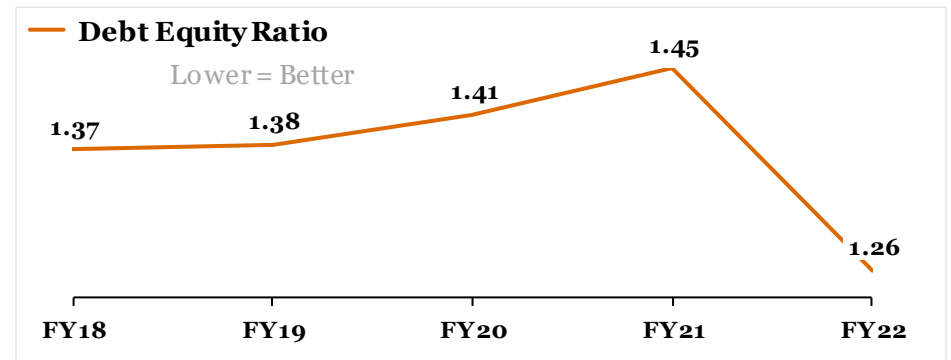
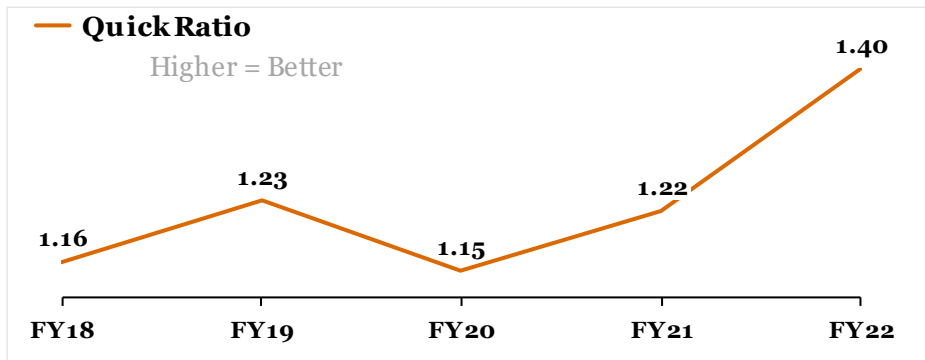
Compared to FY 21, a higher number of companies registered ROCEs and RONWs of more than 20% – impact of effective cost-cutting measures by firms, lower healthcare expenditures, and higher consumer demand due to increased commercial and industrial activity

## Trends in efficiency-2



All efficiency trends showed improvement, as firms were better prepared to tackle potential lockdowns and supply chain disruptions, by implementing effective operational, healthcare and cost-cutting policies

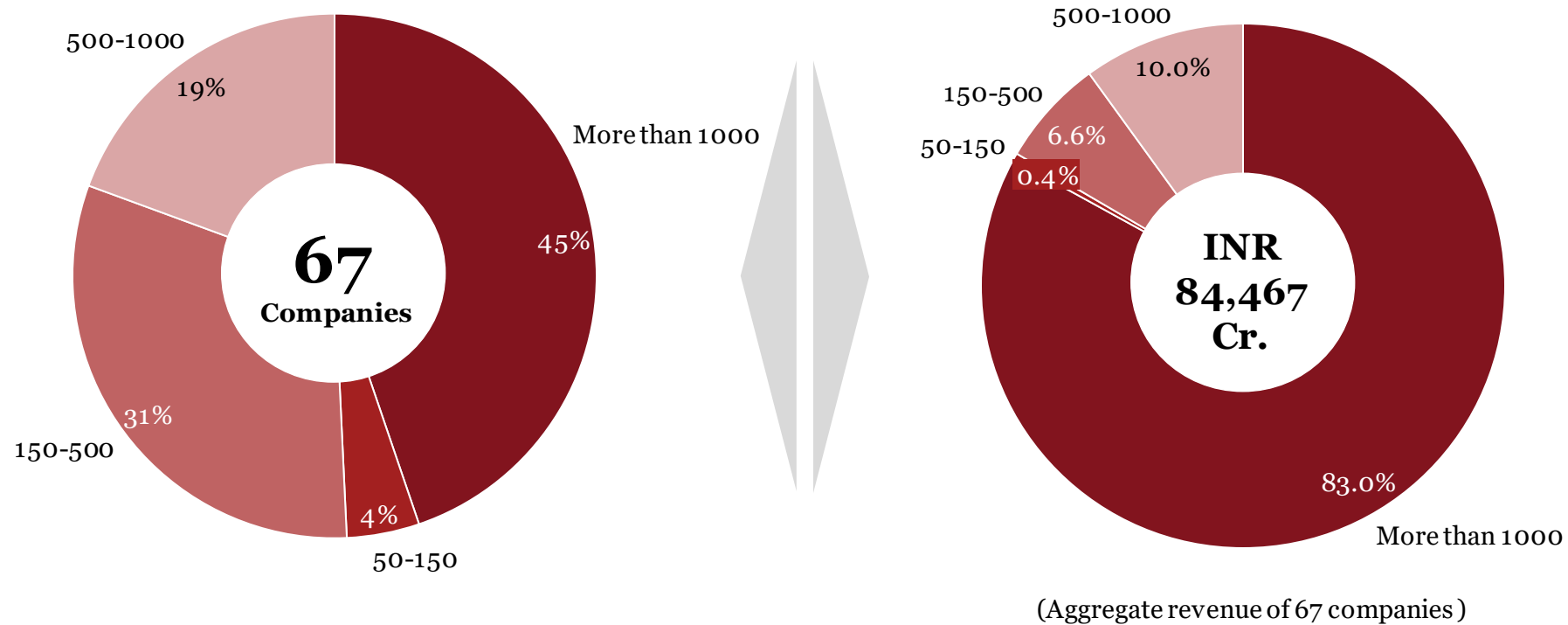
## Trends in efficiency-2



# *Size based analysis*

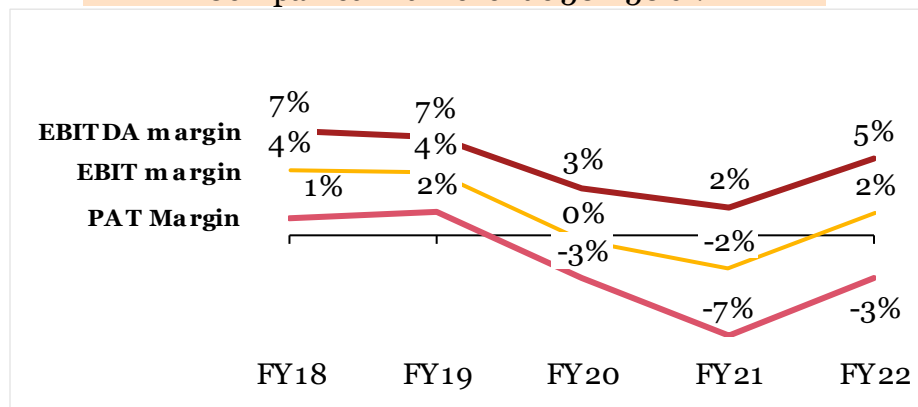
## Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	3	21	13	30

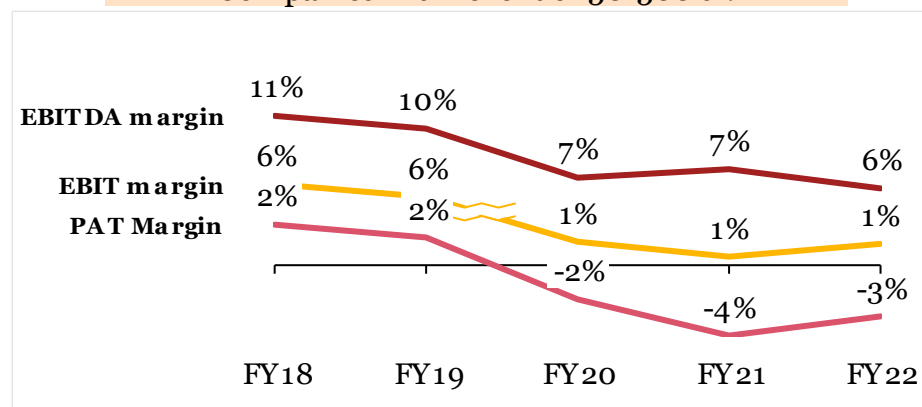


## Trends in profitability (as % of Net sales)

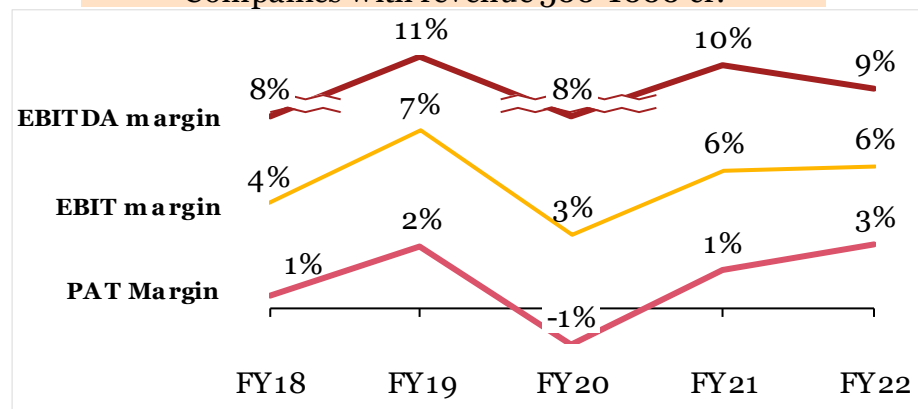
Companies with revenue 50-150 cr.



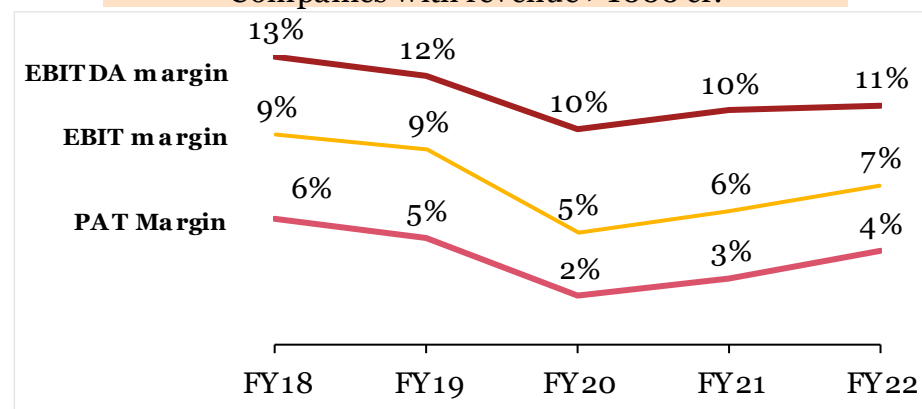
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

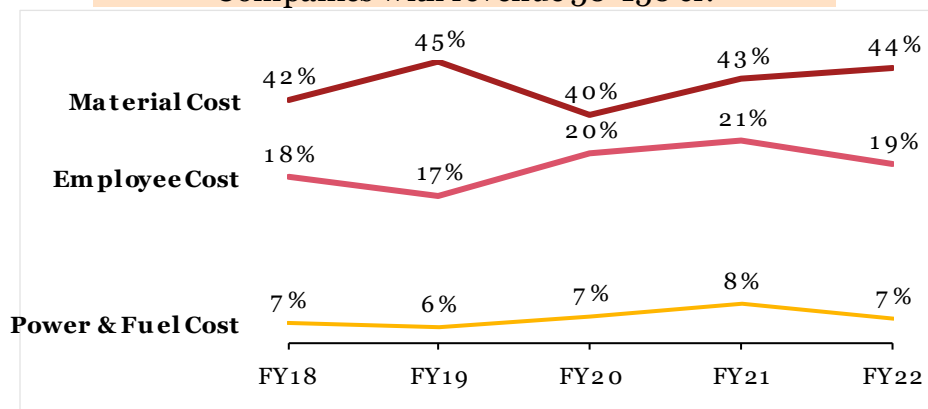


Companies with revenue >1000 cr.

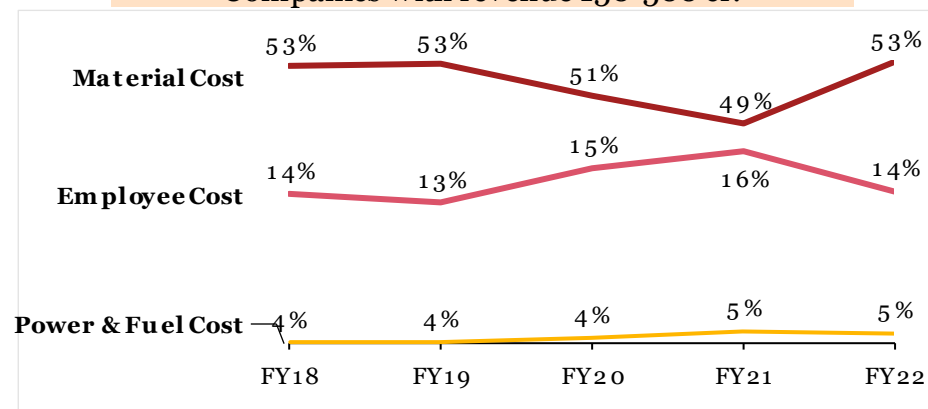


## Trends in direct costs (as % of Net sales)

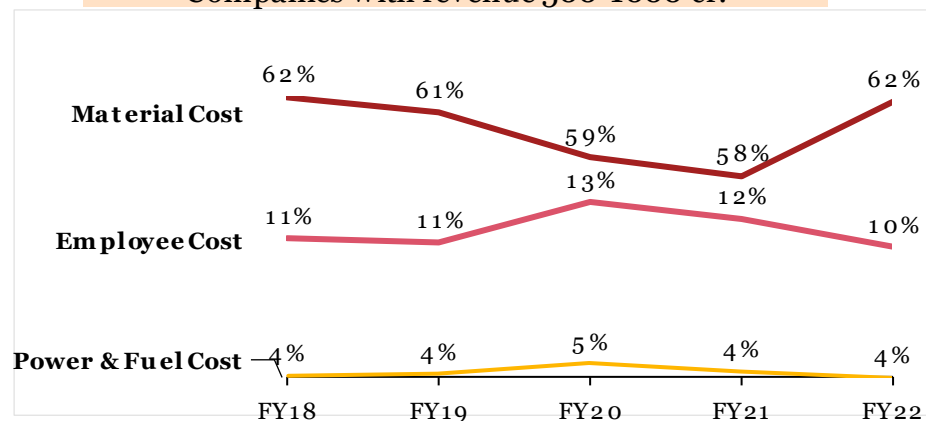
Companies with revenue 50-150 cr.



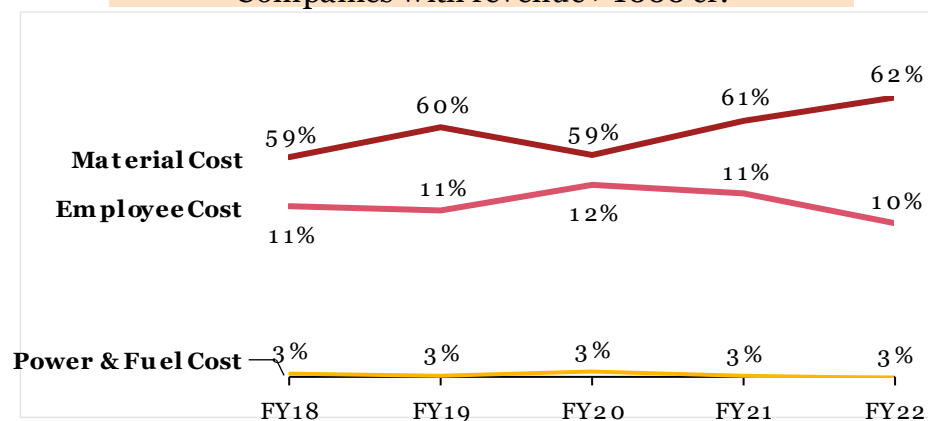
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



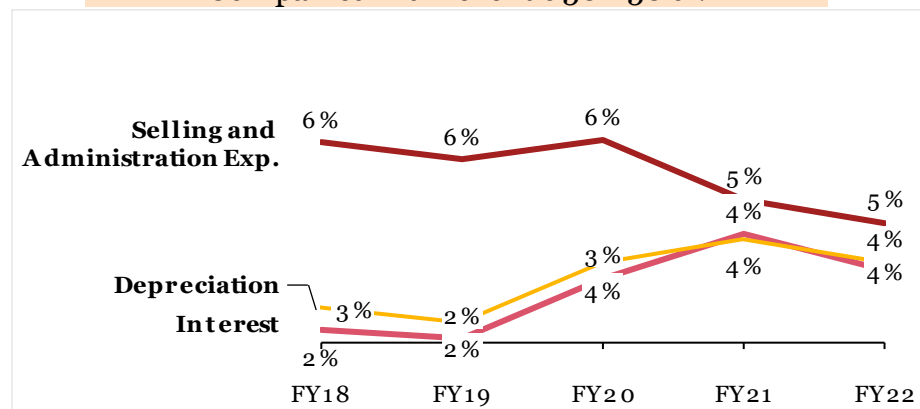
Companies with revenue >1000 cr.



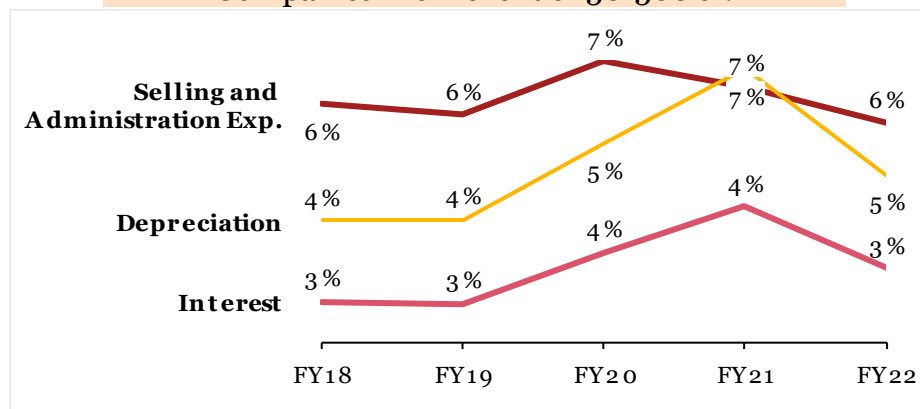


## Trends in other costs (as % of Net sales)

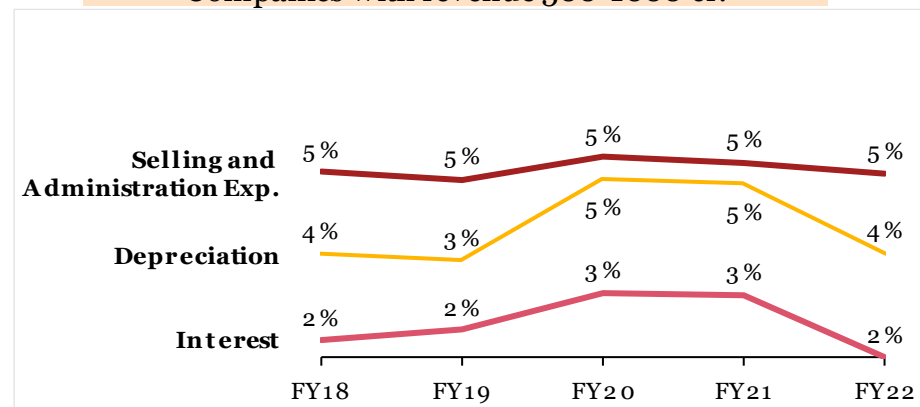
Companies with revenue 50-150 cr.



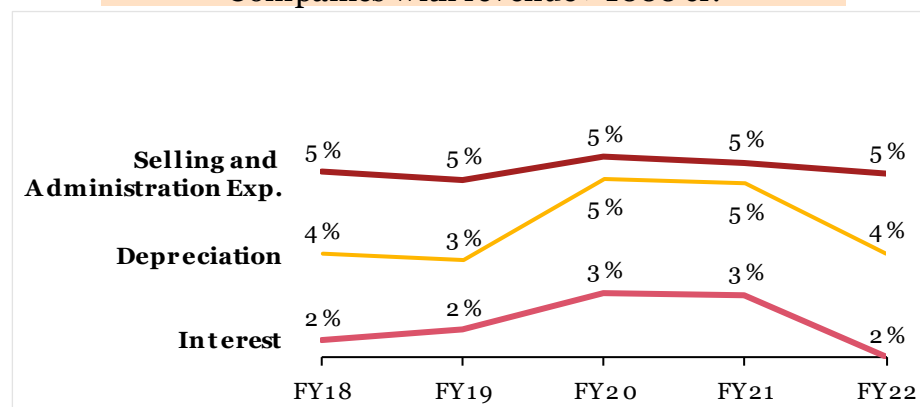
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

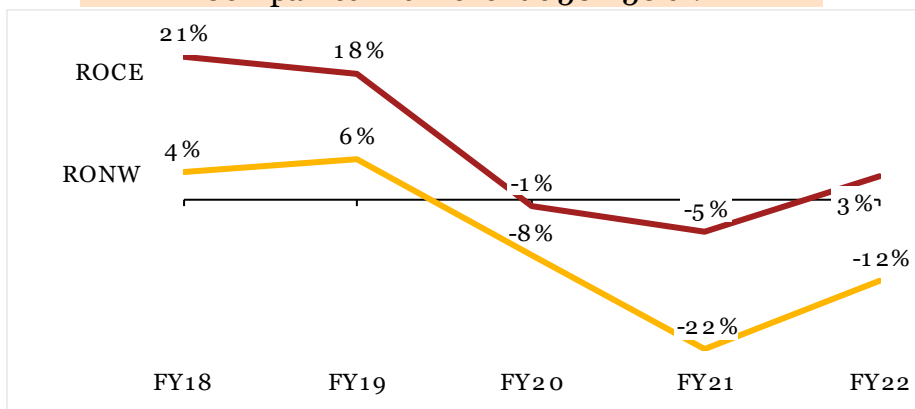


Companies with revenue >1000 cr.

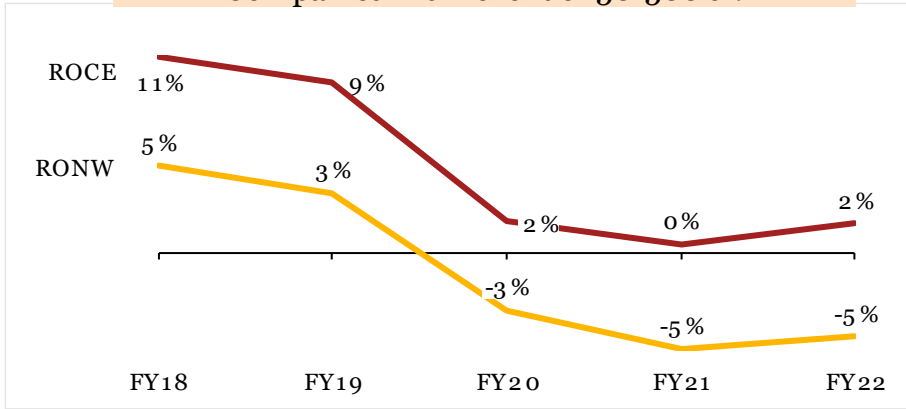


## Trends in efficiency-1

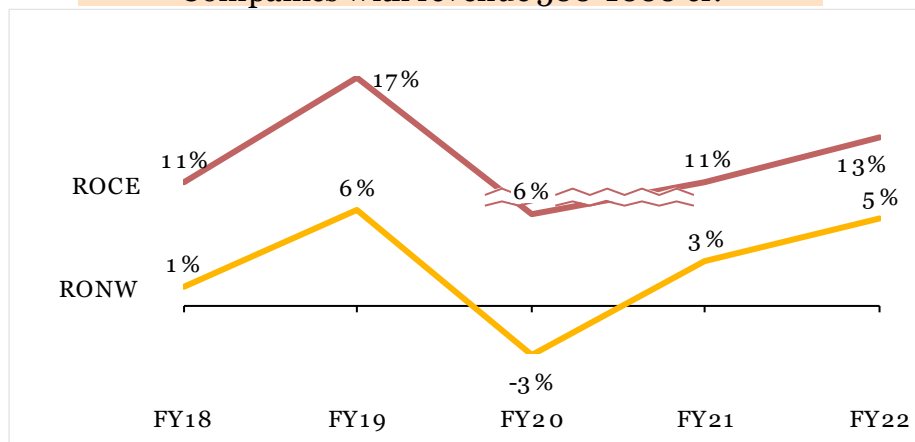
Companies with revenue 50-150 cr.



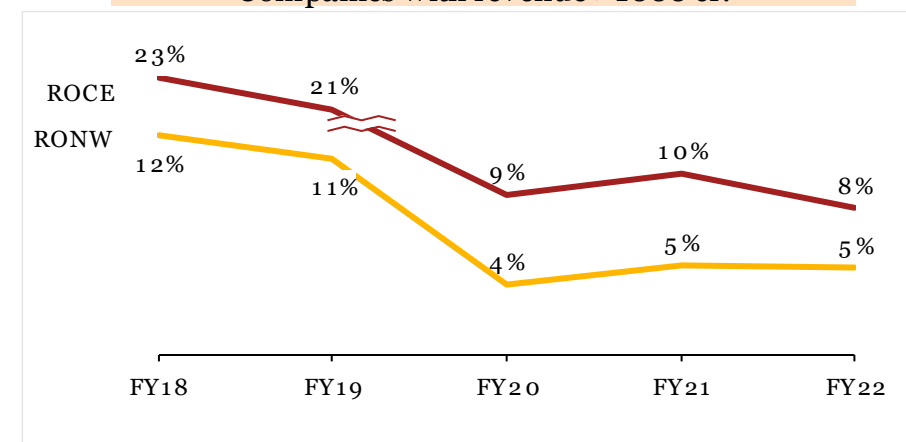
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



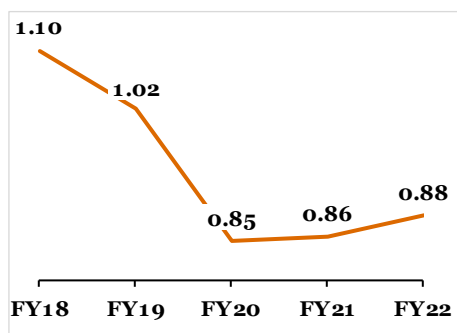
Companies with revenue >1000 cr.



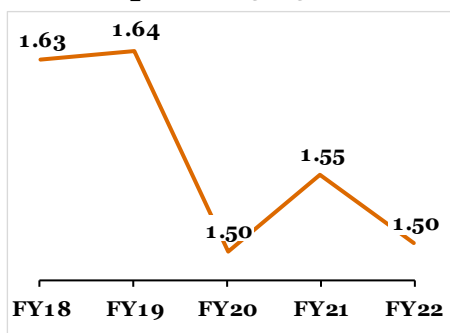
## Trends in efficiency-2

### Quick Ratio

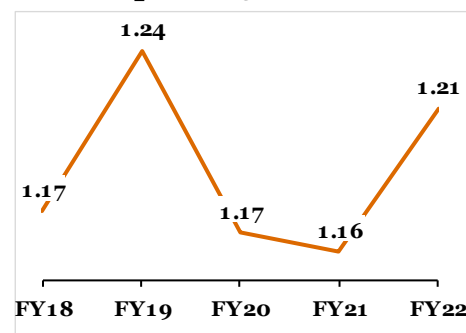
Companies: 50-150 cr.



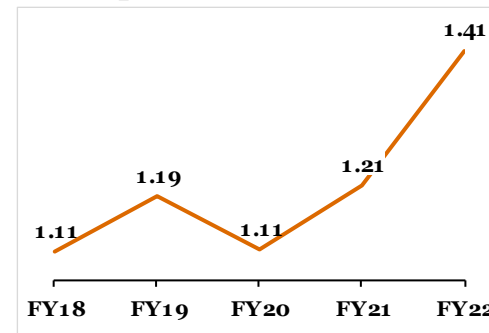
Companies: 150-500 cr.



Companies: 500-1000 cr.

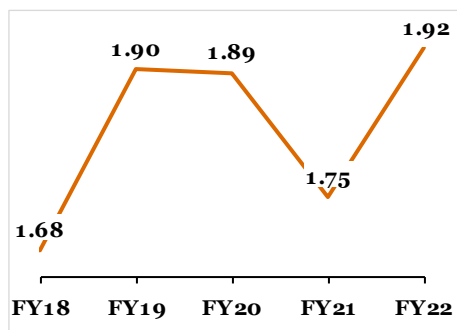


Companies: more than 1000 cr.

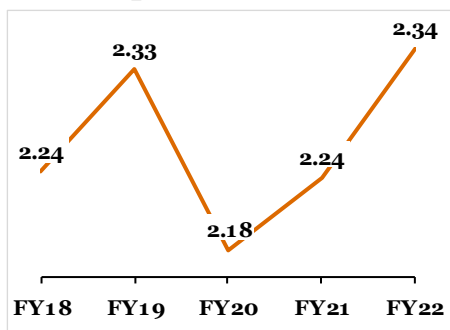


### Working Capital Ratio

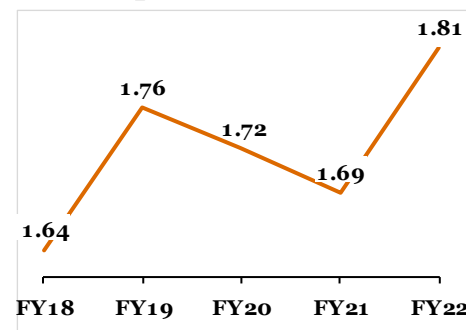
Companies: 50-150 cr.



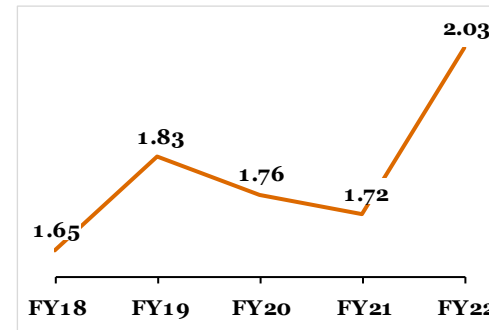
Companies: 150-500 cr.



Companies: 500-1000 cr.



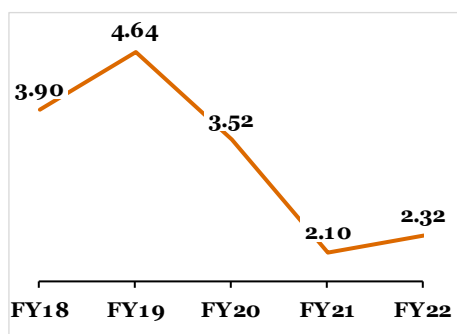
Companies: more than 1000 cr.



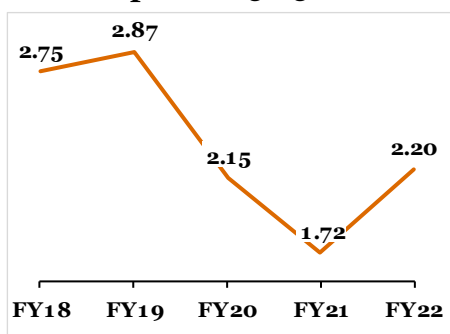
## Trends in efficiency-2

### Fixed asset turnover ratio (FATO)

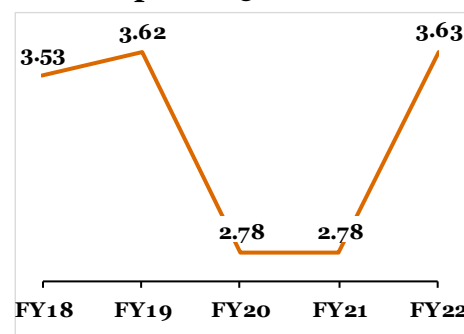
Companies: 50-150 cr.



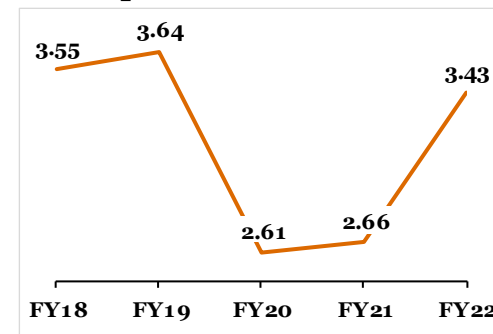
Companies: 150-500 cr.



Companies: 500-1000 cr.

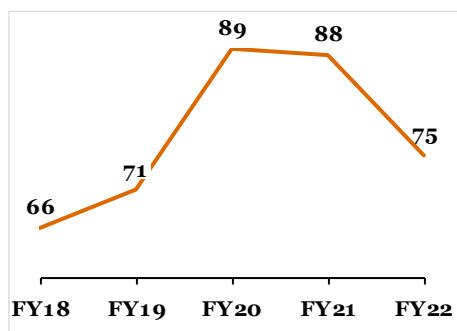


Companies: more than 1000 cr.

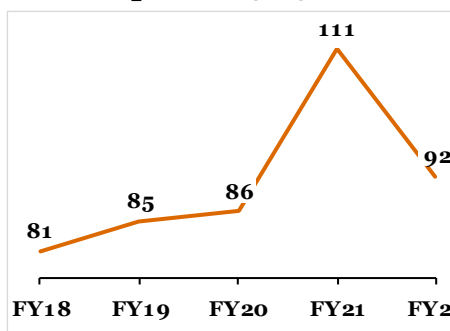


### Working capital days (days)

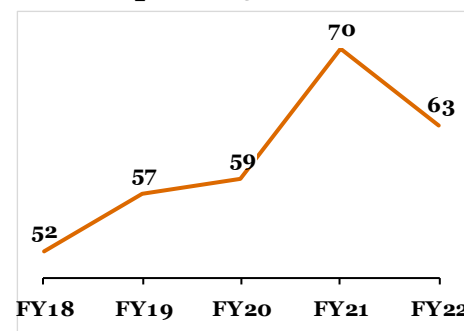
Companies: 50-150 cr.



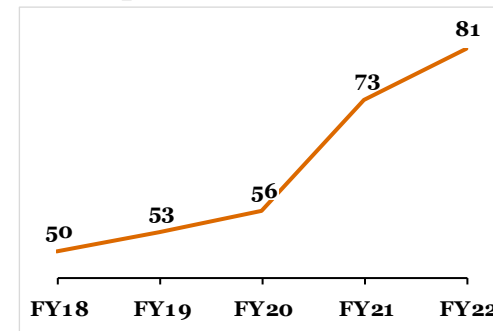
Companies: 150-500 cr.



Companies: 500-1000 cr.



Companies: more than 1000 cr.



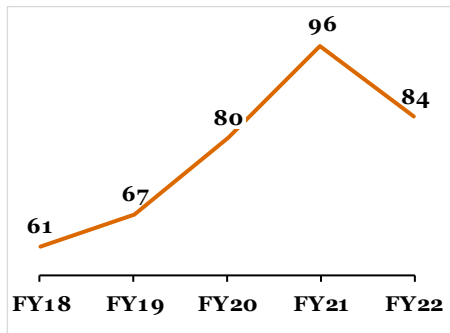
## Trends in efficiency-2

### Inventory Turnover (days)

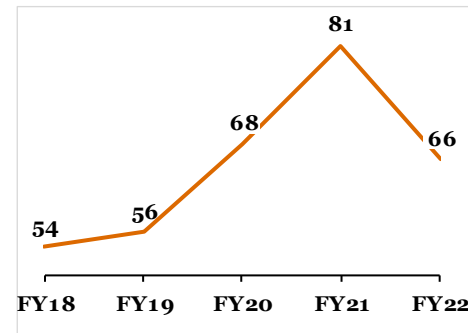
Companies: 50-150 cr.



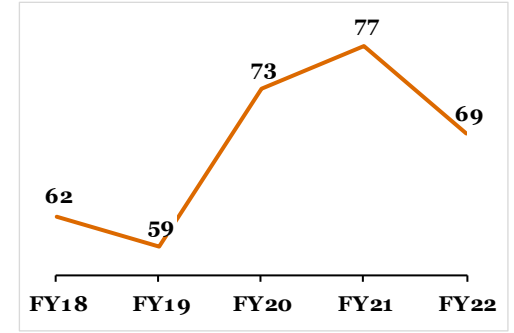
Companies: 150-500 cr.



Companies: 500-1000 cr.

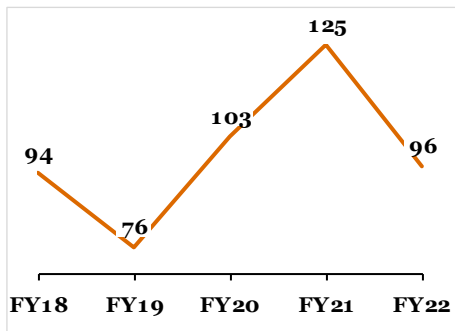


Companies: more than 1000 cr.

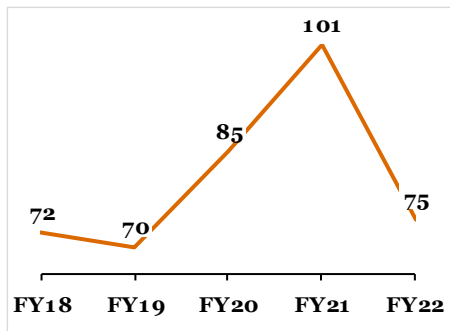


### Average Days Payable Outstanding (days)

Companies: 50-150 cr.



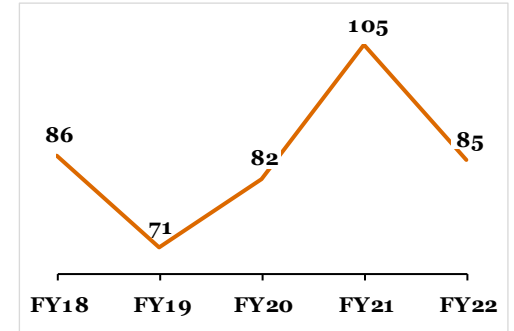
Companies: 150-500 cr.



Companies: 500-1000 cr.



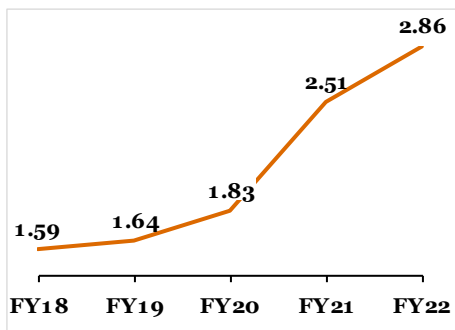
Companies: more than 1000 cr.



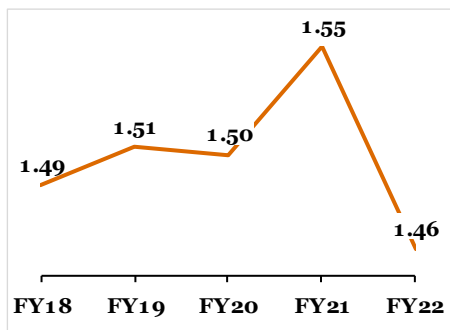
## Trends in efficiency-2

### Debt-Equity Ratio

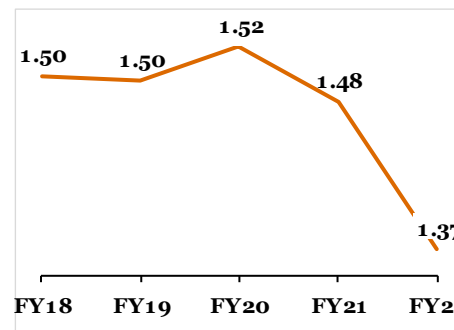
Companies: 50-150 cr.



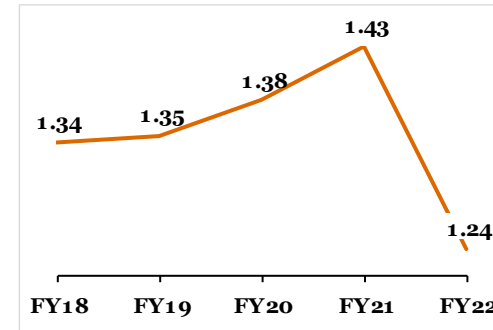
Companies: 150-500 cr.



Companies: 500-1000 cr.

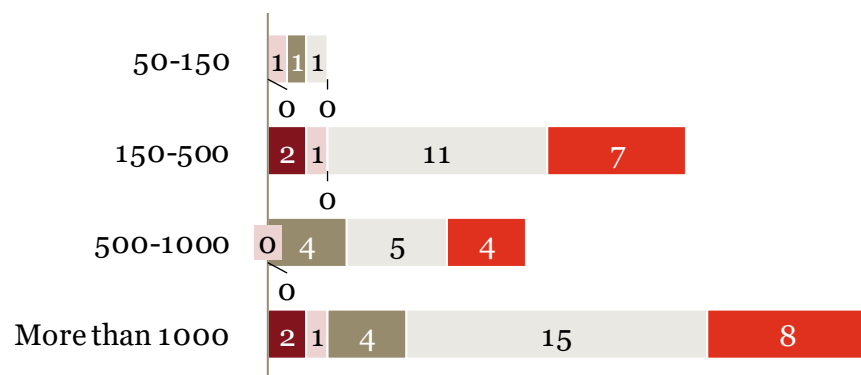


Companies: more than 1000 cr.

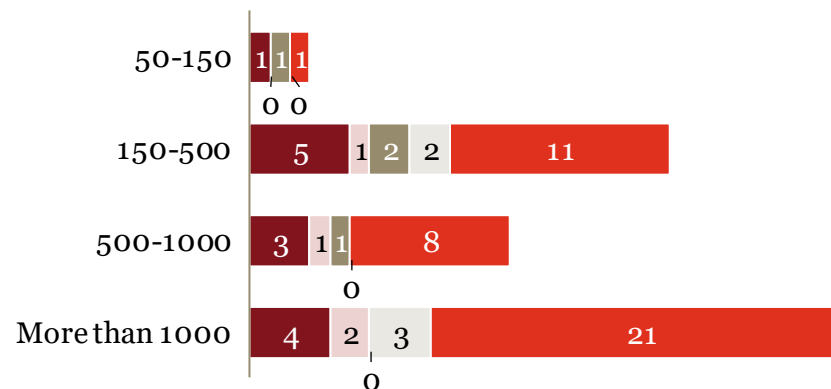


## Revenue segment X growth % of in scope companies: FY21 vs. FY22

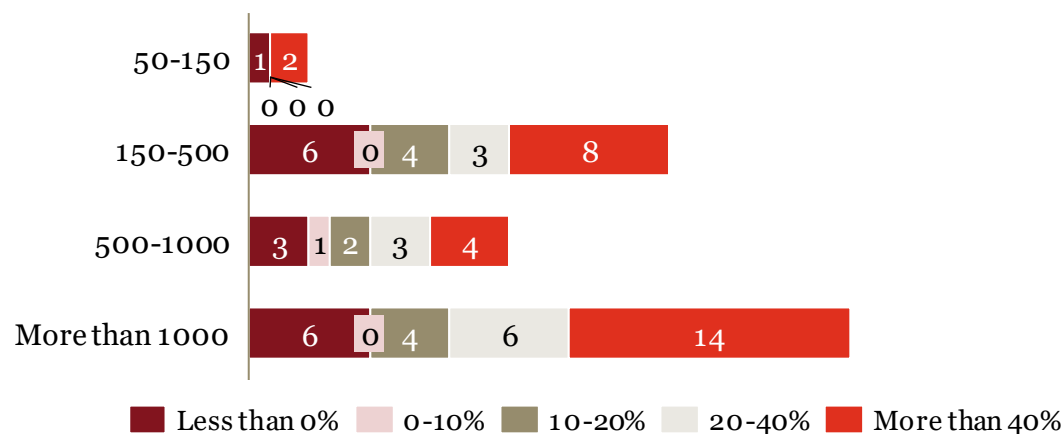
Count of companies by Y-o-Y Net Sales growth %



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



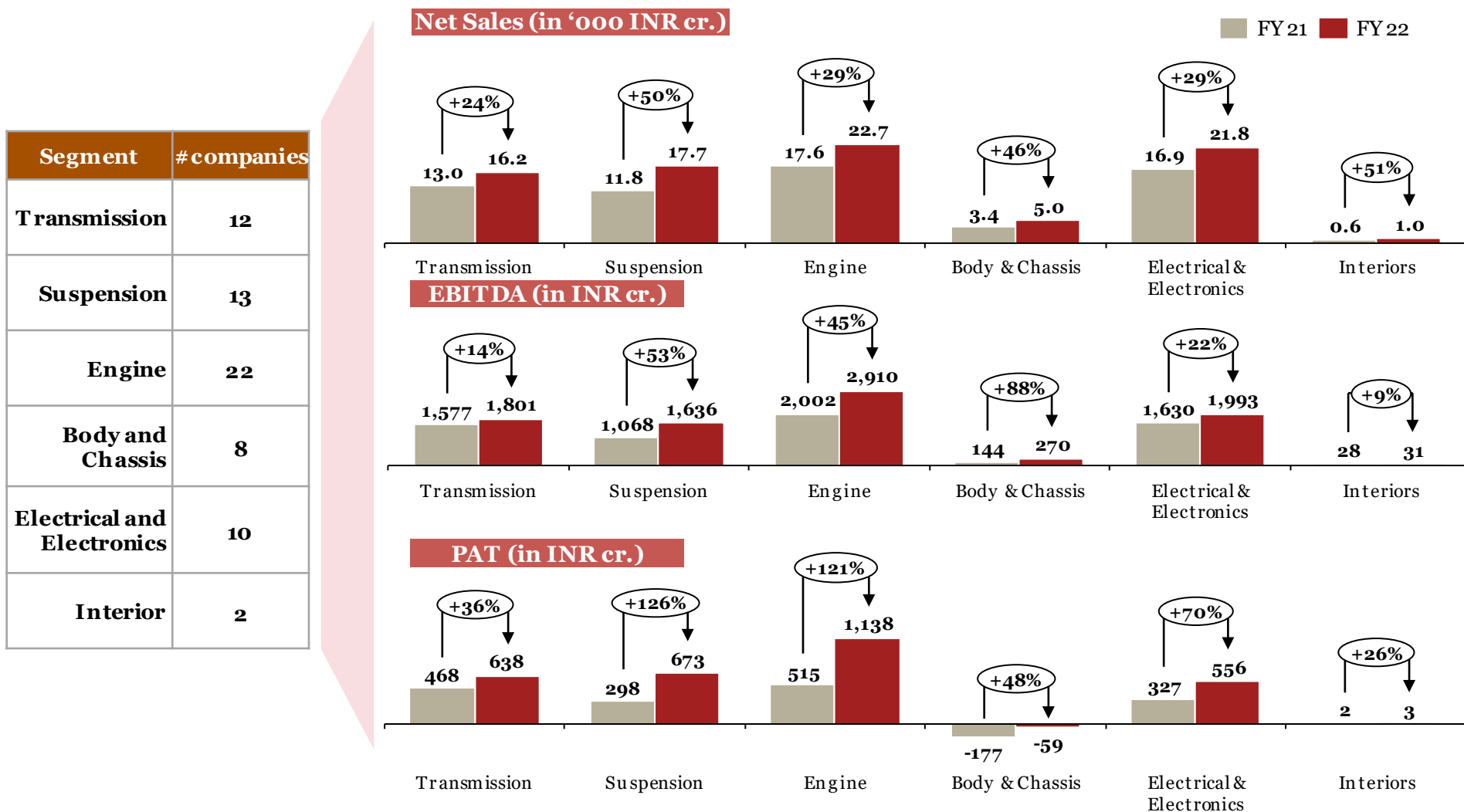
Count of companies by Y-o-Y EBITDA growth %



# *Segment based analysis*

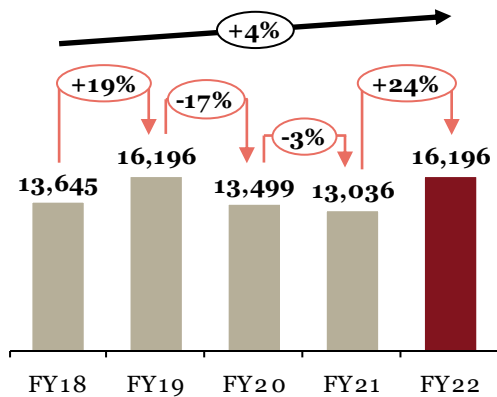


## Segment-wise analysis of in-scope companies: FY21 vs. FY22

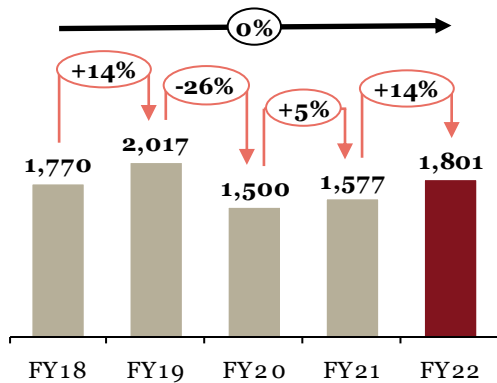


## Transmission segment (12 companies)

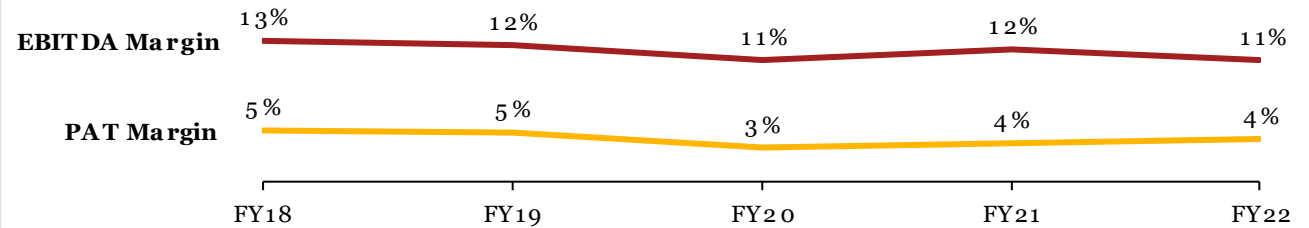
Net Sales (in INR cr.)



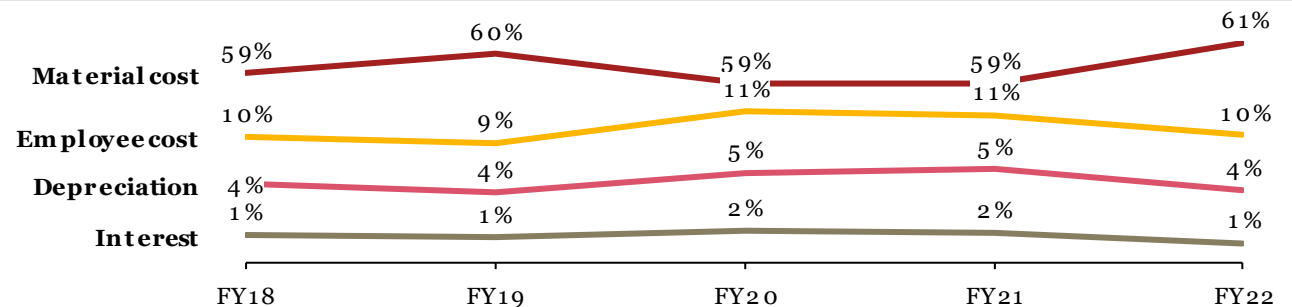
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

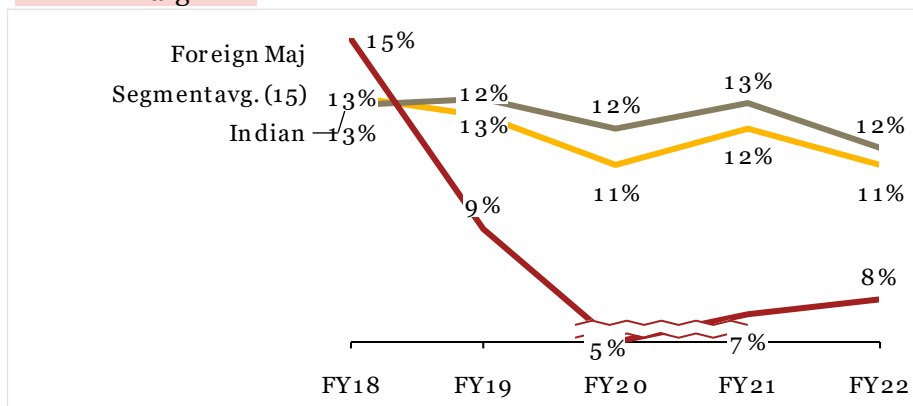


- The shift in consumer preferences towards advanced automotive transmission systems such as AT, AMT, CVT, DCT, etc. – along with a rise in demand for high-end premium vehicles – has led to a 24% increase in net sales
- EBITDA rose by 14% as rising raw material costs were offset by a decrease in all other input costs

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

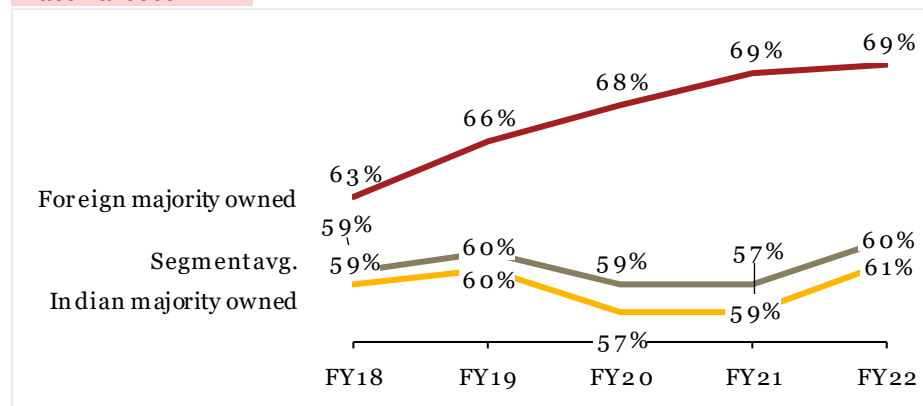
### Profitability (as % of Net sales)

#### EBITDA Margin

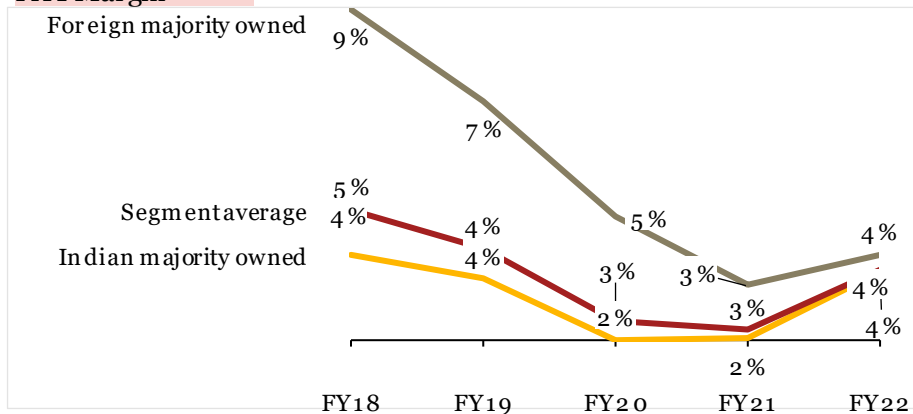


### Costs (as % of Net sales)

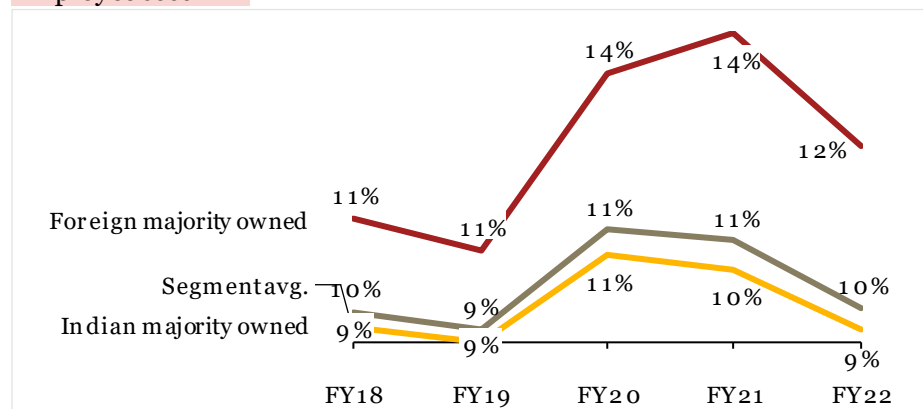
#### Material cost



#### PAT Margin

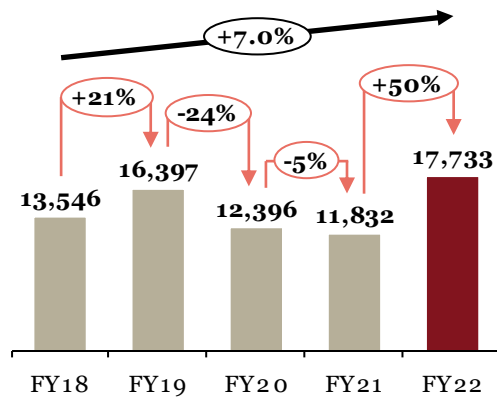


#### Employee cost

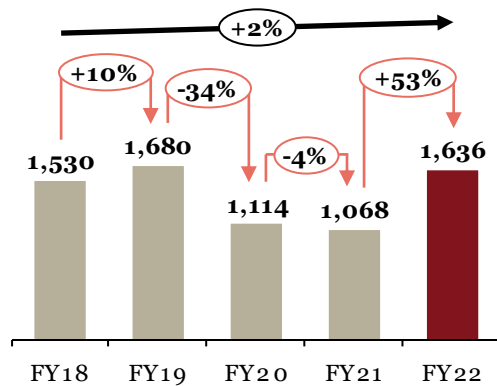


## Suspension segment (13 companies)

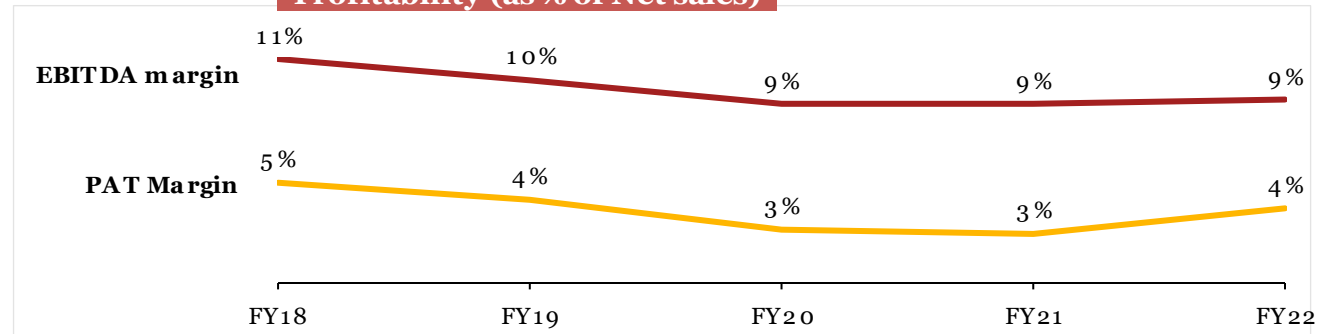
Net Sales (in INR cr.)



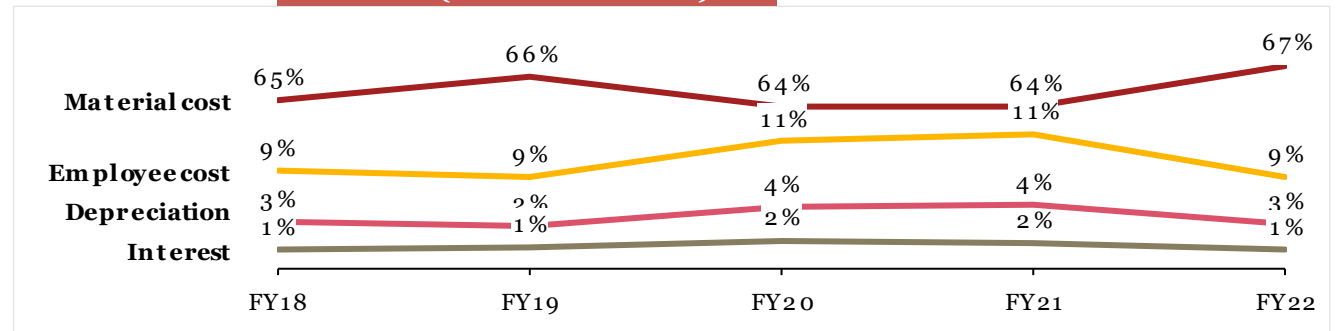
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

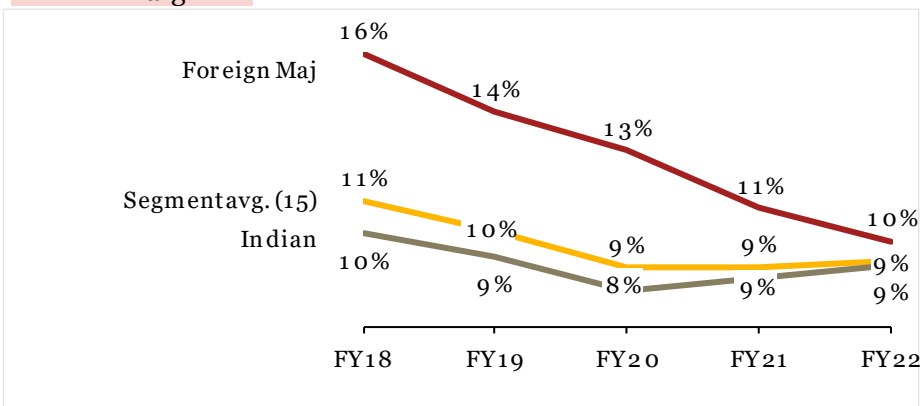


- The rolling out of stringent safety norms, along with shift in consumer preferences towards safer vehicles, has led to a sharp rise in sales of compact & lightweight suspension systems
- EBITDA margin declined by 1% – sharp increase in steel (raw material) costs
- EBITDA rose by 41% – rise in material costs offset by fall in employee & depreciation costs

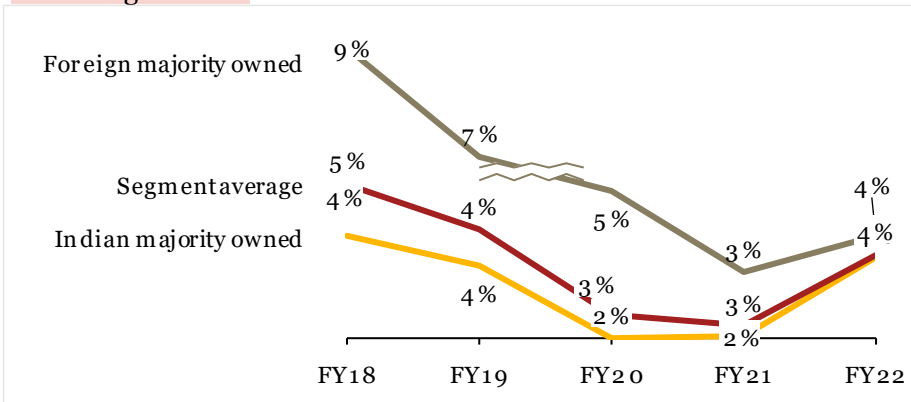
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

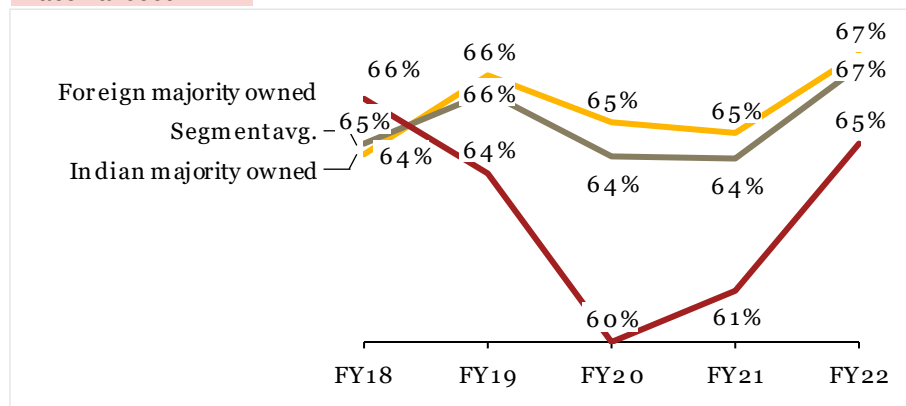


#### PAT Margin

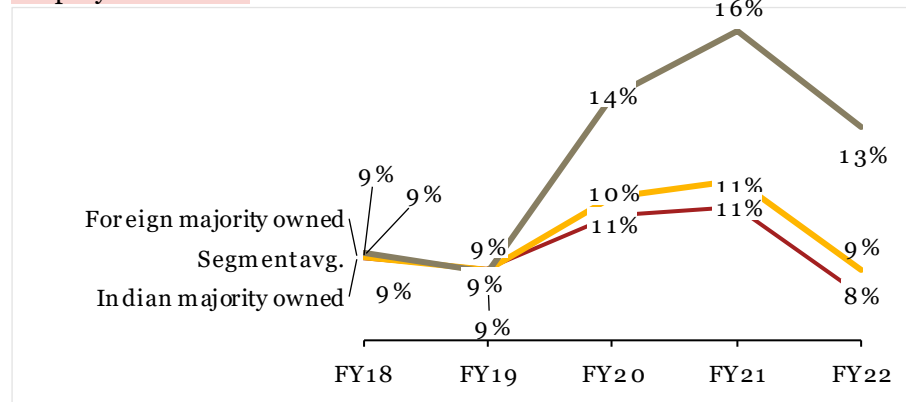


### Costs (as % of Net sales)

#### Material cost

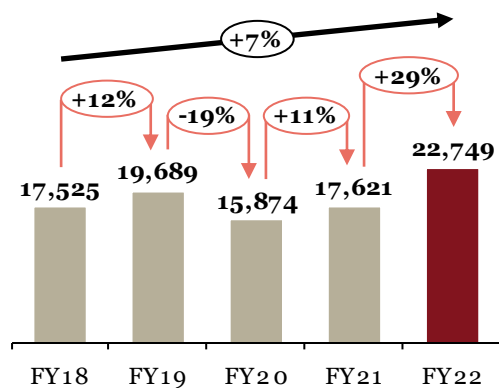


#### Employee cost

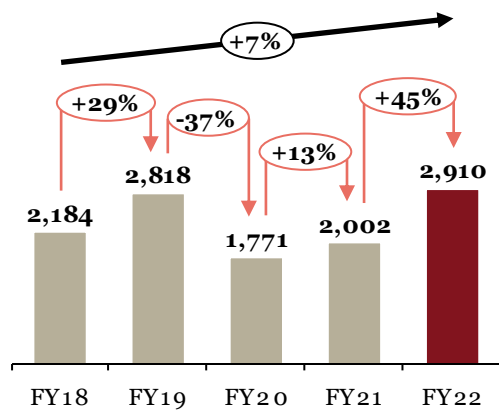


## Engine segment (22 companies)

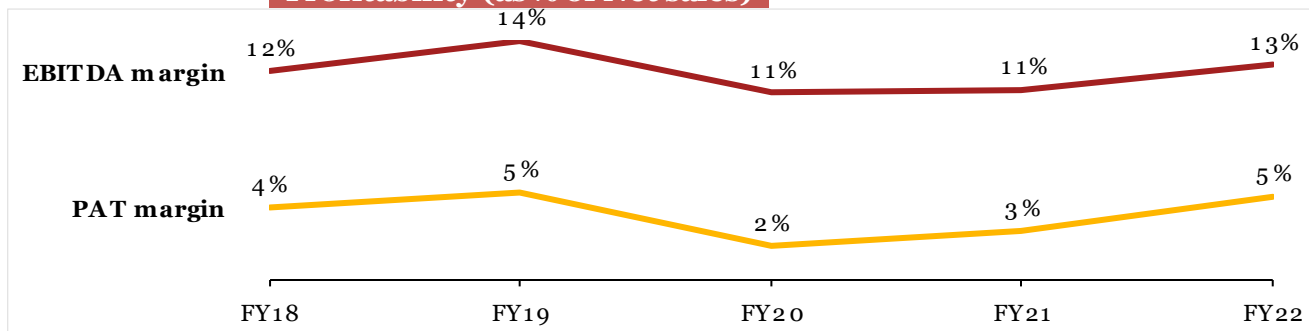
Net Sales (in INR cr.)



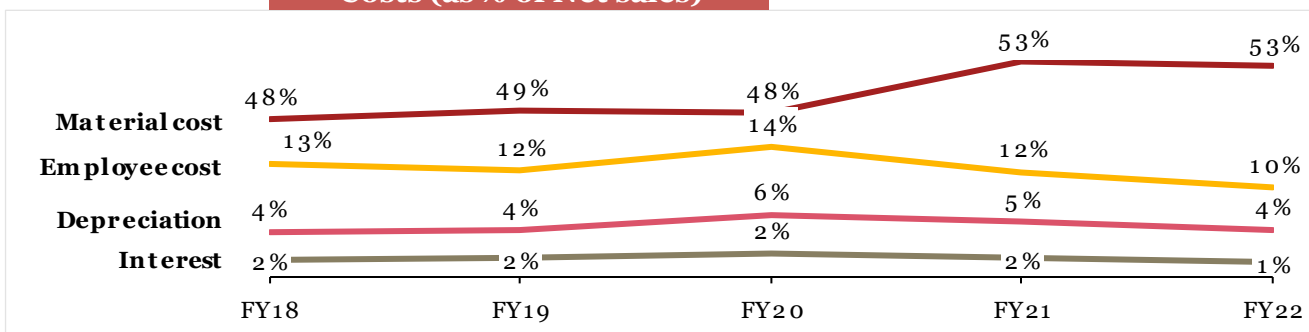
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

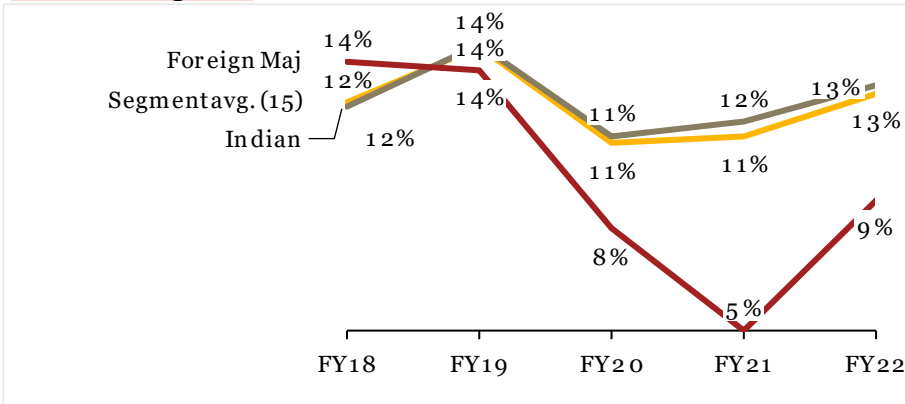


- The emergence of new technologies (such as VDEs, hybrids, etc.), along with the rise in demand for improved emission control systems, has led to an 29% increase in net sales
- The rise in demand is driven by the growth of the logistics & last-mile delivery sector
- EBITDA and PAT margins rose due to a fall in interest, depreciation and healthcare expenses

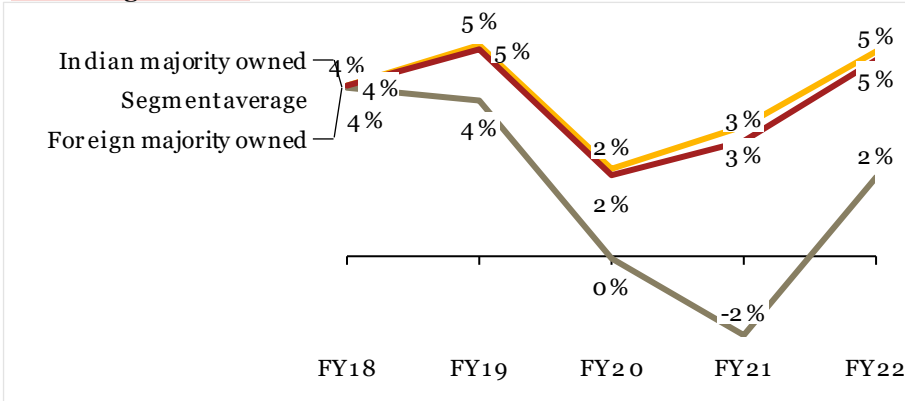
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

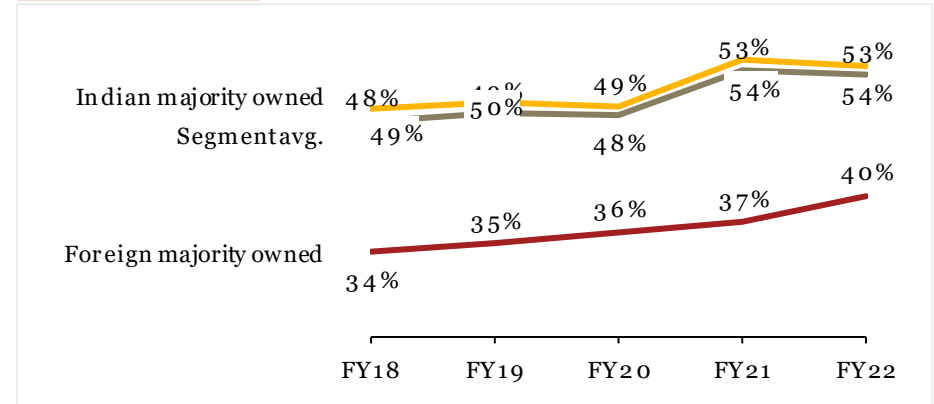


#### PAT Margin

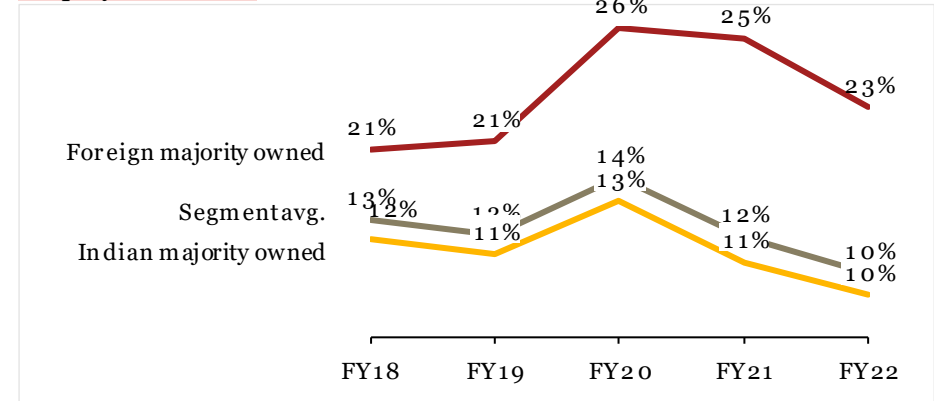


### Costs (as % of Net sales)

#### Material cost

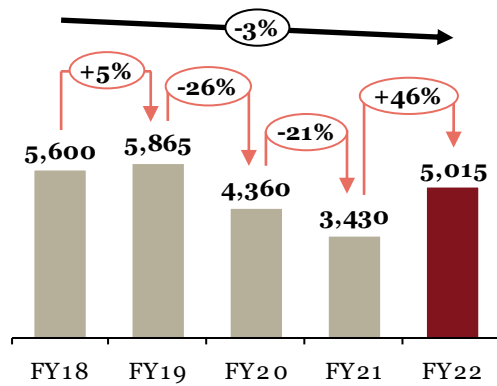


#### Employee cost

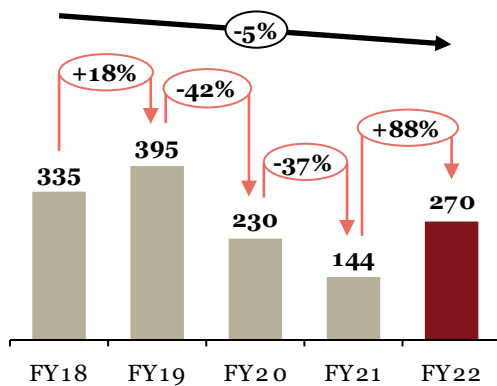


## Body and chassis segment (8 companies)

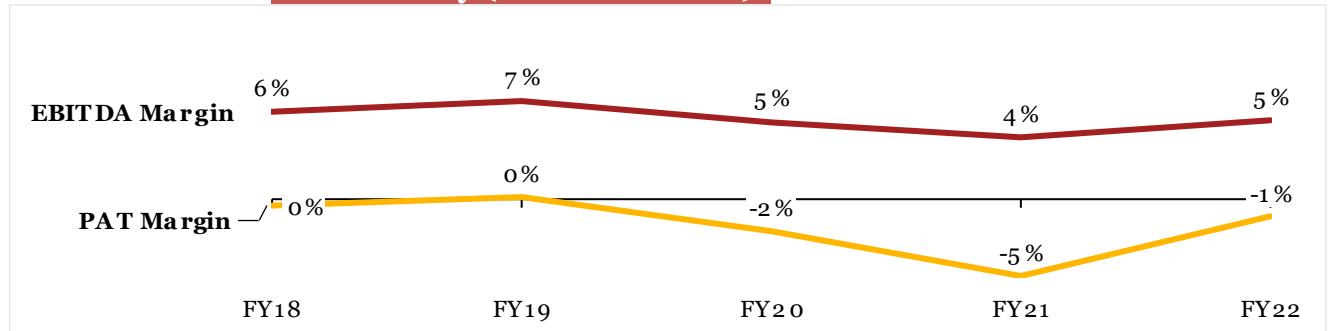
Net Sales (in INR cr.)



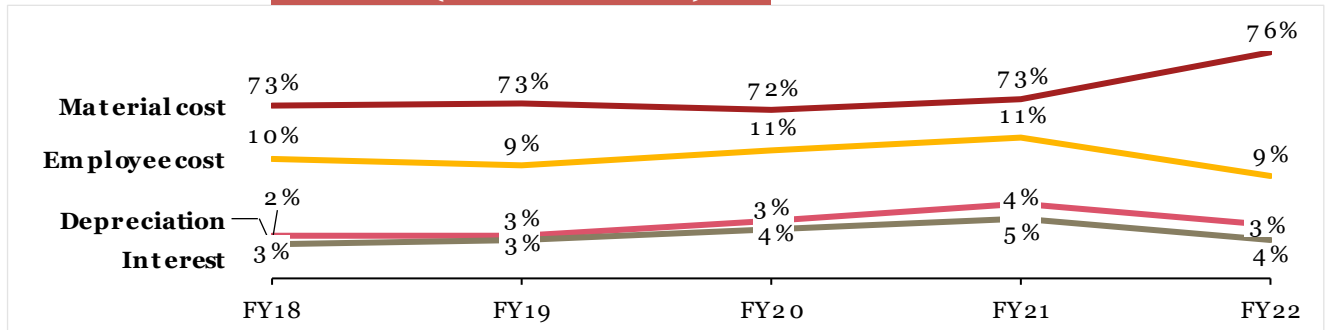
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



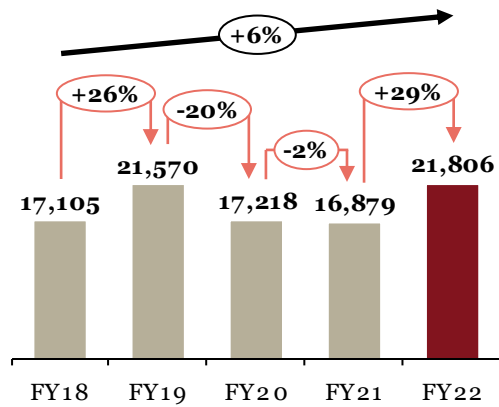
- Rising demand for fuel-efficient and low emission vehicles has been a driving force in the rise in demand for lightweight composite material chassis, and the growth in net sales
- PAT margin & EBITDA rose sharply, as a gradual return to normalcy led to lower depreciation and healthcare expenditures, along with a fall in interest payments

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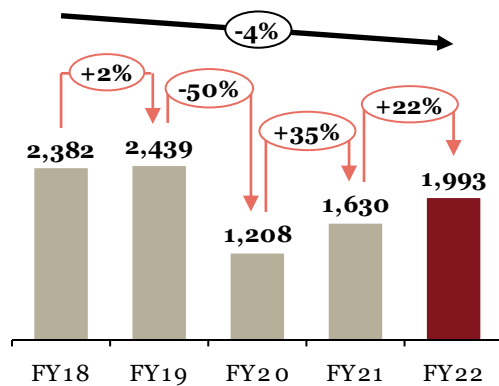


## Electrical and Electronics segment (10 companies)

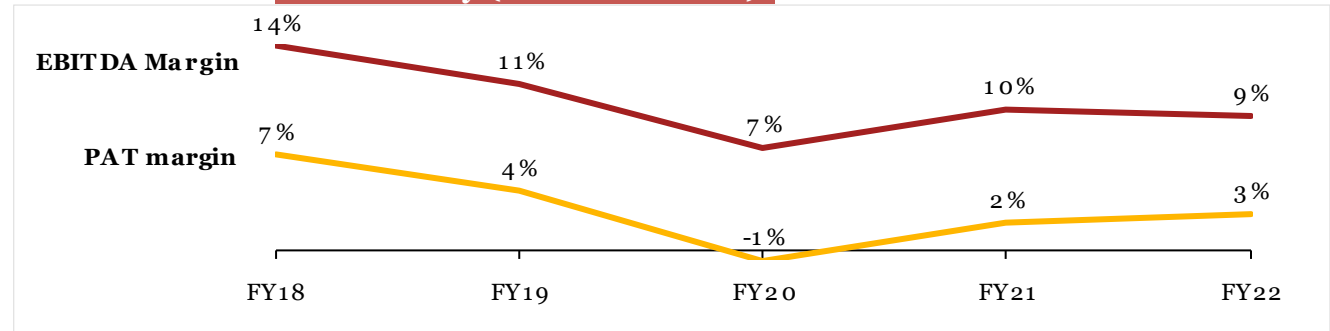
**Net Sales (in INR cr.)**



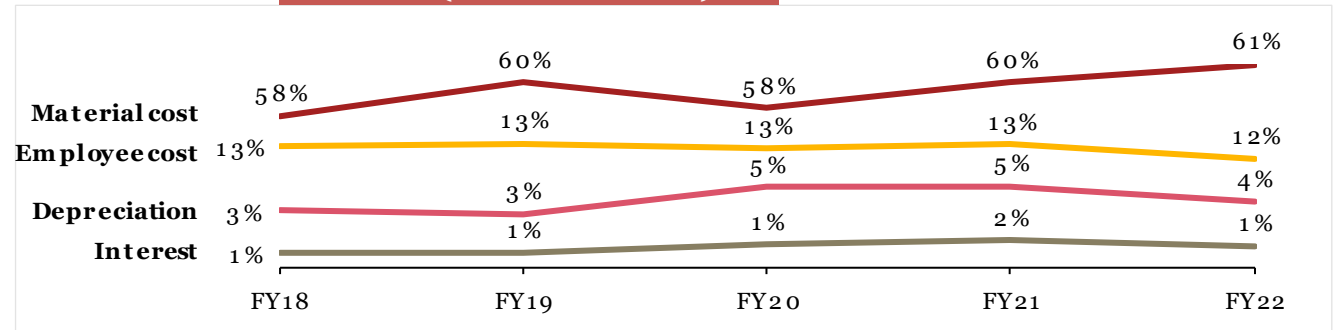
**EBITDA (in INR cr.)**



**Profitability (as % of Net sales)**



**Costs (as % of Net sales)**

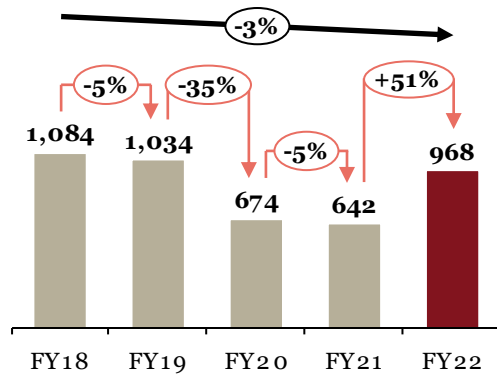


- The rise in sales can be largely attributed towards two factors – increasing electrification of cars, and a shift in consumer preferences towards high-end premium segment cars (more features)
- PAT margin and EBITDA increased due to an overall fall in input costs

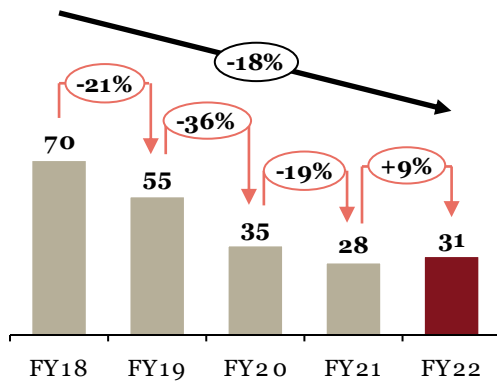
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## Interior segment (2 companies)

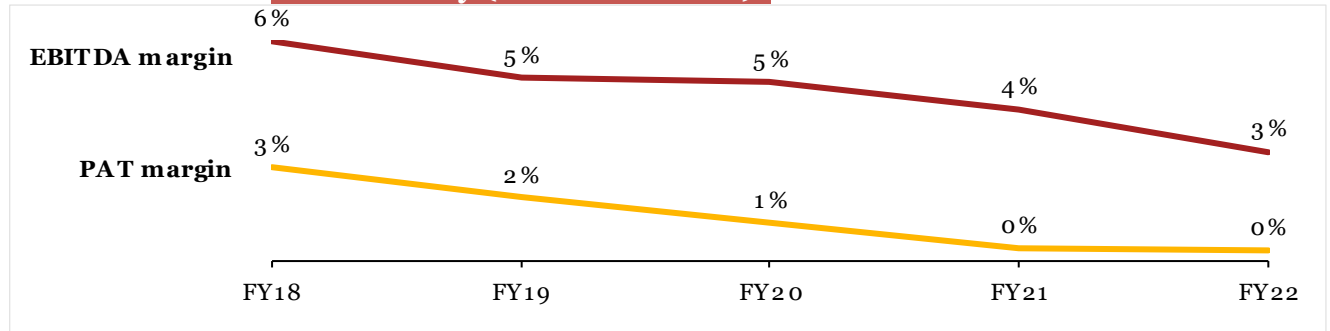
**Net Sales (in INR cr.)**



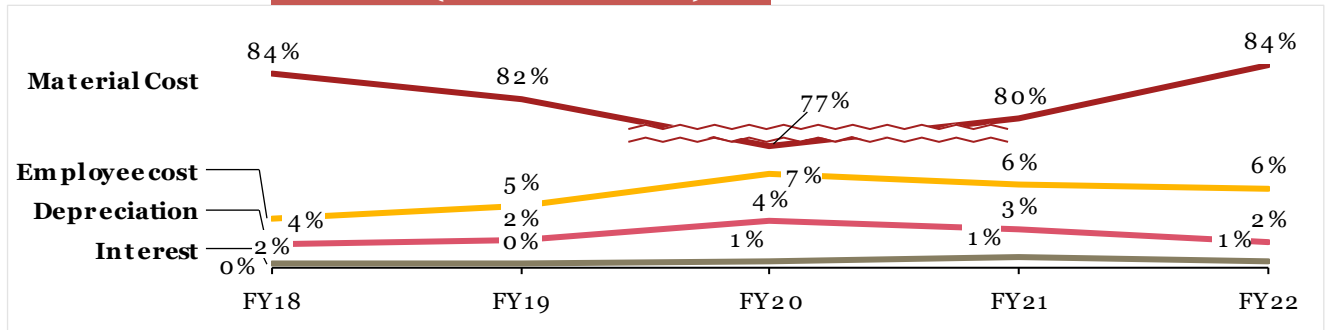
**EBITDA (in INR cr.)**



**Profitability (as % of Net sales)**



**Costs (as % of Net sales)**



- Introduction of government regulations for safety, carbon emission and lightweight vehicles, coupled with shift in consumer preferences towards high-end premium segment vehicles, has increased the demand for lightweight and advanced materials and led to a sharp rise in sales
- EBITDA margin declined owing to a sharp rise in material costs

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PwC contacts for ACMA Knowledge Partnership

- Kavan Mukhtyar, Partner & Leader-Automotive, PwC India – [kavan.mukhtyar@pwc.com](mailto:kavan.mukhtyar@pwc.com) / +912261198735
- Akhilesh Oberoi, ACMA Knowledge Partnership Manager – [akhilesh.oberoi@pwc.com](mailto:akhilesh.oberoi@pwc.com) / +911244620724