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# *ACMA- Financial Analysis*

## *Q1 FY-21*

*Strictly private  
and confidential*

*November 2020*



**pwc**

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From this Contents page – click on the title of the section or sub-section

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

# *List of Companies*

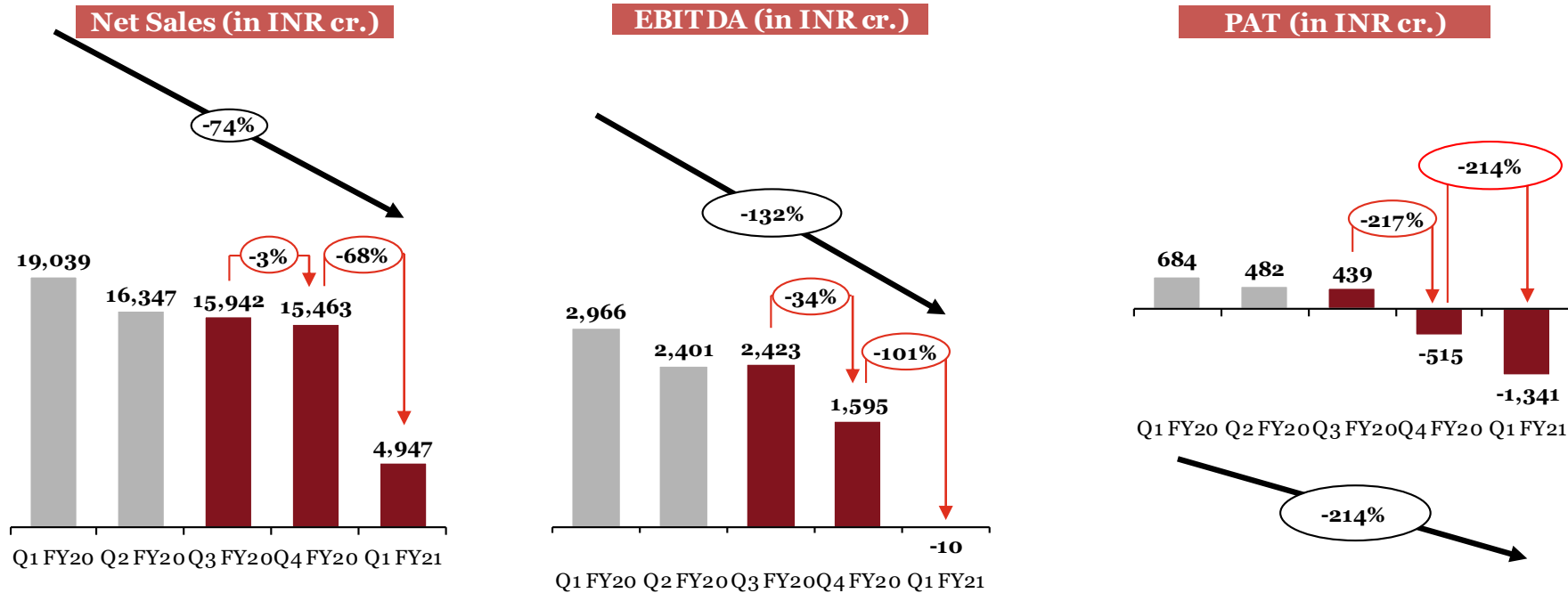
## Classification of 71 Auto component companies

Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	7	27	10	27
Segment based classification				
Segment	#companies	List of companies		
<b>Transmission</b>	<b>14</b>	Automotive Axles, Bharat Gears, Endurance Tech., JMT Auto, JTEKT India, LG Balakrishnan, RACL Geartech, Rane (Madras), Remsons Inds., 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>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>	Autolite (I), 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>3</b>	Bharat Seats, Harita Seating		
<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*

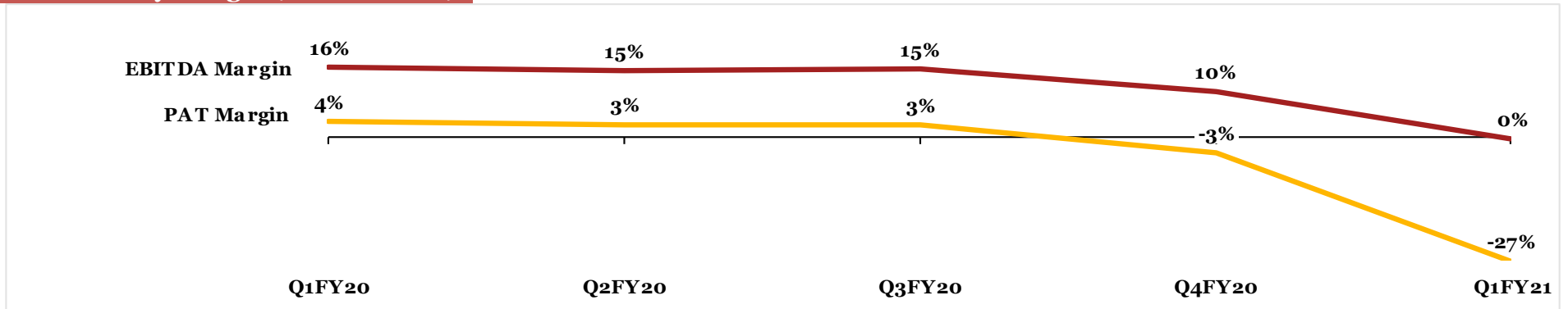
## Aggregate financial analysis (71 in-scope companies)



- This quarter includes the COVID-19 induced national lockdown, which caused a shutdown of most retail and manufacturing for the majority of April and May
- Shutdown of manufacturing meant large declines in Net Sales, while continued fixed costs meant the industry saw large losses in Q1 FY 21

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

### Profitability margin (% of net sales)



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

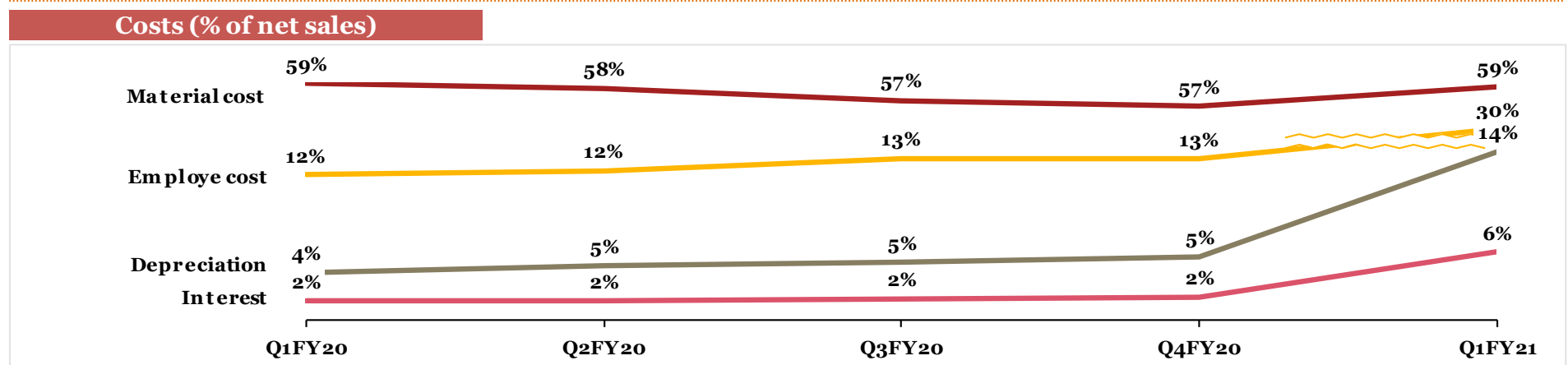
Range	Q1 FY 21 Number of companies	Q1 FY 21 Number of companies
Less than 0%	0	28
0-10%	10	12
10-20%	43	13
more than 20%	18	18

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

Range	Q1 FY 21 Number of companies	Q1 FY 21 Number of companies
less than 0%	17	65
0-5%	38	4
5-10%	14	2
more than 10%	2	0

- Negative EBITDA margins can be attributed to high continued fix costs during the period of the shutdown
- The negative PAT margin was a pre-existing trend from Q4 FY 20 and was exacerbated by the pandemic

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



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

Range	Q1 FY 21 #companies	Q1 FY 21 #companies
20-50%	27	25
50-70%	35	35
more than 70%	9	11

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

Range	Q1 FY 21 #companies	Q1 FY 21 #companies
0-10%	22	12
10-20%	45	49
more than 20%	4	10

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

Range	Q1 FY 21 #companies	Q1 FY 21 #companies
0-2%	38	24
2-5%	16	16
more than 5%	16	31

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

Range	Q1 FY 21 #companies	Q1 FY 21 #companies
0-2%	4	0
2-5%	27	5
more than 5%	40	66

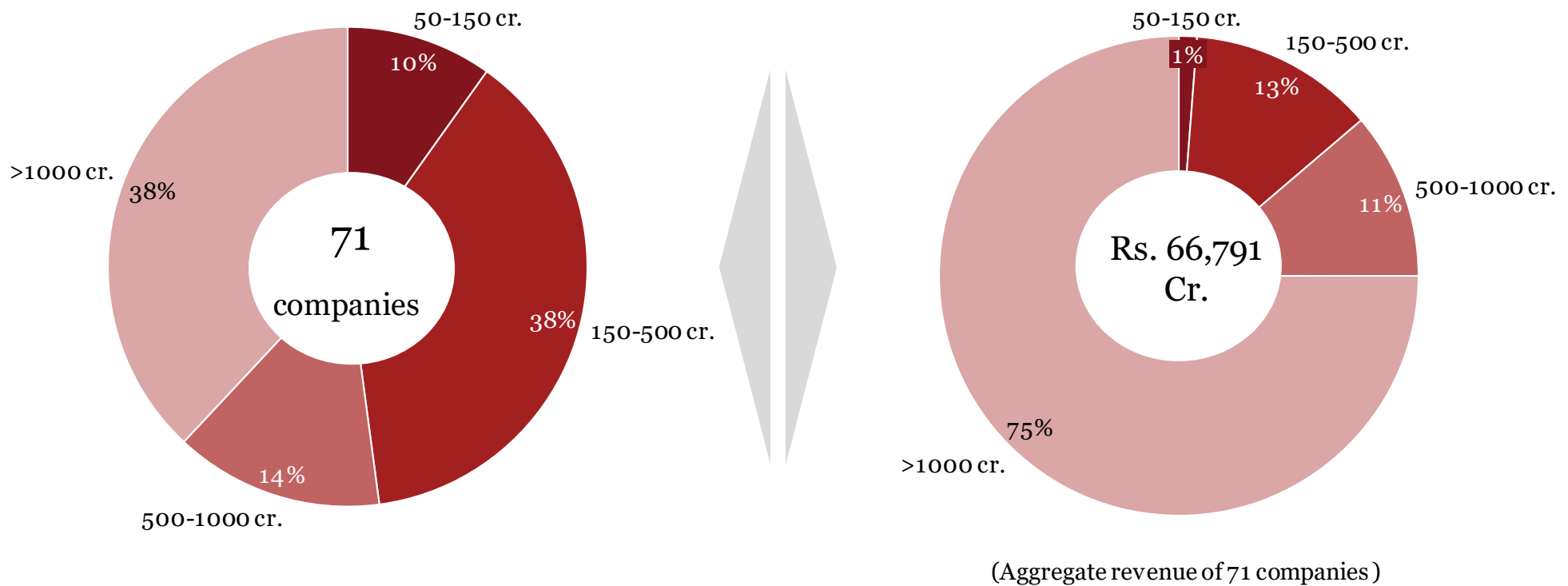
- Increase in costs across the board is a reflection of lower net sales, even as numerous firms put in place temporary cost-cutting measures such as salary cuts
- Companies also received an interest moratorium from the RBI in Q1



# *Size based analysis*

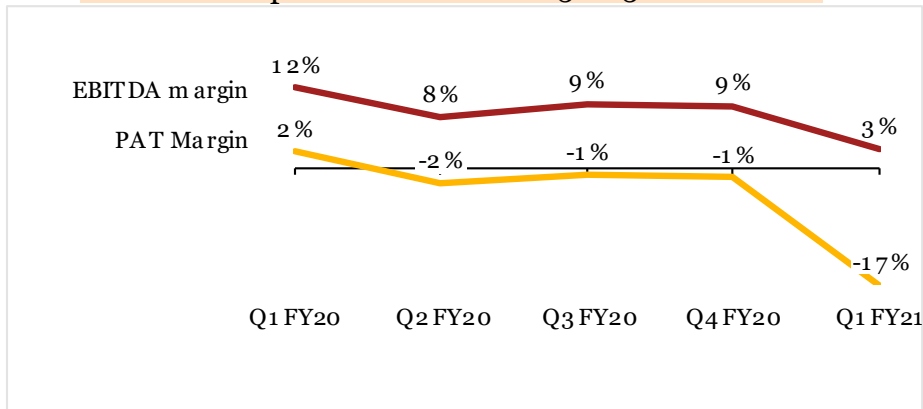
## Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	7	27	10	27

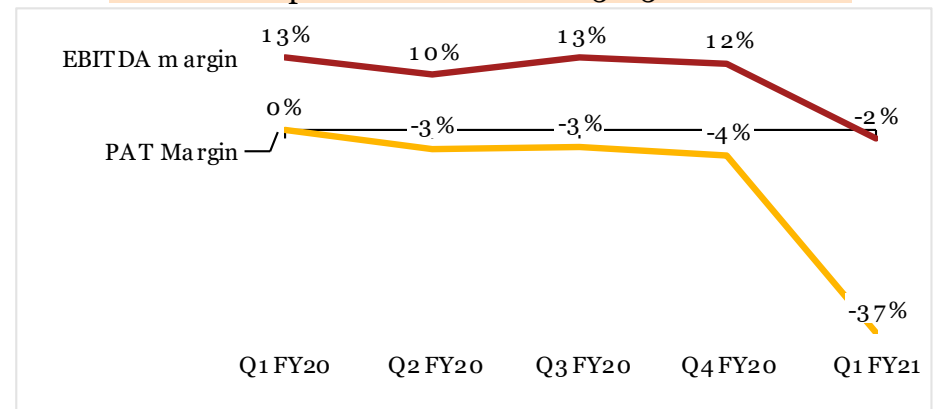


## Trends in profitability (as % of Net sales)

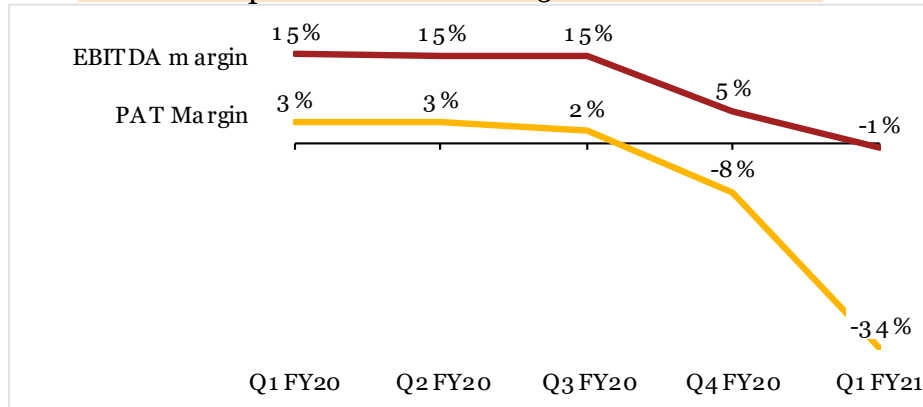
Companies with revenue 50-150 cr.



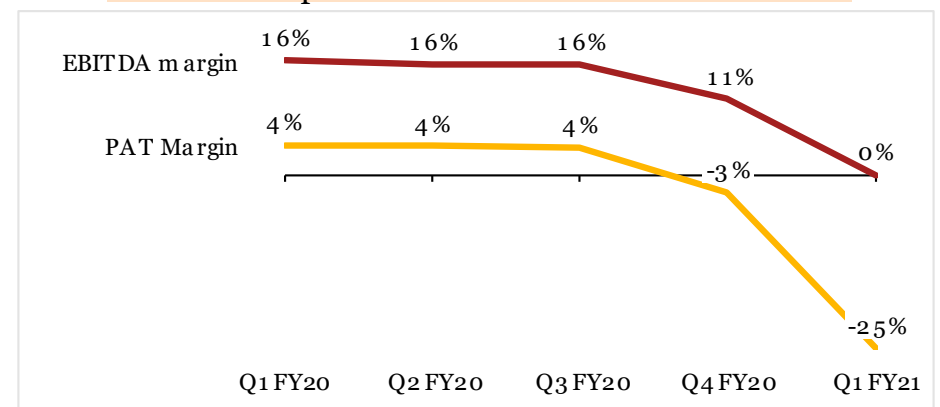
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

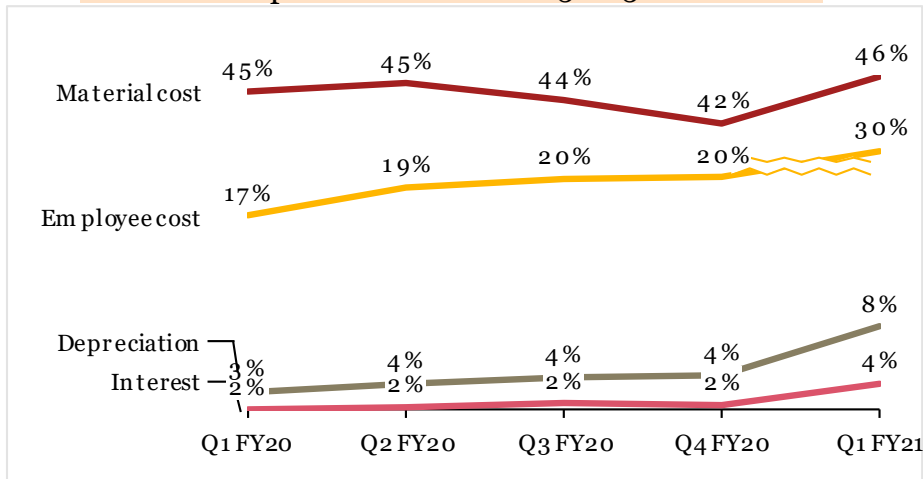


Companies with revenue >1000 cr.

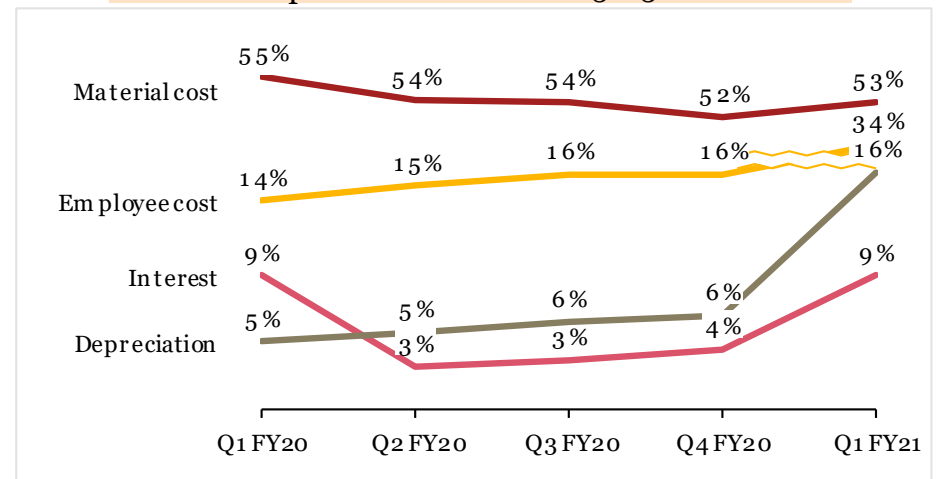


## Trends in costs (as % of Net sales)

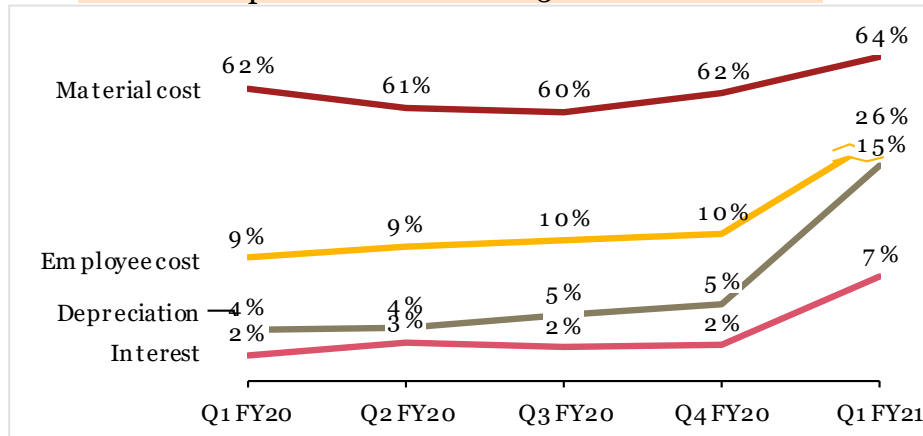
Companies with revenue 50-150 cr.



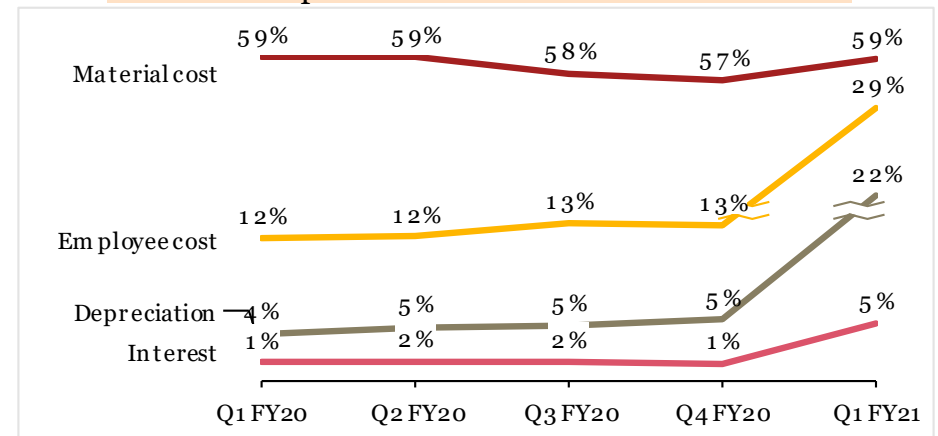
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

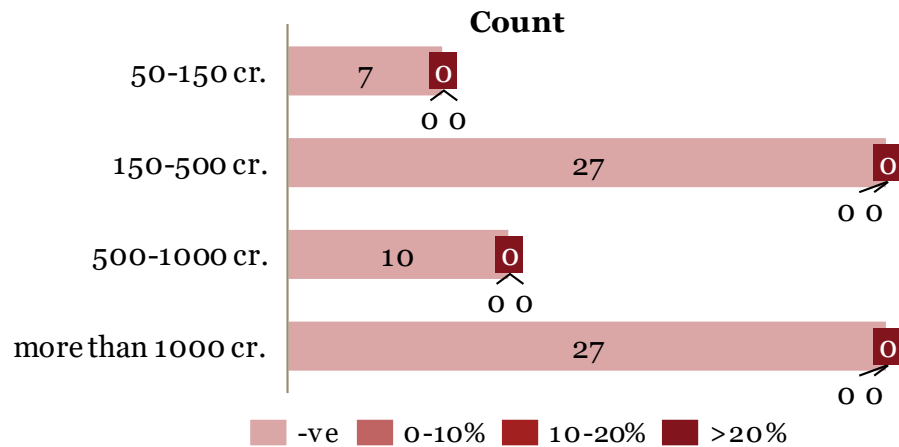


Companies with revenue >1000 cr.

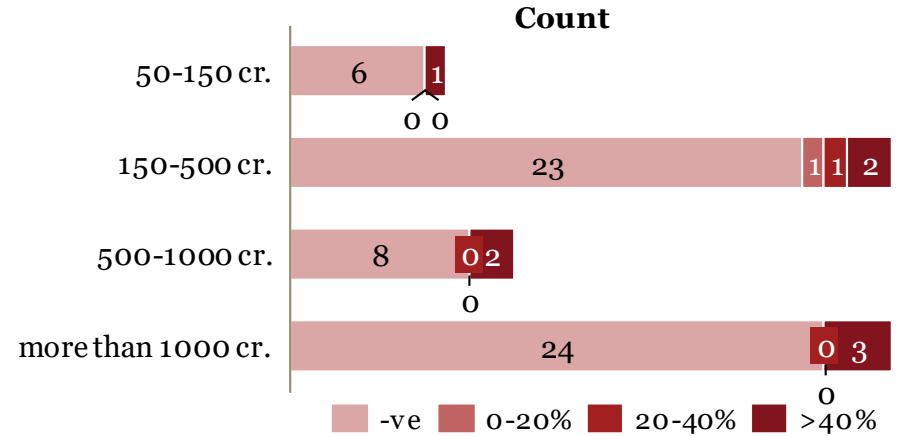


## Count of companies per growth % range : by revenue segment Q1 FY21 vs. Q1 FY20

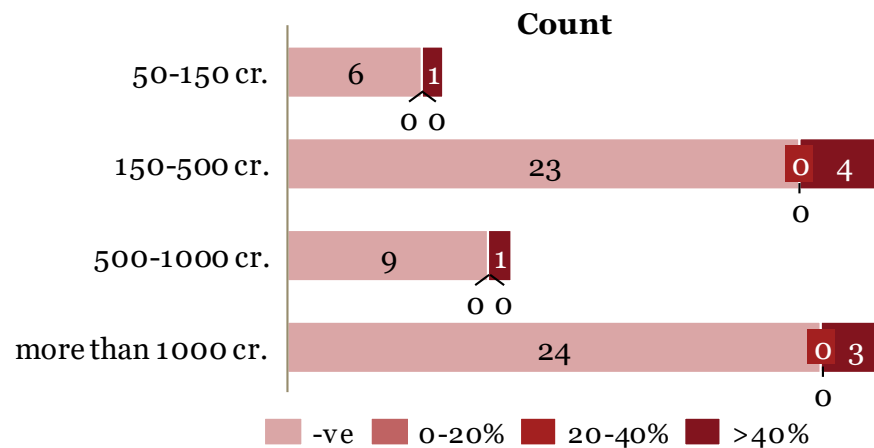
**Count of companies by Y-o-Y Net Sales growth %**



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



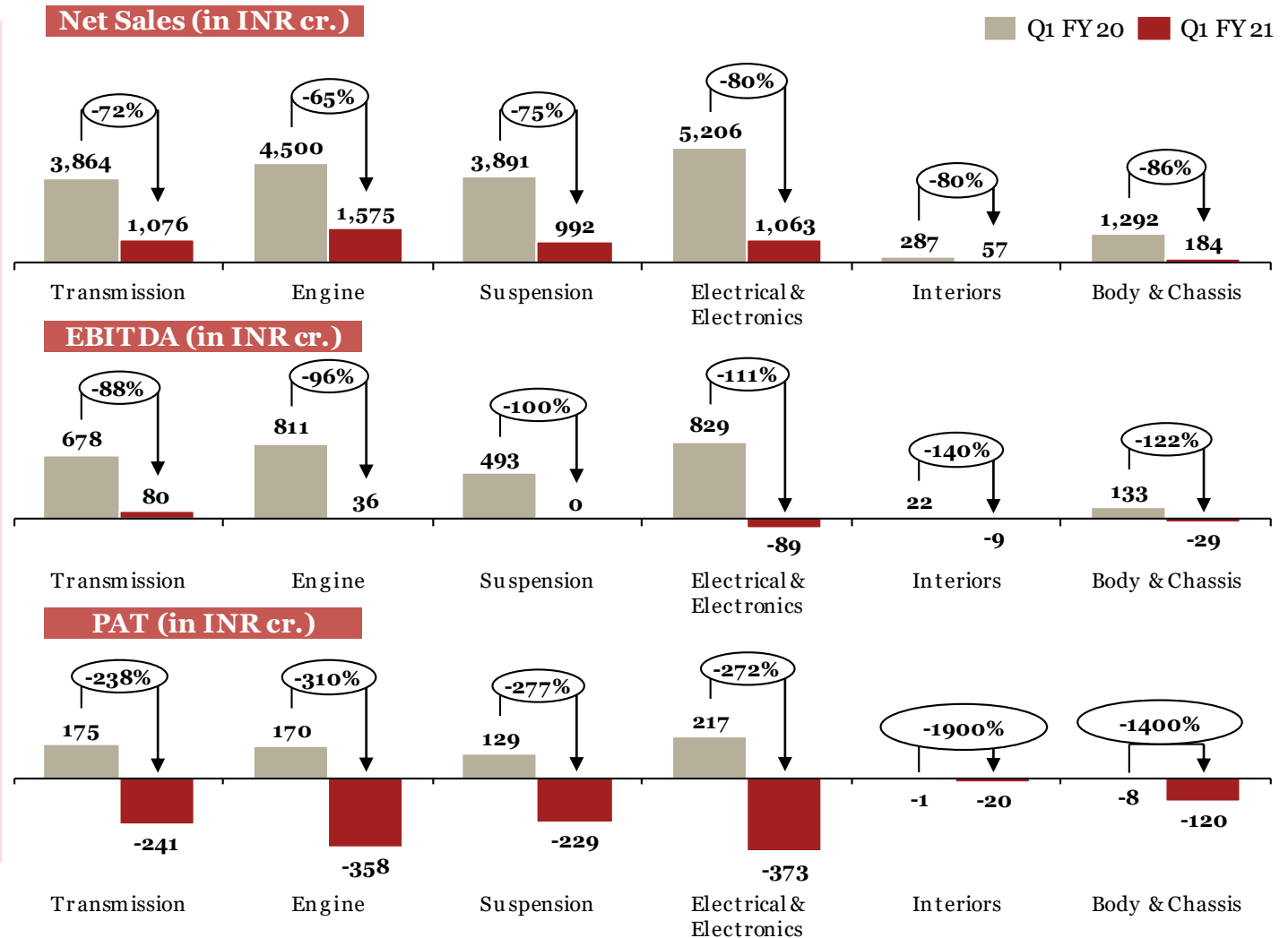
**Count of companies by Y-o-Y EBITDA growth %**



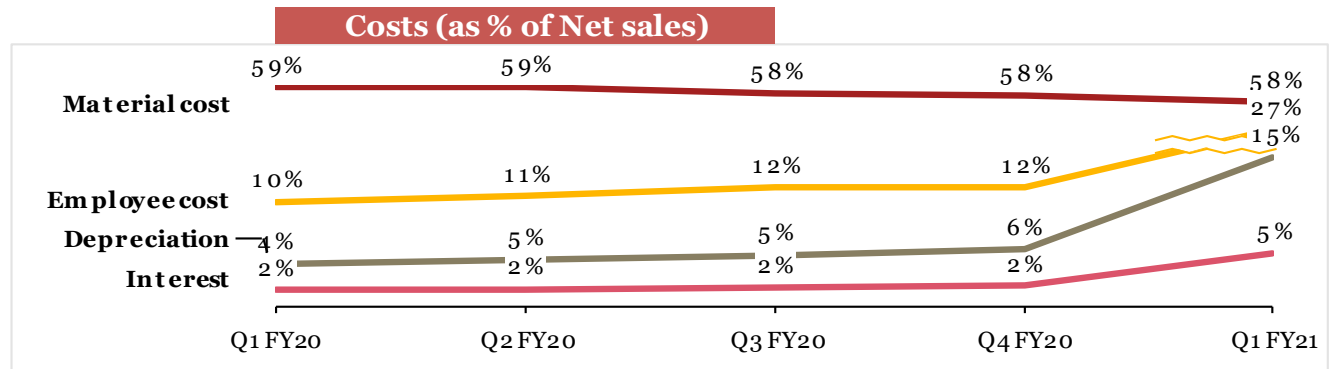
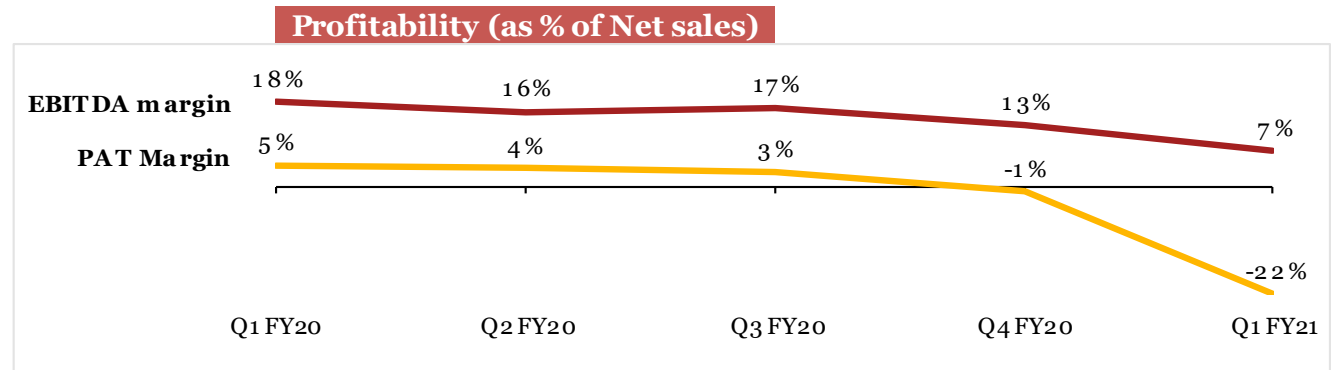
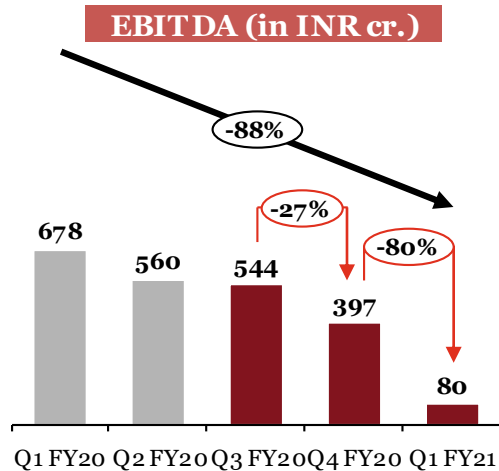
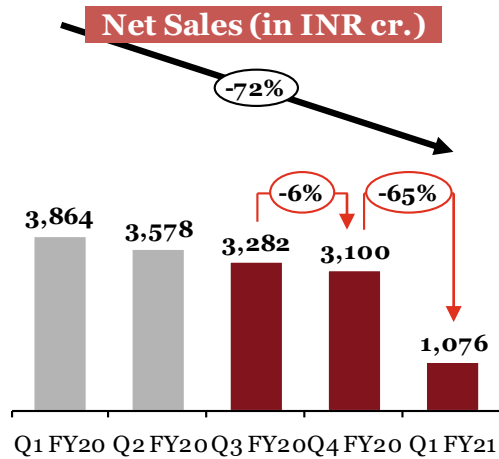
# *Segment analysis*

## Segment-wise analysis of in-scope companies: Q1 FY21 vs. Q1 FY20

Segment	# companies
Transmission	14
Engine	21
Suspension	14
Electrical and Electronics	11
Interior	3
Body and Chassis	8



## Transmission segment (14 companies)



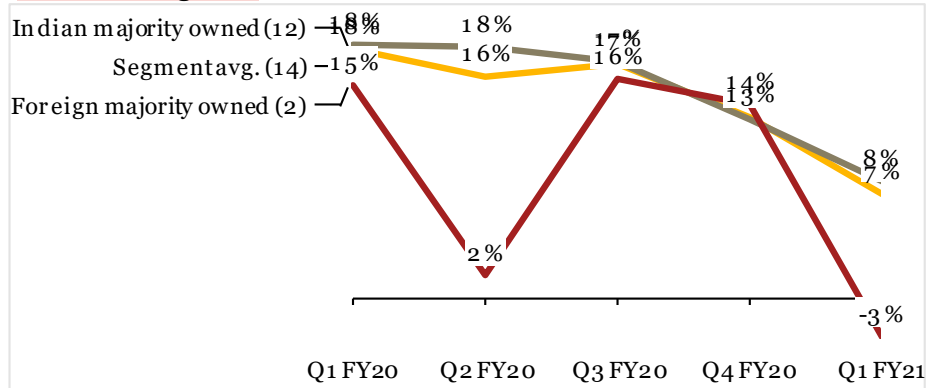
- Halting of all production in April and May due to COVID-19 lockdown influenced lower Net Sales and EBITDA
- Most companies were forced to maintain fixed costs while Net Sales were suspended during lockdown, leading to higher Cost %



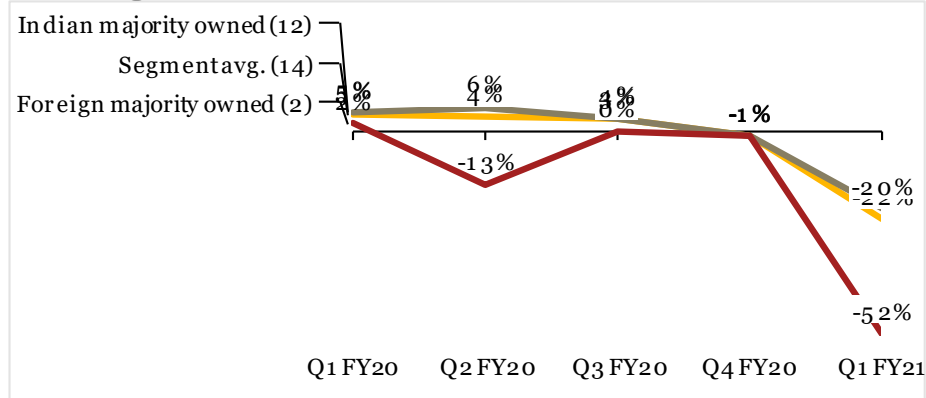
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

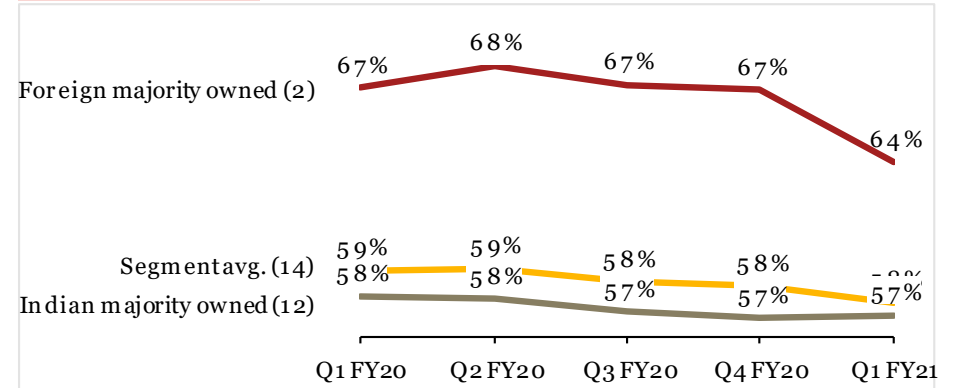


#### PAT Margin

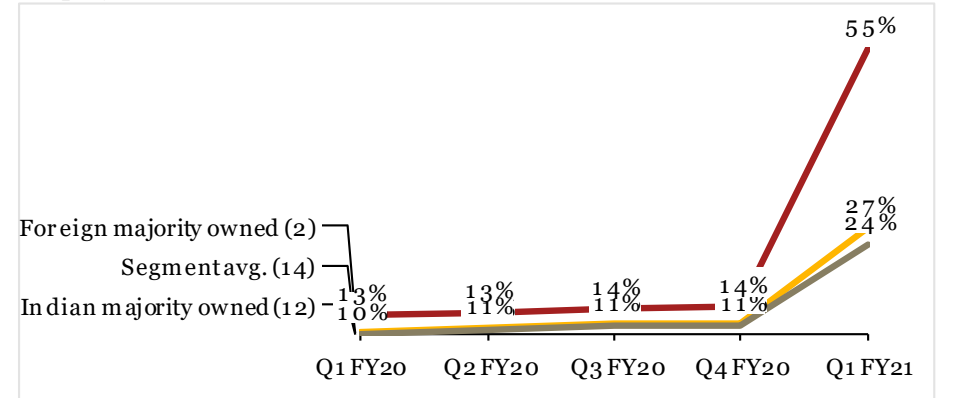


### Costs (as % of Net sales)

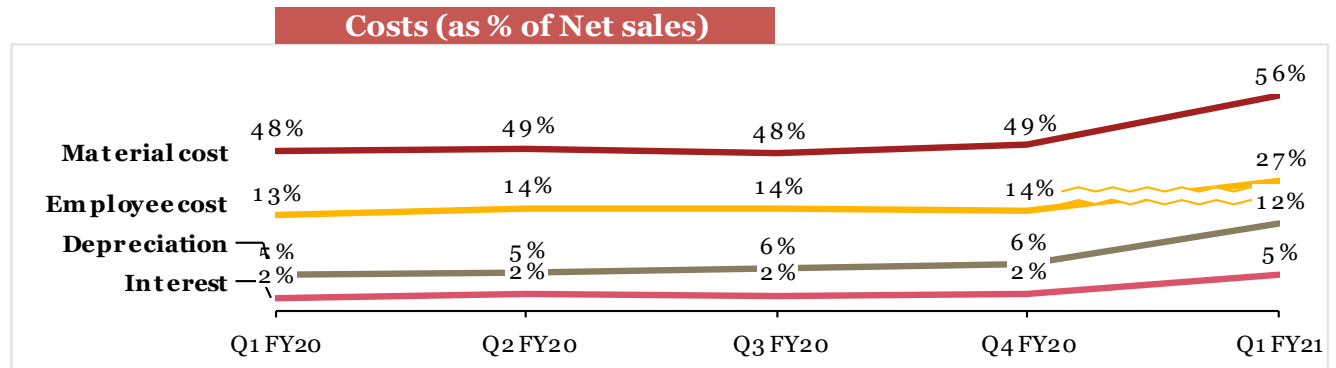
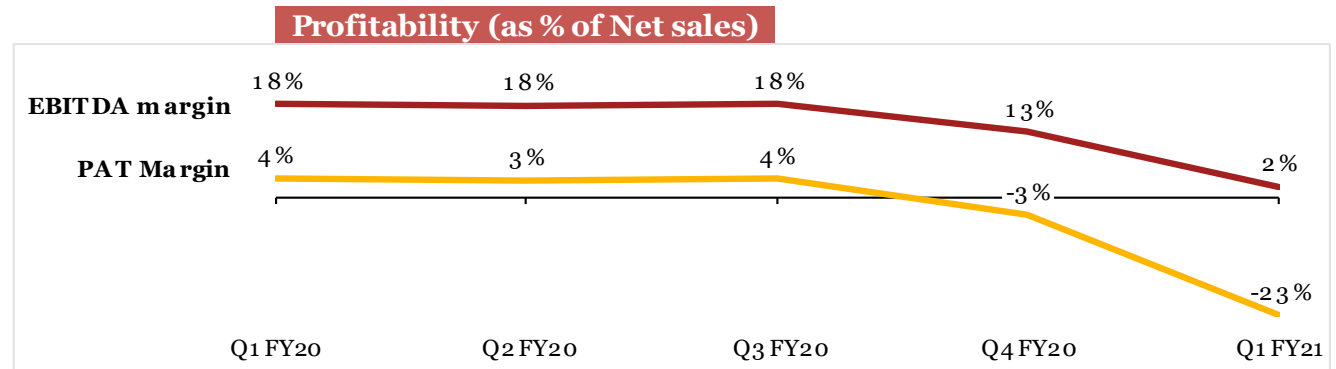
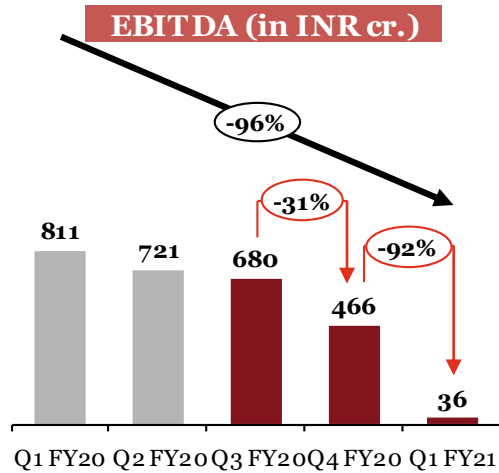
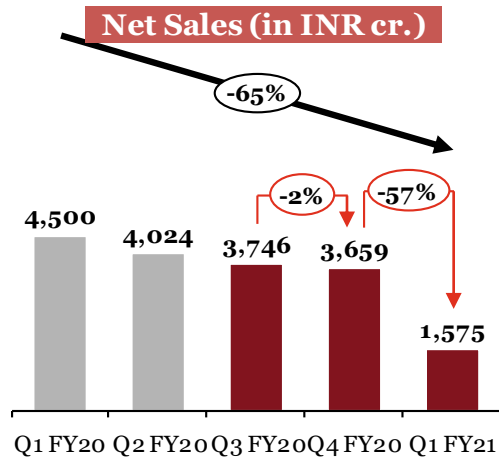
#### Material cost



#### Employee cost



## Engine segment (21 companies)

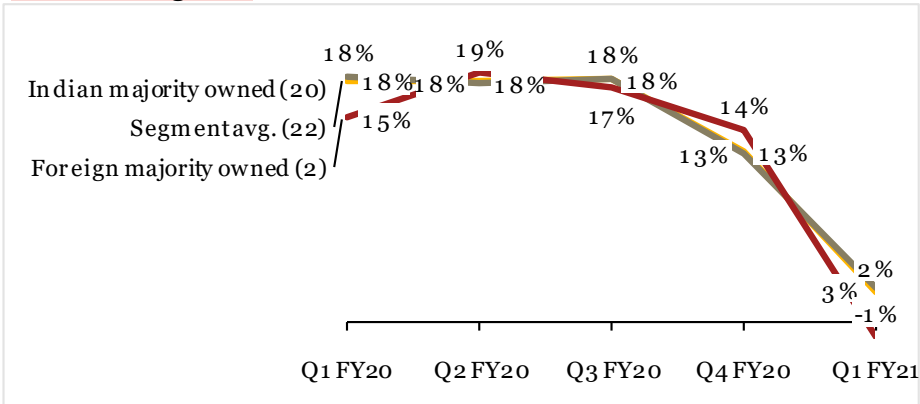


- Engine segment saw large decline in Net Sales, Profitability
- Profit margins hurt by limited opportunity to sell during lockdown

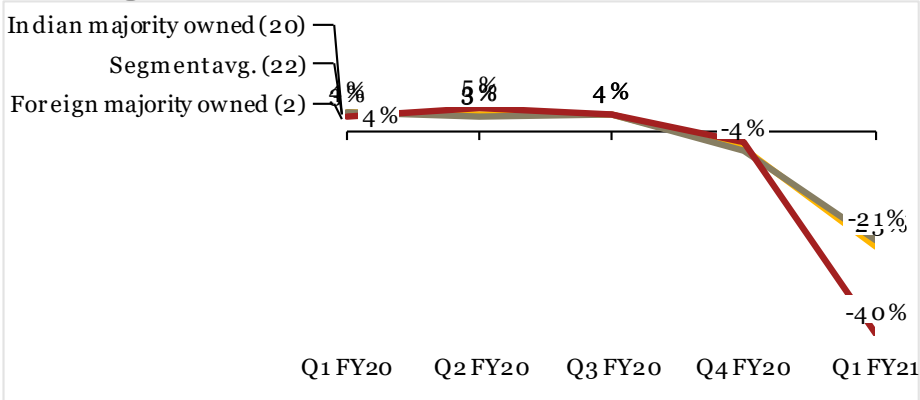
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

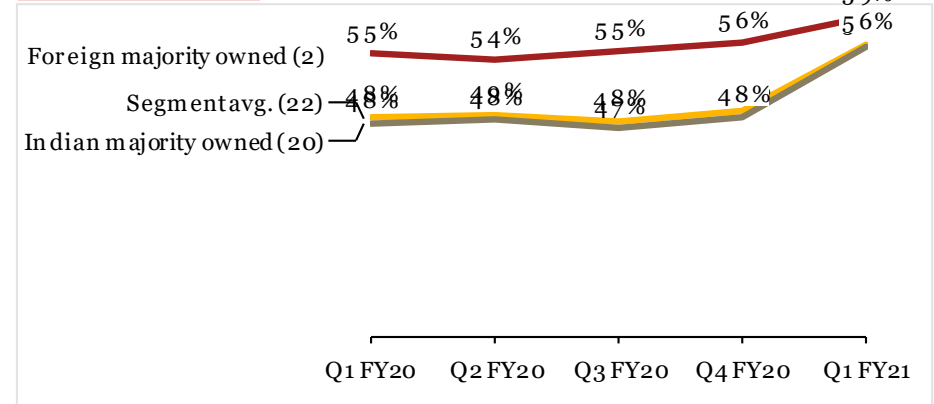


#### PAT Margin

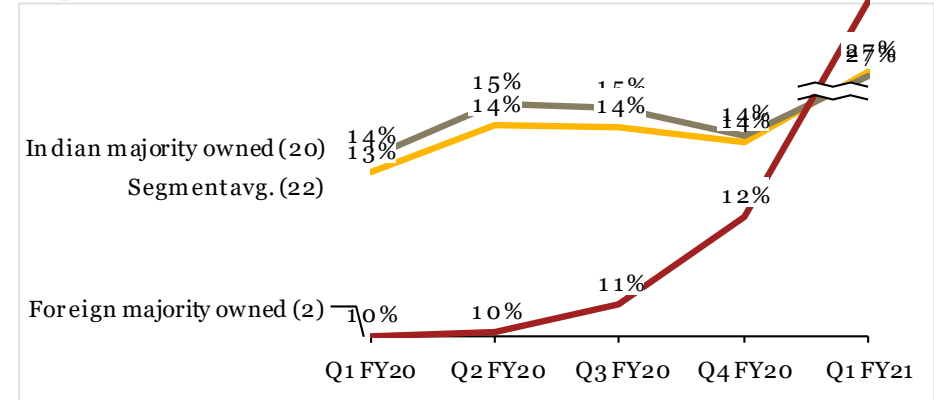


### Costs (as % of Net sales)

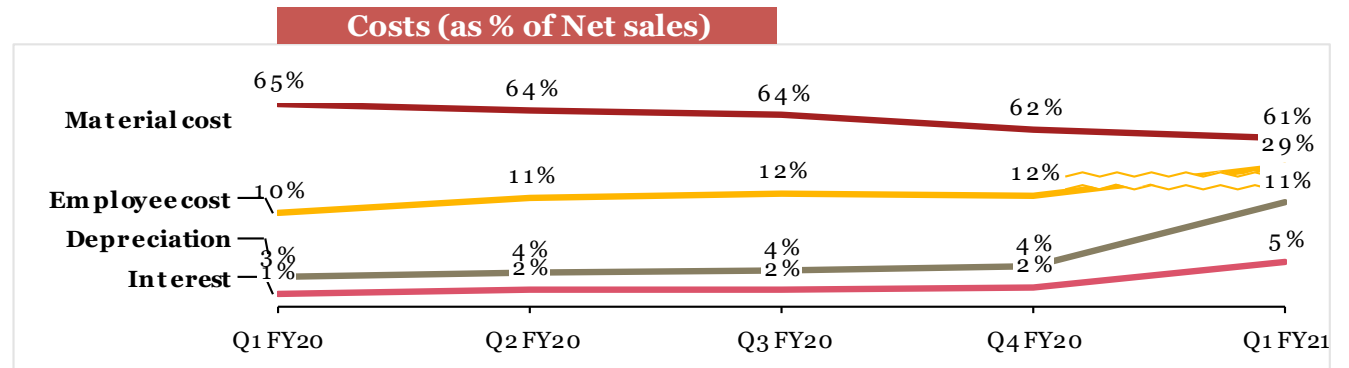
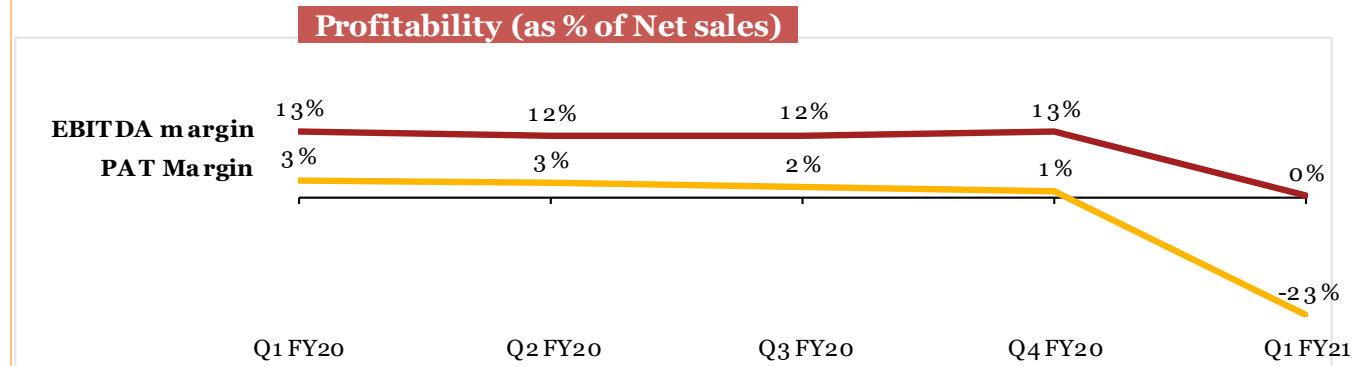
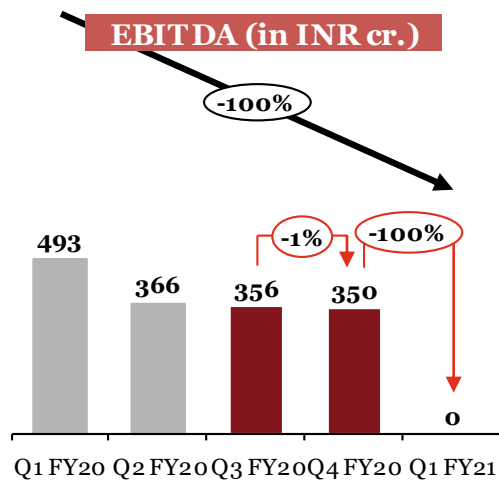
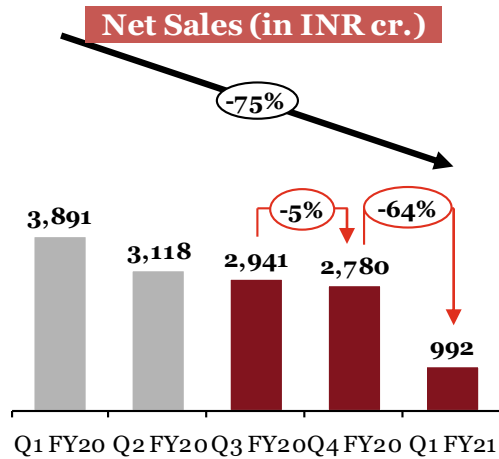
#### Material cost



#### Employee cost



## Suspension segment (14 companies)

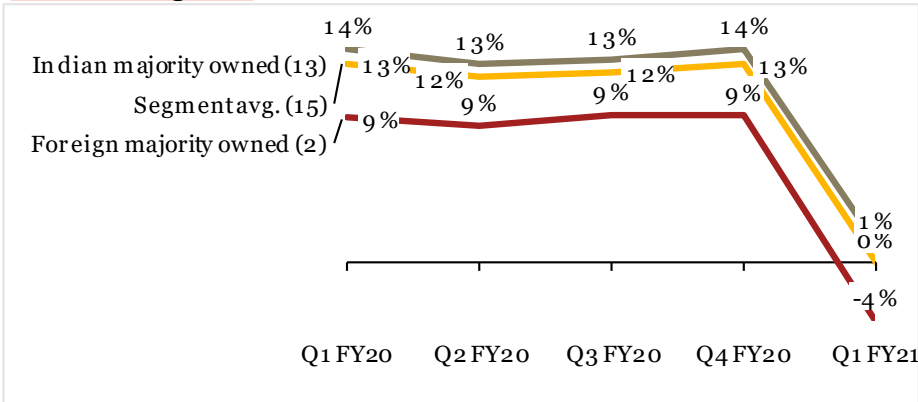


- Suspension segment saw a 64% decline in Net Sales, break-even in terms of EBITDA
- While material costs declined, interest expense rose in Q1 despite RBI loan moratorium

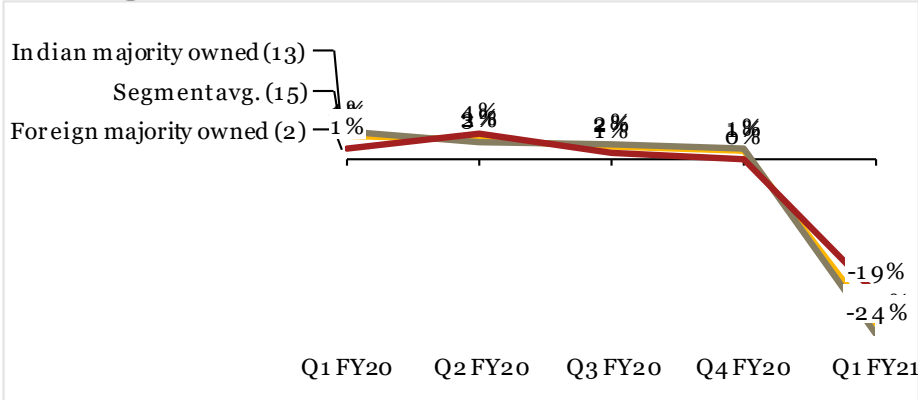
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

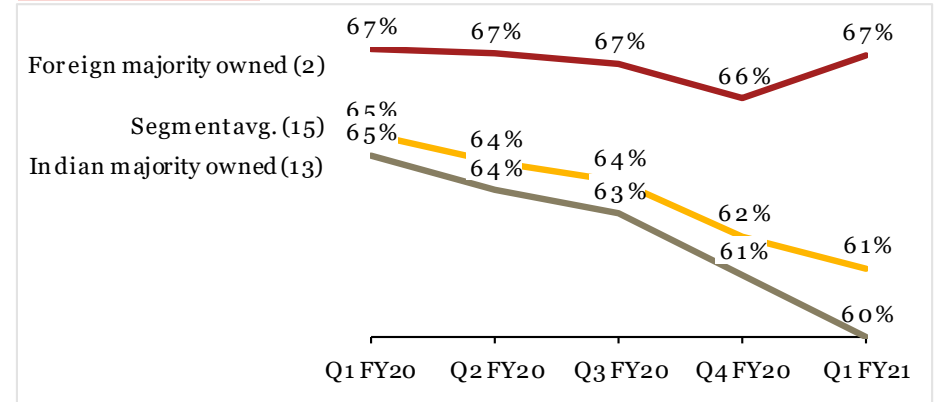


#### PAT Margin

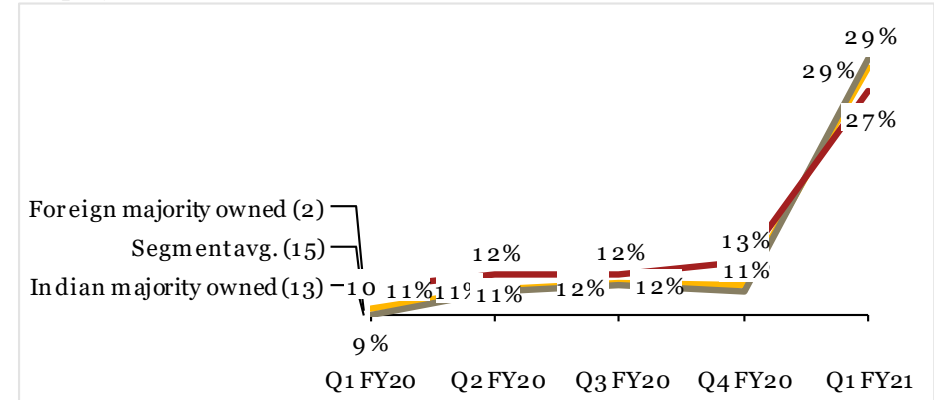


### Costs (as % of Net sales)

#### Material cost

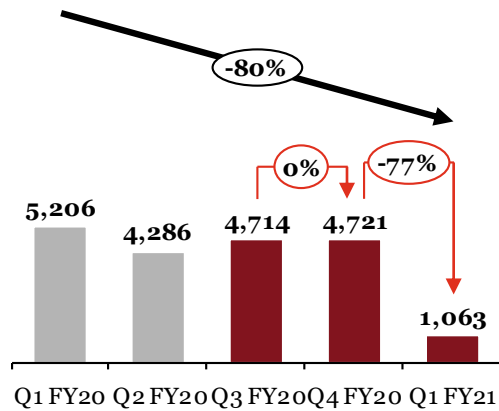


#### Employee cost

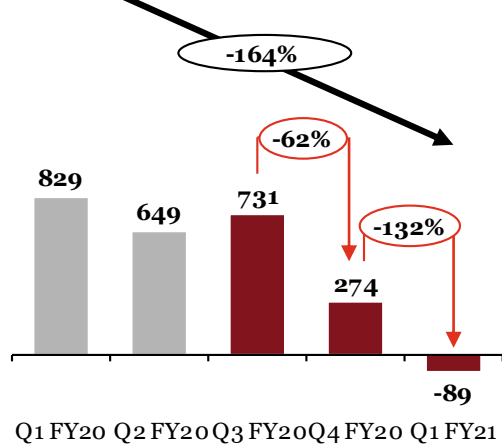


## Electrical and Electronics segment (11 companies)

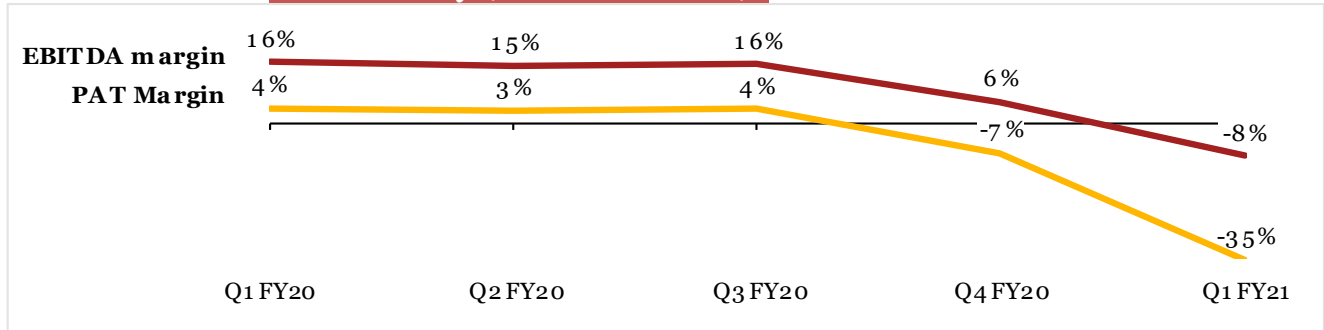
Net Sales (in INR cr.)



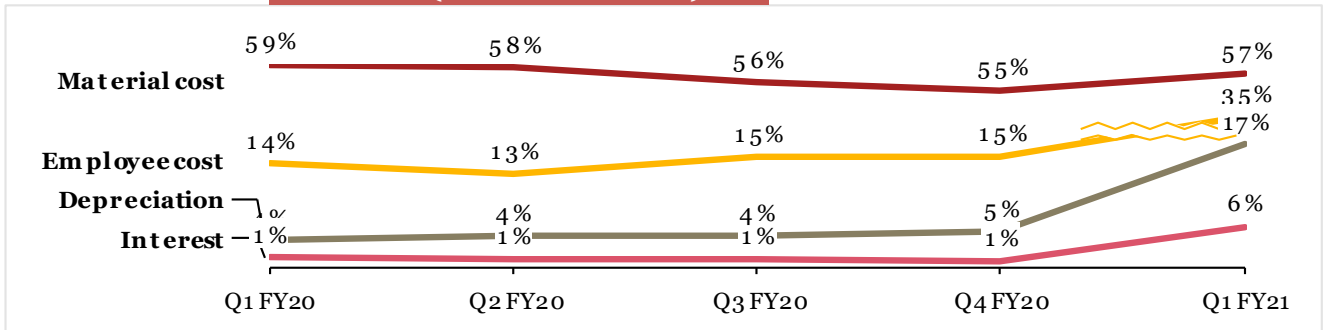
EBITDA (in INR cr.)



Profitability (as % of Net sales)

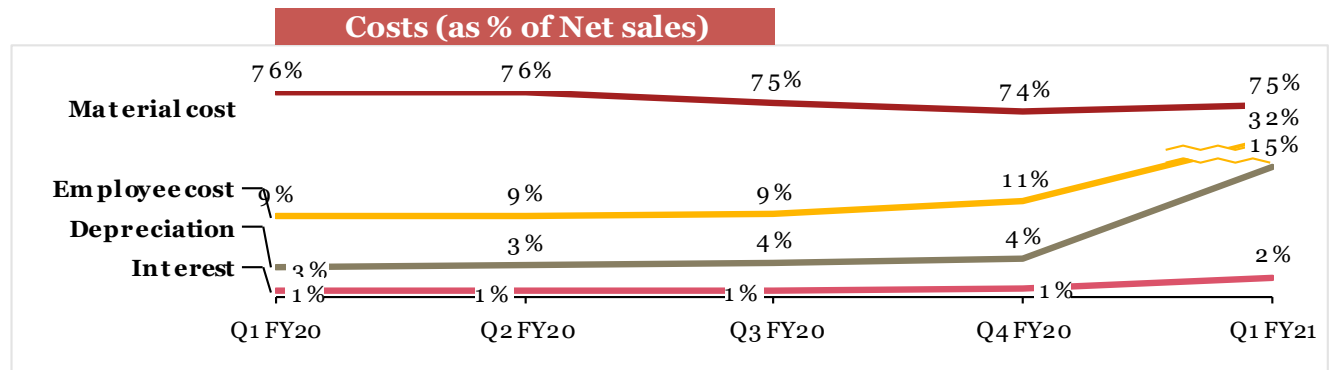
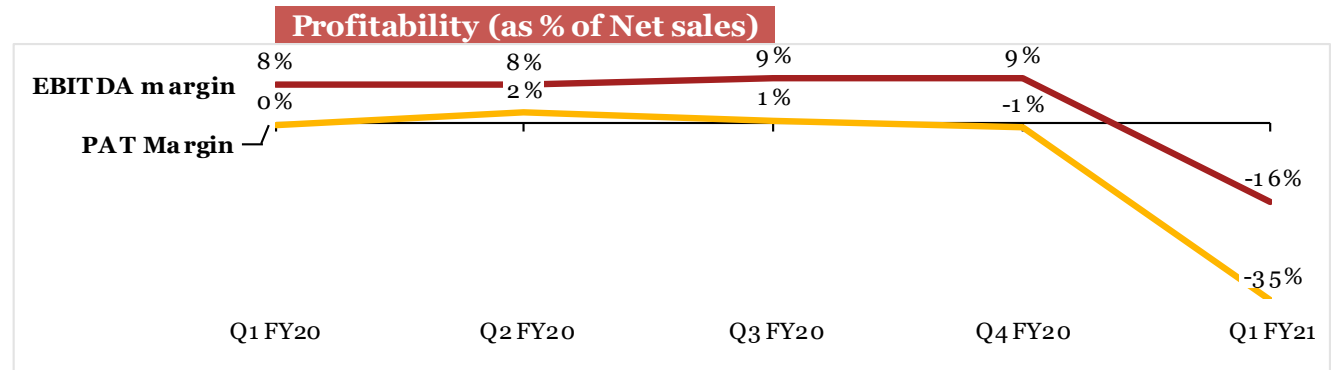
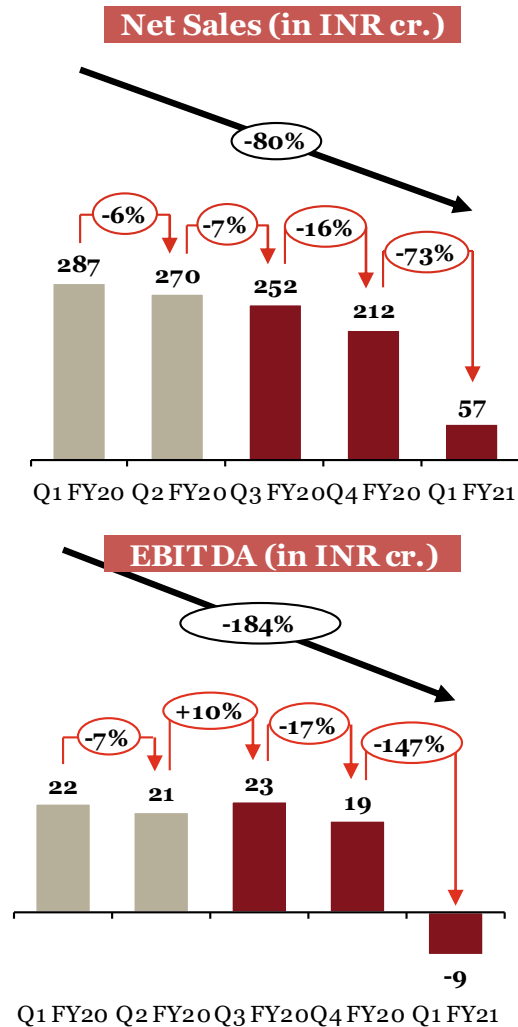


Costs (as % of Net sales)



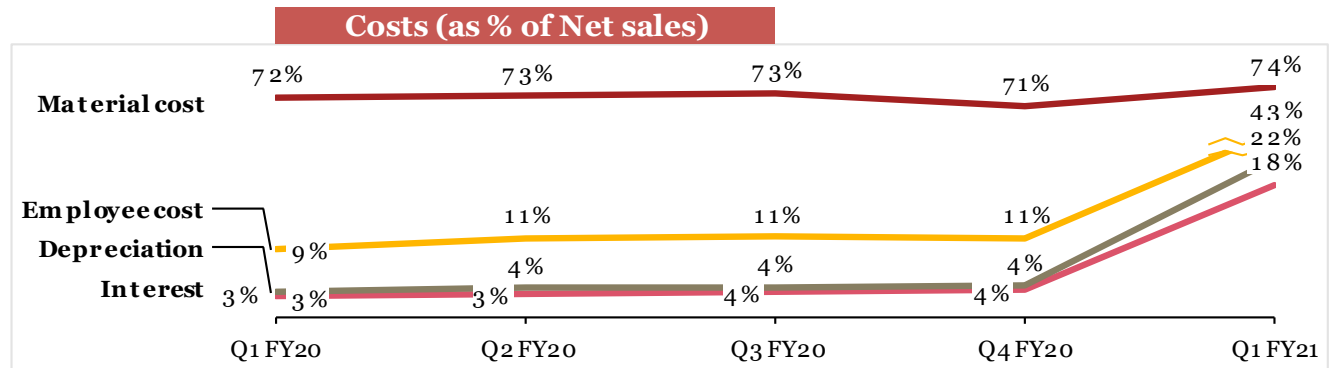
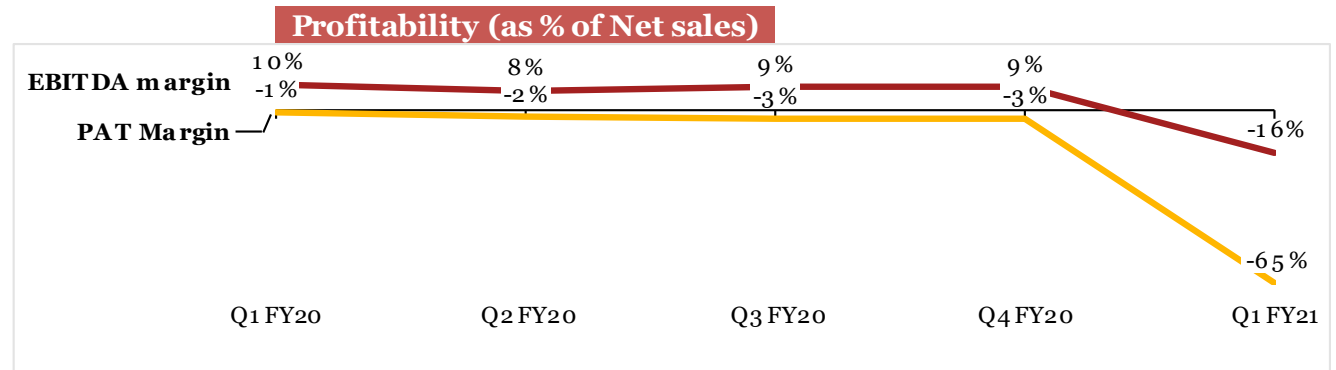
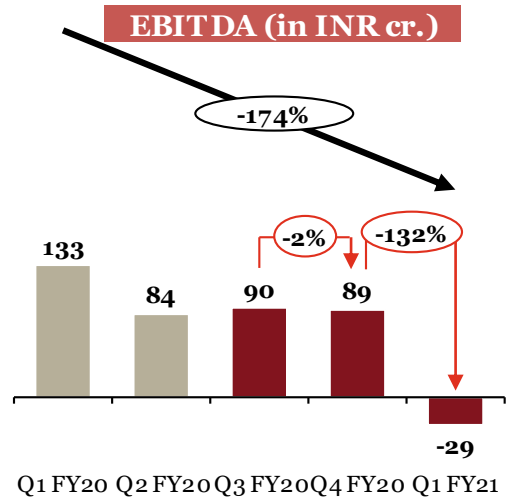
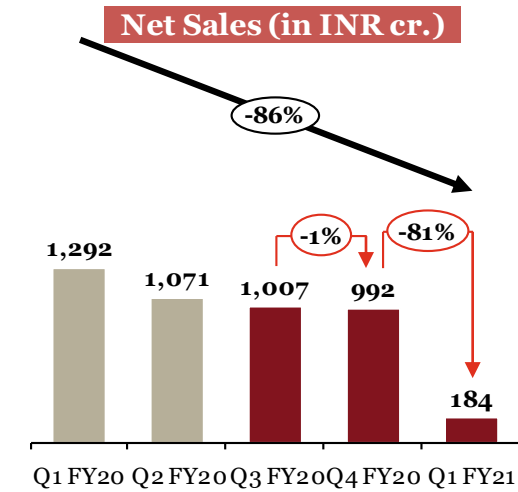
- Electrical and electronics segment likely to benefit in the long term due to the auto industry's movement towards electric mobility
- Electrical segment recorded negative EBITDA in Q1, impacted by lockdowns and high employee and depreciation cost relative to sales

## Interior segment (3 companies)



➤ While material costs remained stable relative to sales, high fixed costs for employees and depreciation led to negative EBITDA during the lockdown quarter.

## Body and chassis segment (8 companies)



- Body and chassis segment saw the biggest dip in EBITDA in Q1 FY 21
- Higher wholesale volumes seen since the unlock are expected to see a jump in sales and other fundamentals in the remaining quarters of FY 21



## 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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