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# *ACMA- Financial Analysis*

## *Q1 FY-24*

*Strictly private  
and confidential*

*December 2023*



**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, Enkei Wheels and Harita Seating not available

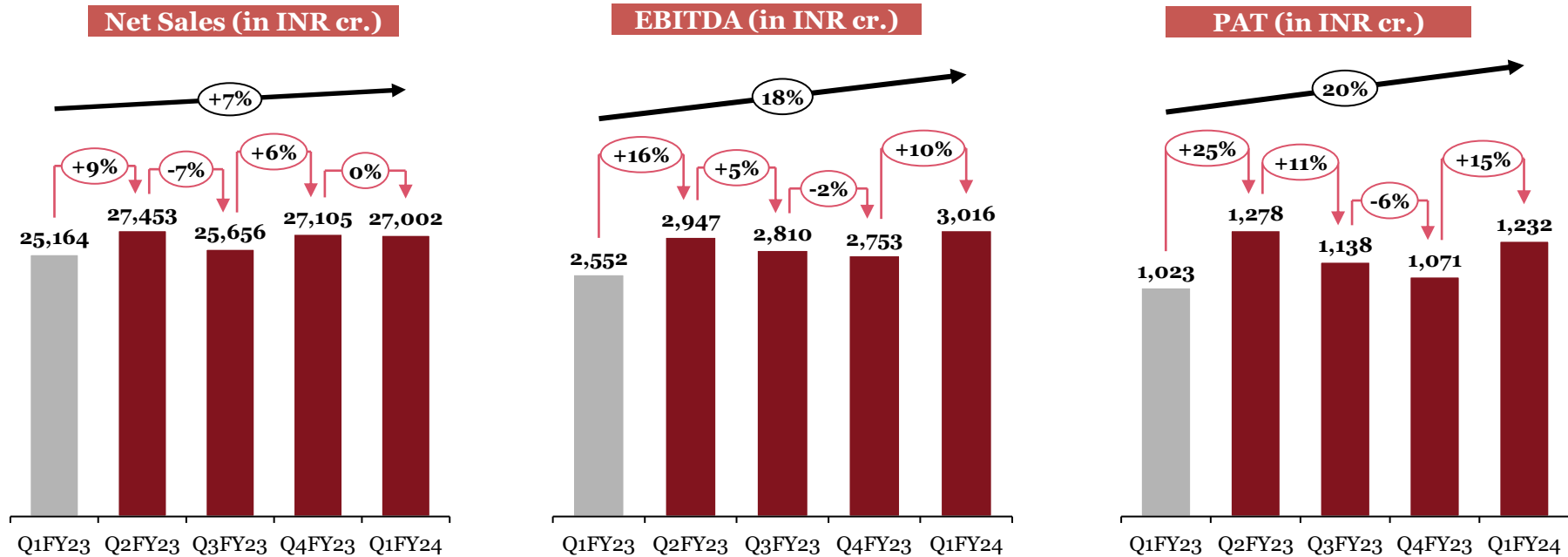
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	1	24	12	31

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), Shivam Autotech, Suprajit Engg., The Hi-Tech Gear, Z F Steering, Remsons Ind
<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., TVS Holdings
<b>Suspension</b>	<b>14</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
<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)



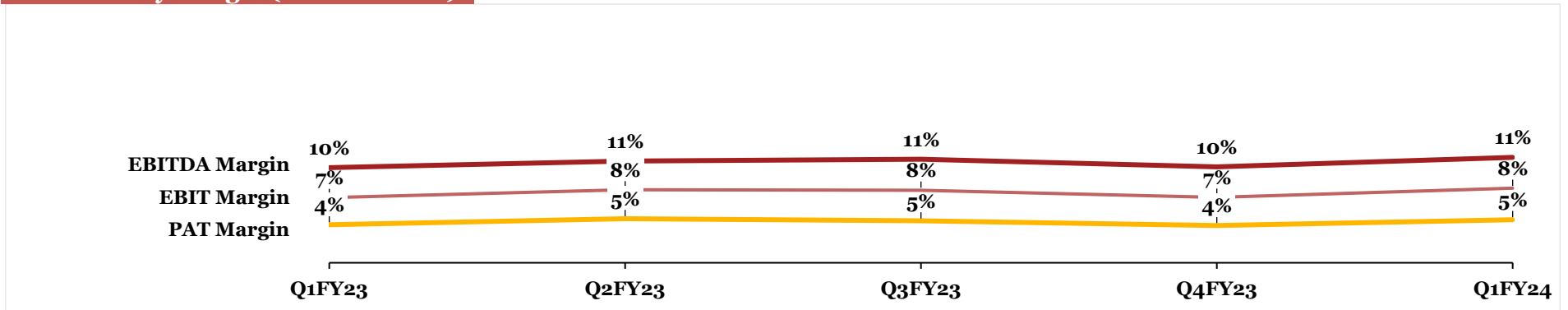
- This quarter included the months of Apr'23, May'23, and Jun'23 when the cost of raw materials experienced a notable decrease, thereby contributing to a reduction in overall expenditures leading to higher EBITDA and PAT.
- The production numbers are higher compared Y-o-Y with Q1 FY23, especially for higher value components, leading to growth in net sales.

## 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:  $EBITDA = \text{Reported Profit after Tax} + \text{Tax Expenses} + \text{Depreciation} + \text{Interest} - \text{Other Income}$

### Profitability margin (% of net sales)



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

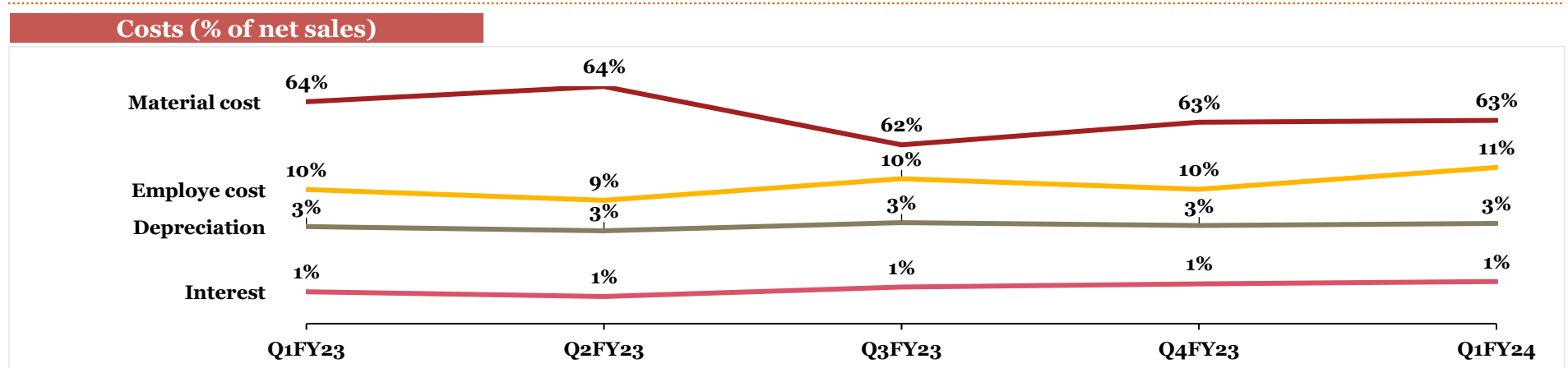
Range	Q1 FY23 Number of companies	Q1 FY24 Number of companies
Less than 0%	2	1
0-10%	35	39
10-20%	29	24
more than 20%	2	4

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

Range	Q1 FY23 Number of companies	Q1 FY24 Number of companies
less than 0%	11	13
0-5%	37	33
5-10%	17	18
more than 10%	3	4

- EBITDA, EBIT, and PAT margins remained largely stable as compared to the previous quarter.
- EBITDA and PAT margins grew Y-o-Y on account of increased end-user demand and higher sales. In addition to this, lower raw material cost contributed to higher profit margins.

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



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

Range	Q1 FY23	Q1 FY24
7-50%	19	18
50-70%	31	30
more than 70%	18	20

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

Range	Q1 FY23	Q1 FY24
0-10%	25	27
10-20%	40	38
more than 20%	3	3

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

Range	Q1 FY23	Q1 FY24
0-2%	41	52
2-5%	20	11
more than 5%	7	4

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

Range	Q1 FY23	Q1 FY24
0-2%	13	14
2-5%	43	46
more than 5%	12	8

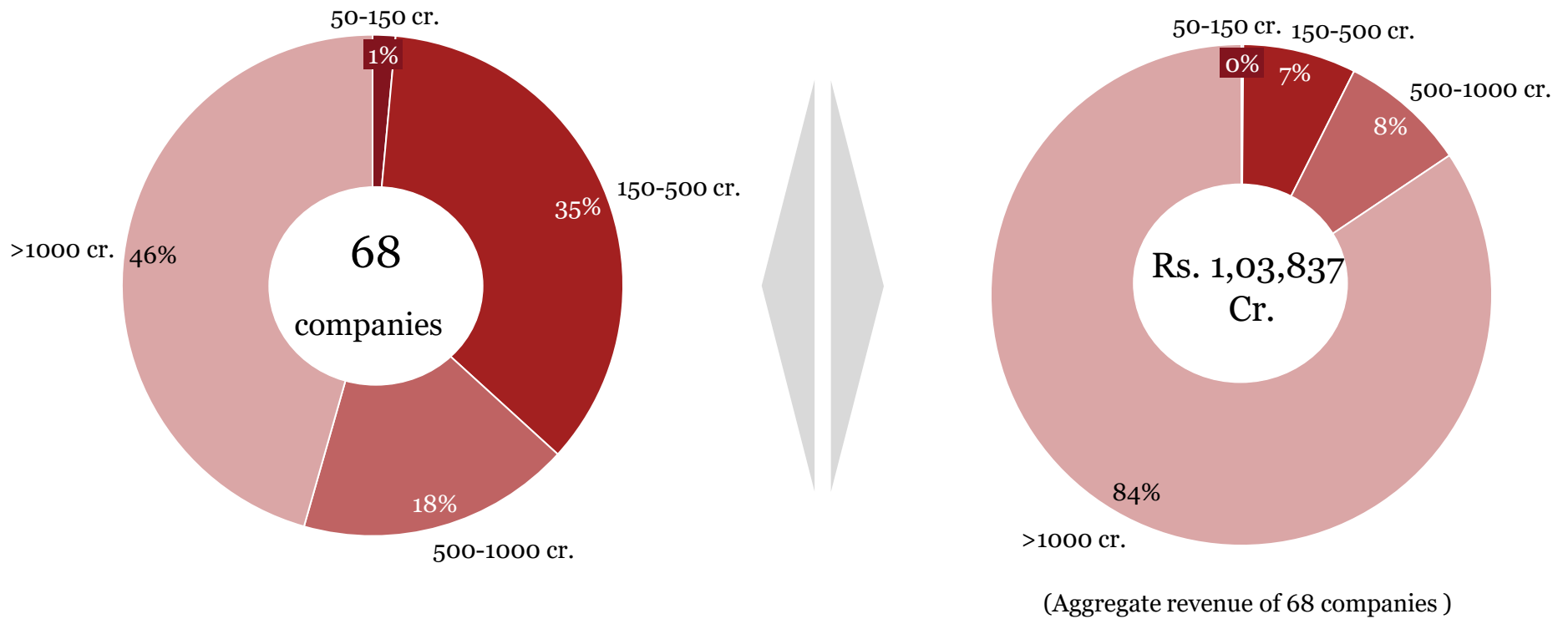
- Energy and material cost overall remained the same.
- There was a slight increase in the Employee cost indicating positive hiring of highly skilled professionals in new technological domains.



# *Size based analysis*

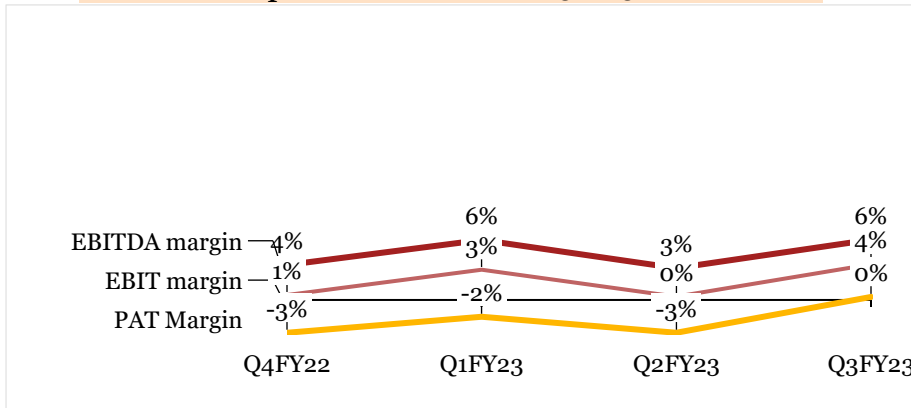
## Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	<b>1</b>	<b>24</b>	<b>12</b>	<b>31</b>

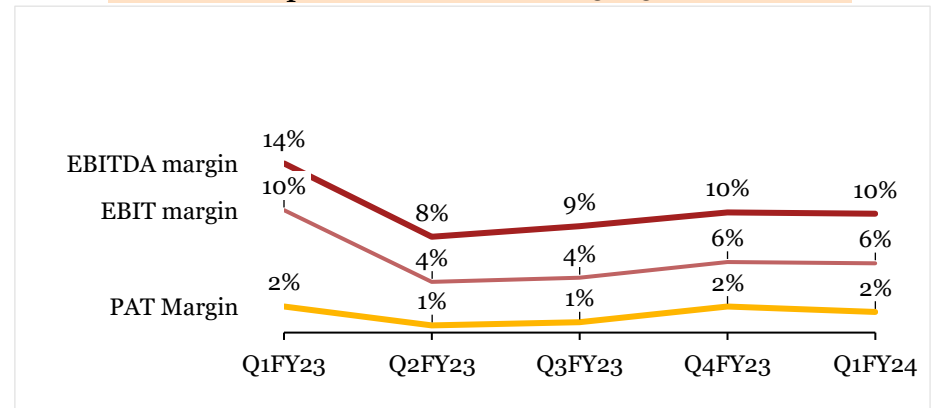


## Trends in profitability (as % of Net sales)

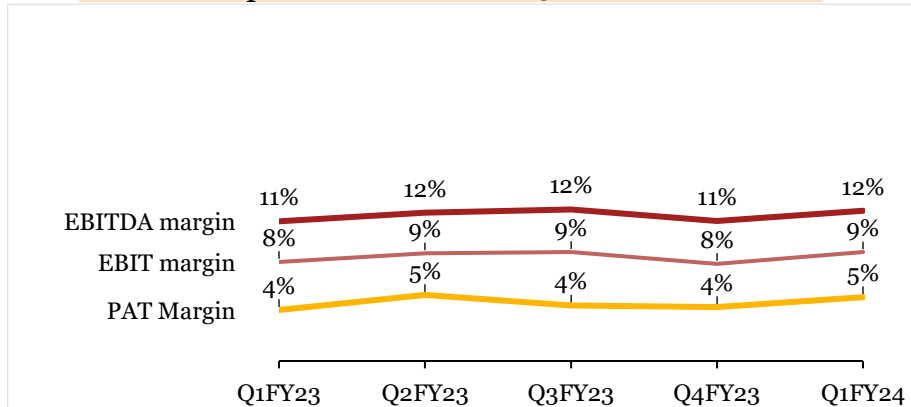
Companies with revenue 50-150 cr.



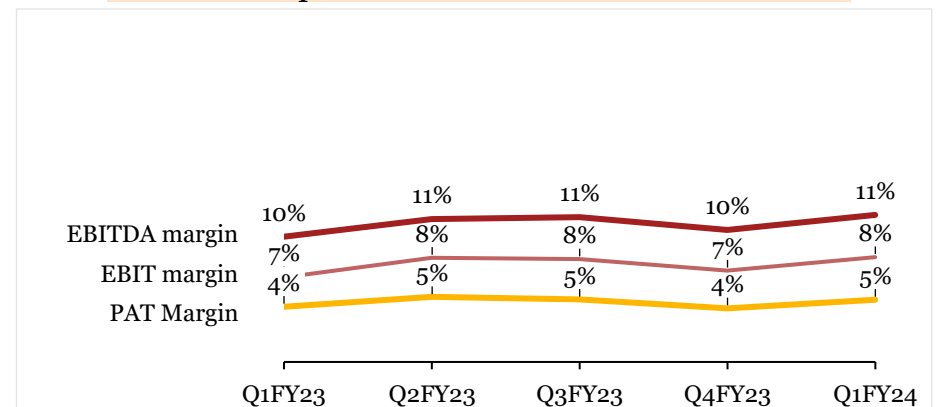
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

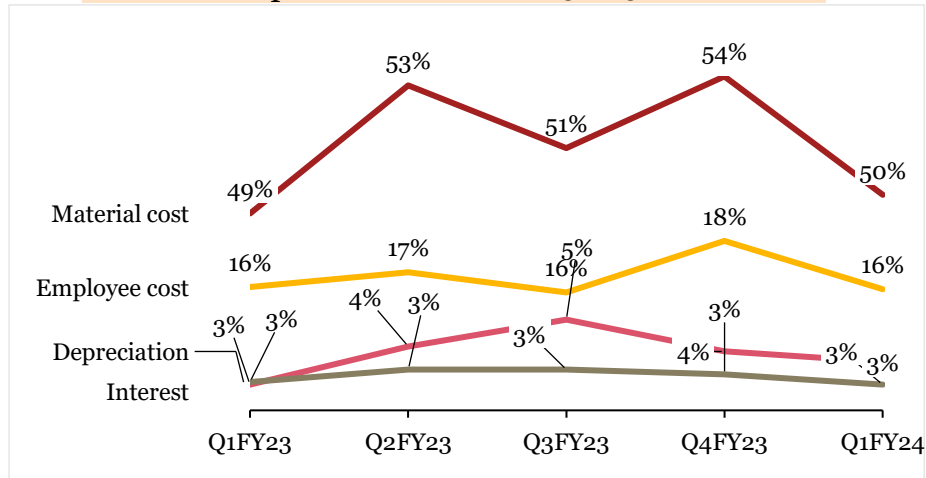


Companies with revenue >1000 cr.

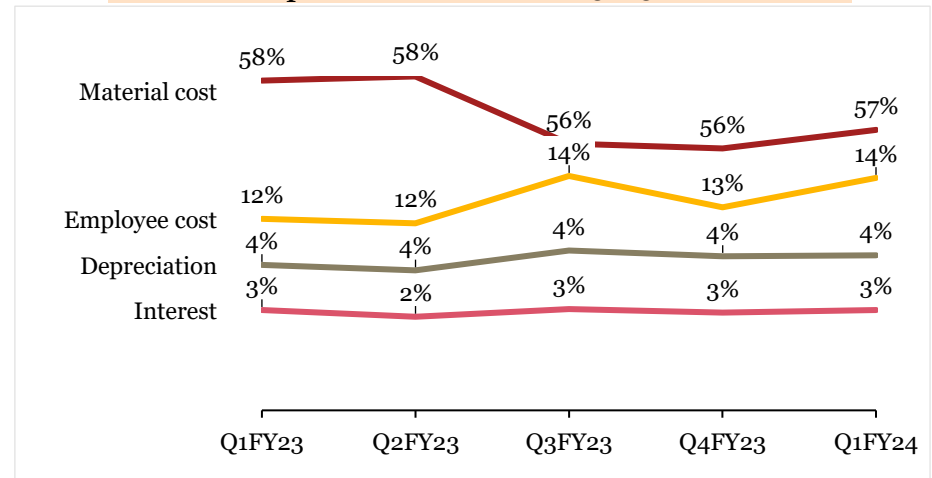


## Trends in costs (as % of Net sales)

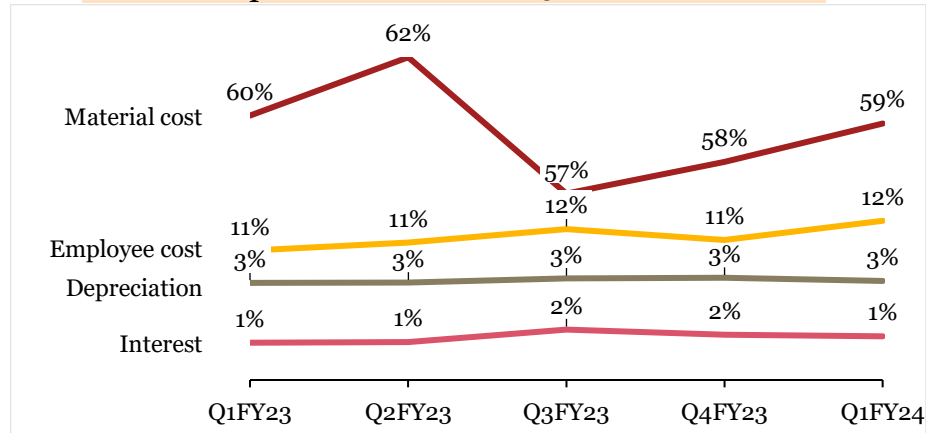
Companies with revenue 50-150 cr.



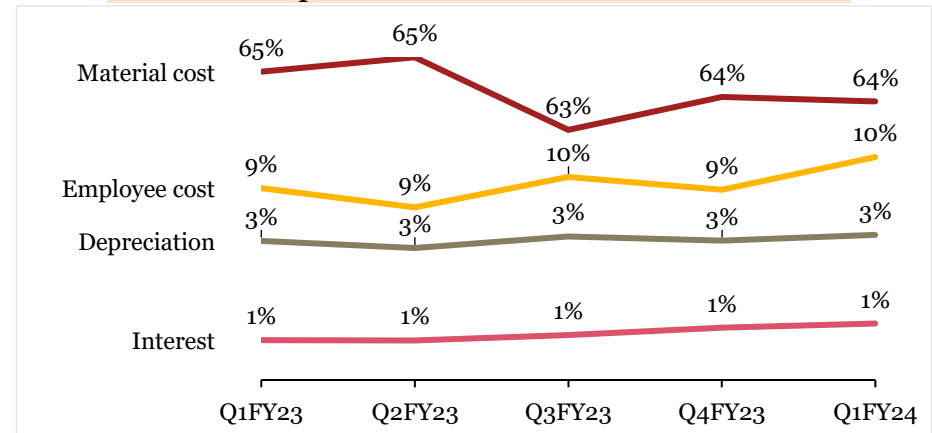
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

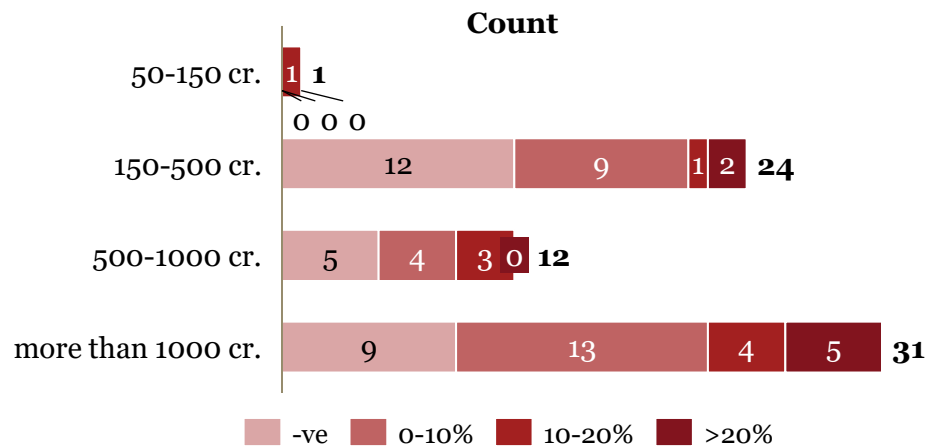


Companies with revenue >1000 cr.

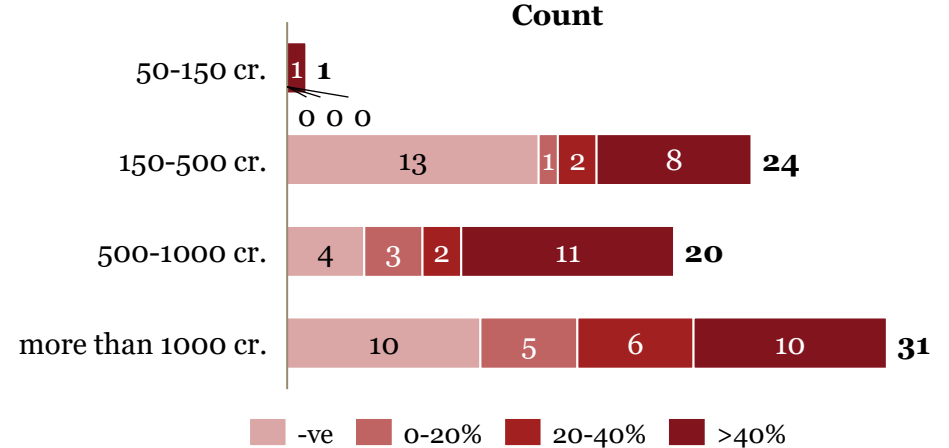


## Count of companies per growth % range : by revenue segment Q1 FY23 vs. Q1 FY24

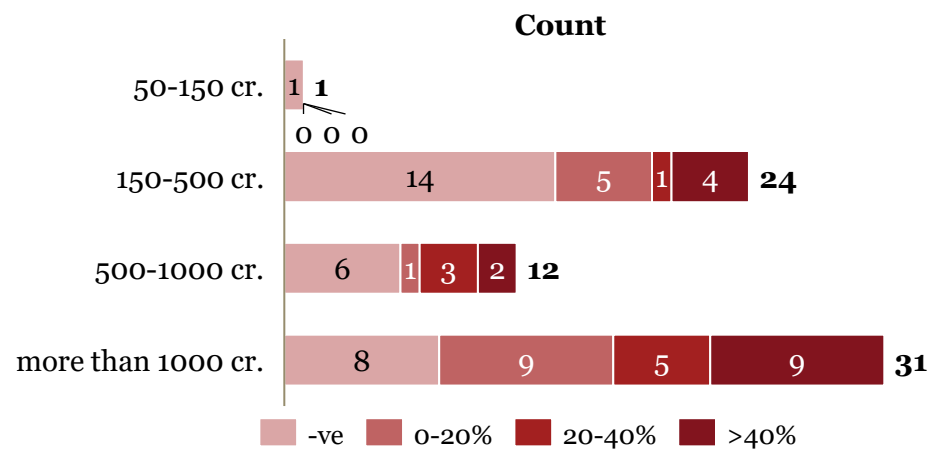
**Count of companies by Y-o-Y Net Sales growth %**



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

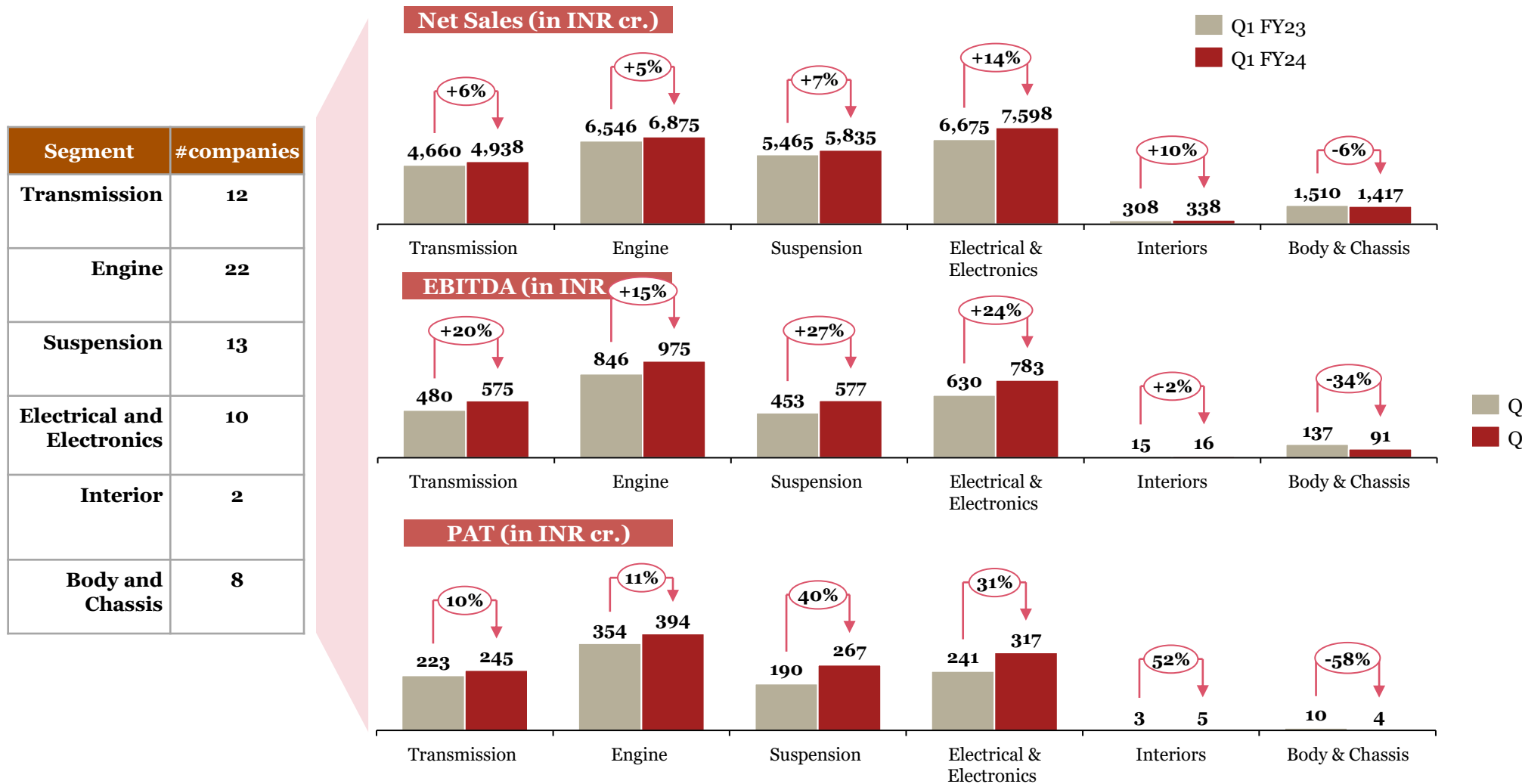


**Count of companies by Y-o-Y EBITDA growth %**



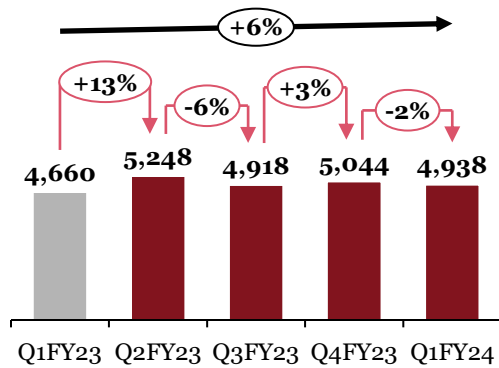
# *Segment analysis*

## Segment-wise analysis of in-scope companies: Q1 FY22 vs. Q1 FY23

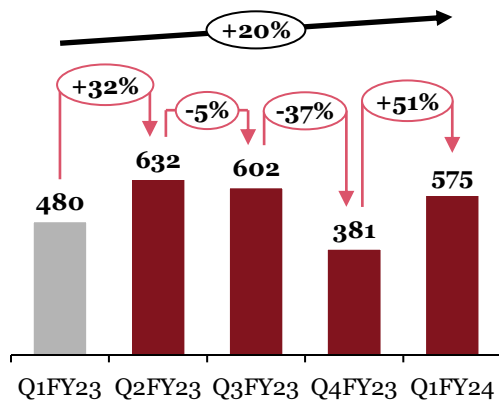


## Transmission segment (12 companies)

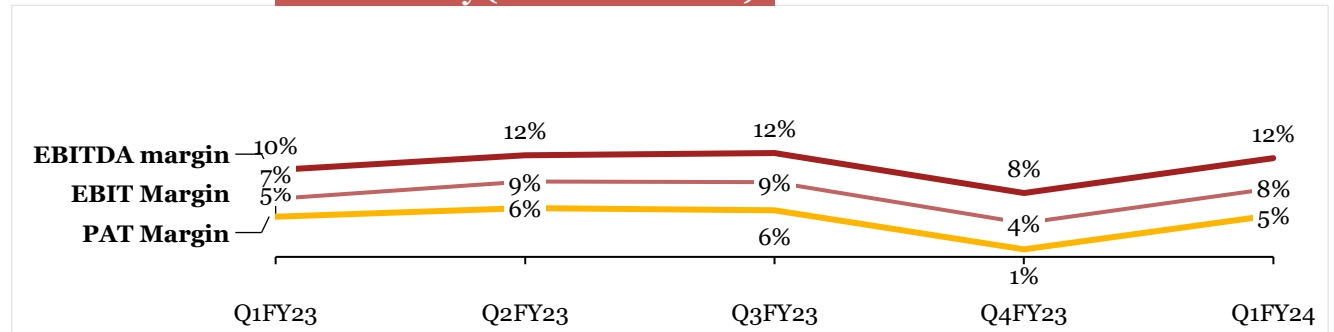
Net Sales (in INR cr.)



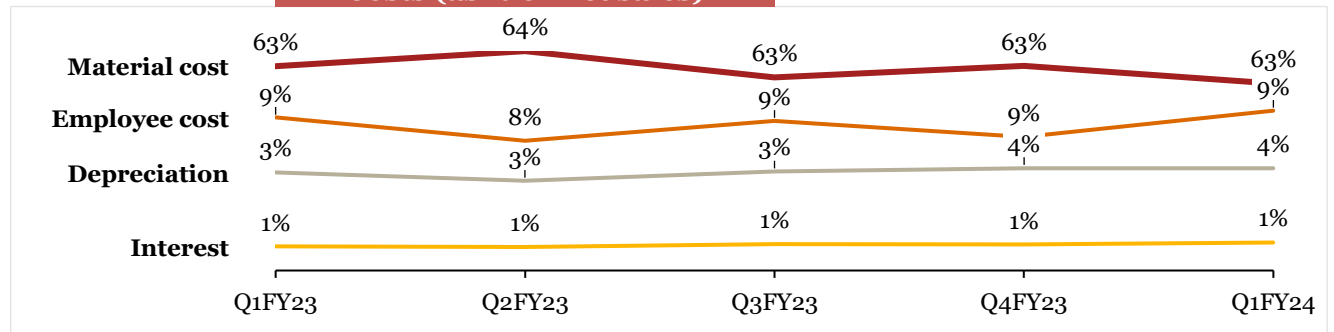
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



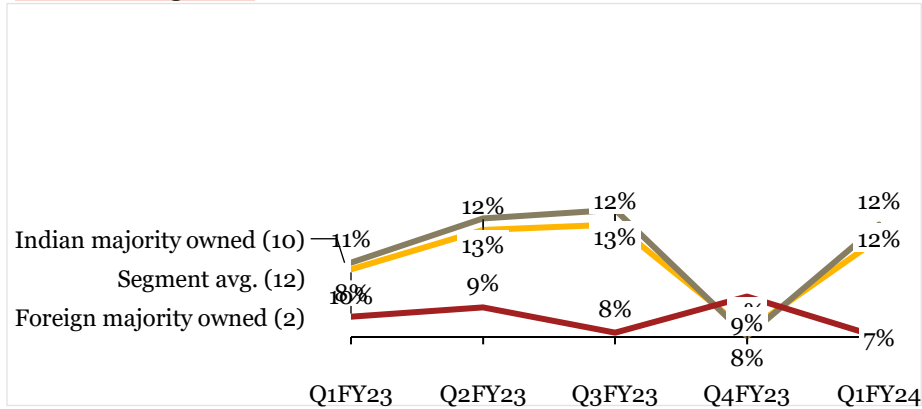
- High EBITDA growth rate is a result of lower base in the previous quarter caused significantly lower EBITDA by Rane(Madras).
- PAT Margin increased slightly in tandem with the net sales.



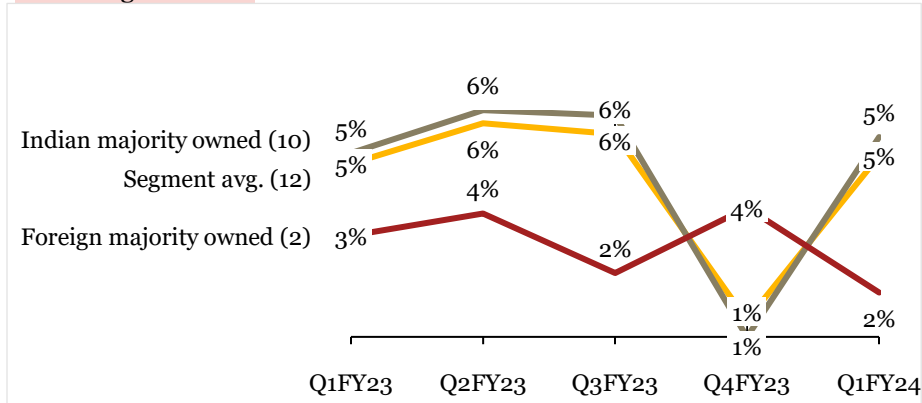
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

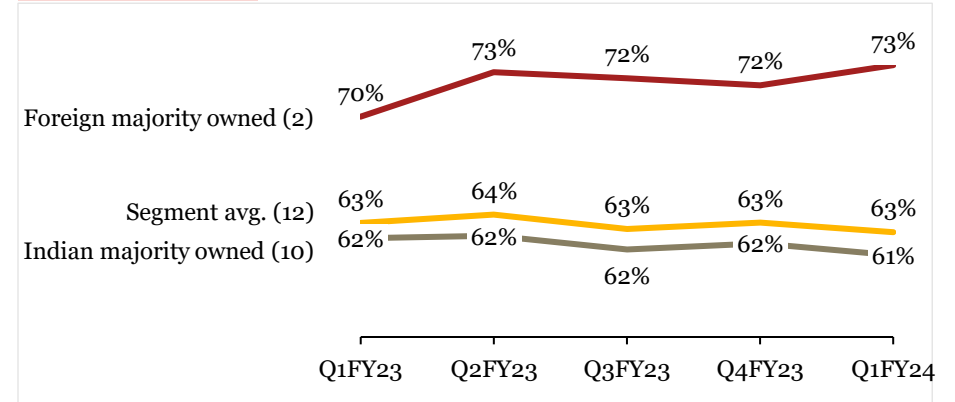


#### PAT Margin

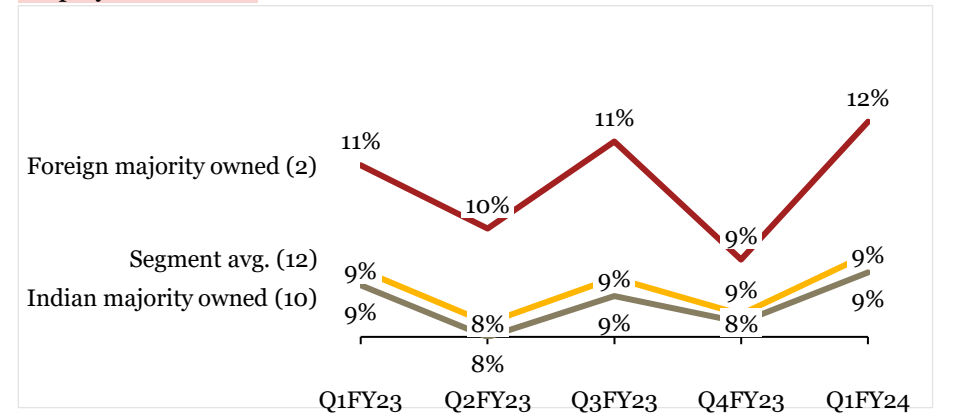


### Costs (as % of Net sales)

#### Material cost

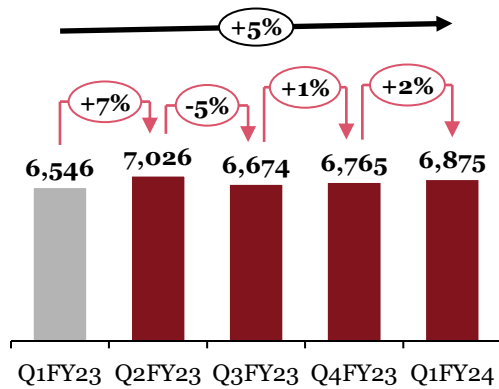


#### Employee cost

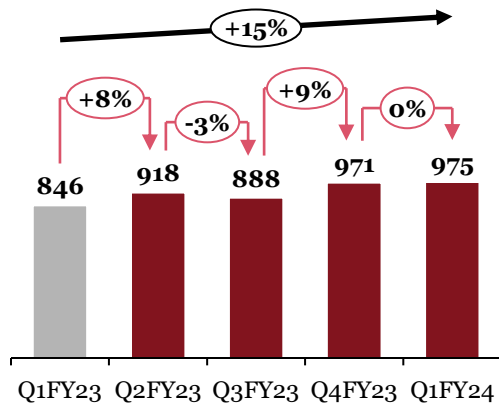


## Engine segment (22 companies)

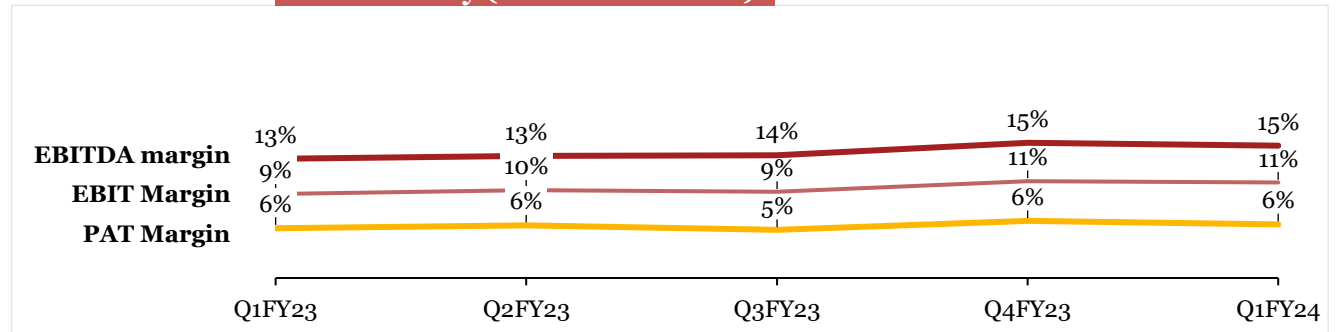
Net Sales (in INR cr.)



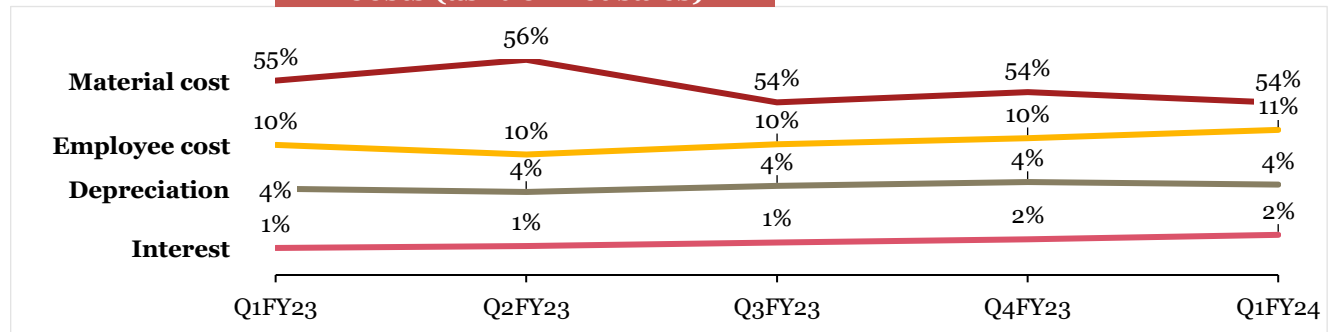
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

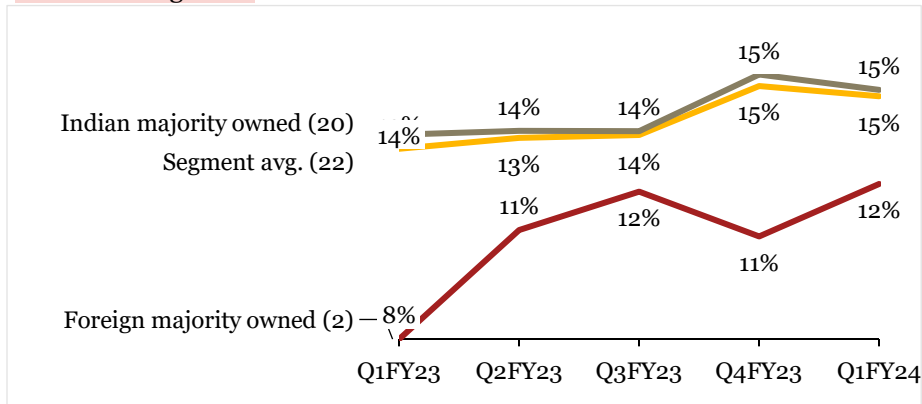


- The engine segment overall remained stagnant with low increase in net sales and EBITDA from the previous quarter
- Employee costs showed a slight increase while material cost remained unchanged.

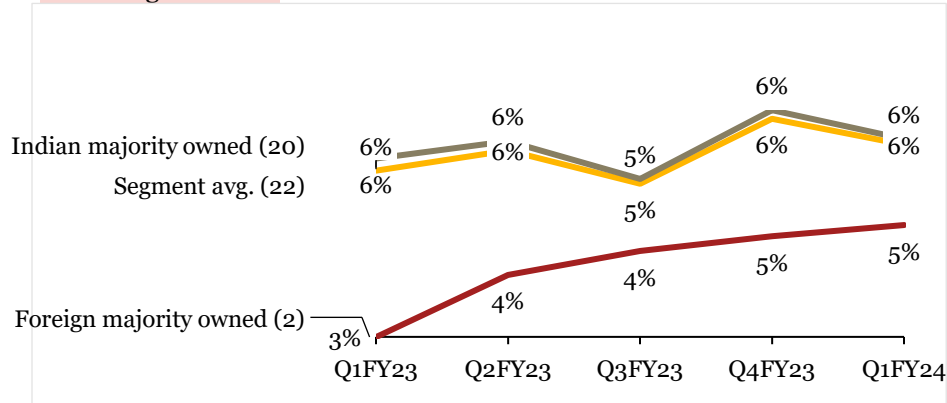
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

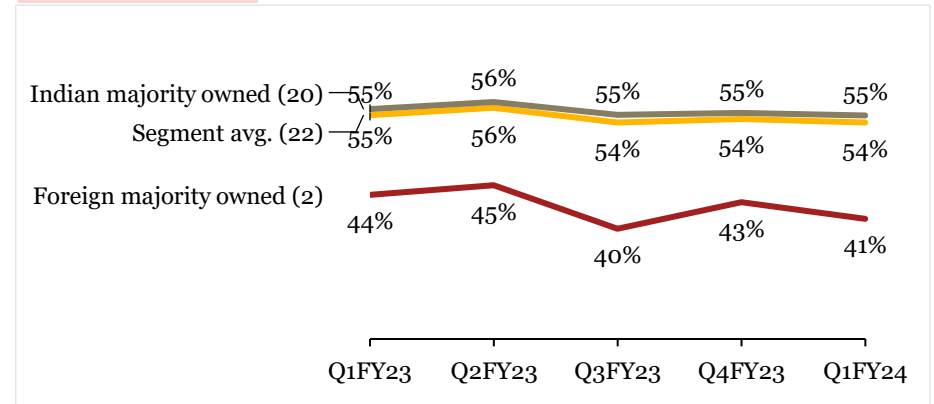


#### PAT Margin

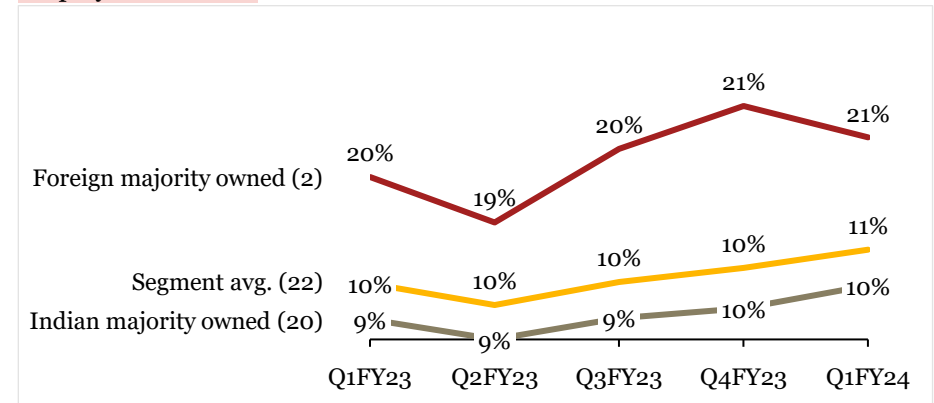


### Costs (as % of Net sales)

#### Material cost

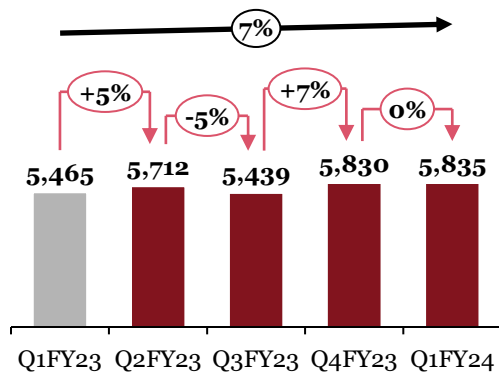


#### Employee cost

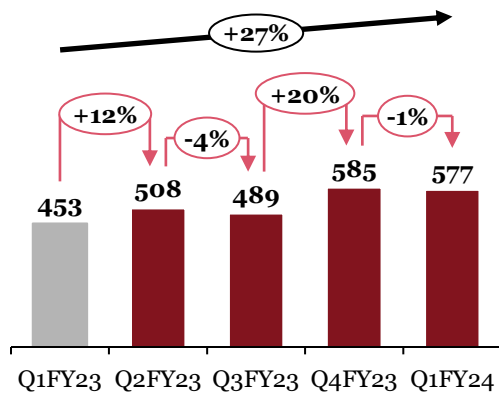


## Suspension segment (13 companies)

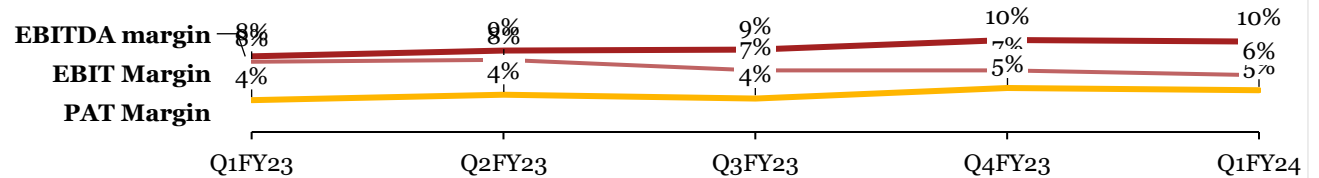
Net Sales (in INR cr.)



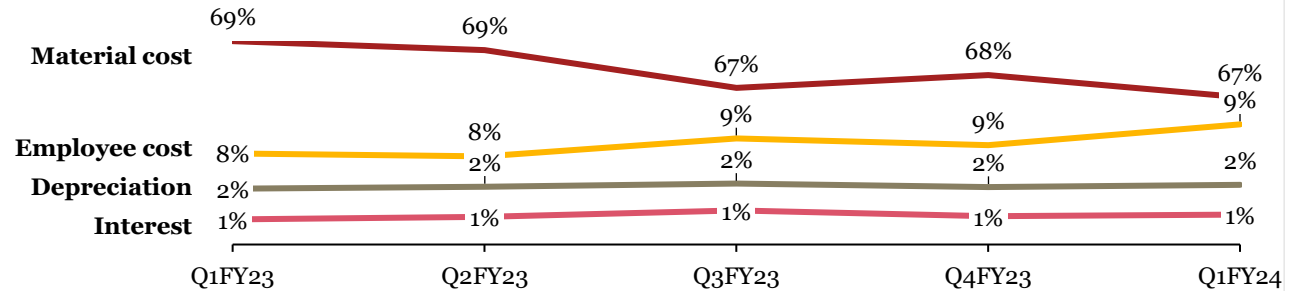
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

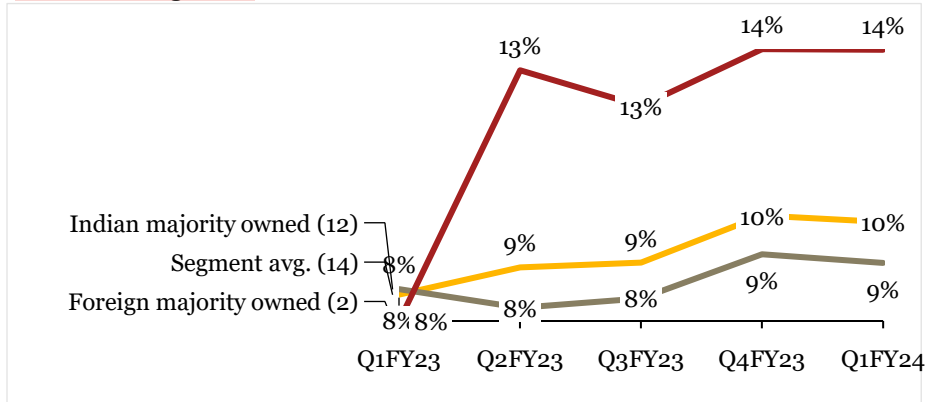


- The suspension segment overall remained stagnant with low increase in net sales and EBITDA from the previous quarter
- EBITDA margin decreased on the back of a rise in the cost of raw materials. Major contributor towards the trend were Wheels India and Jamna Auto Inds.

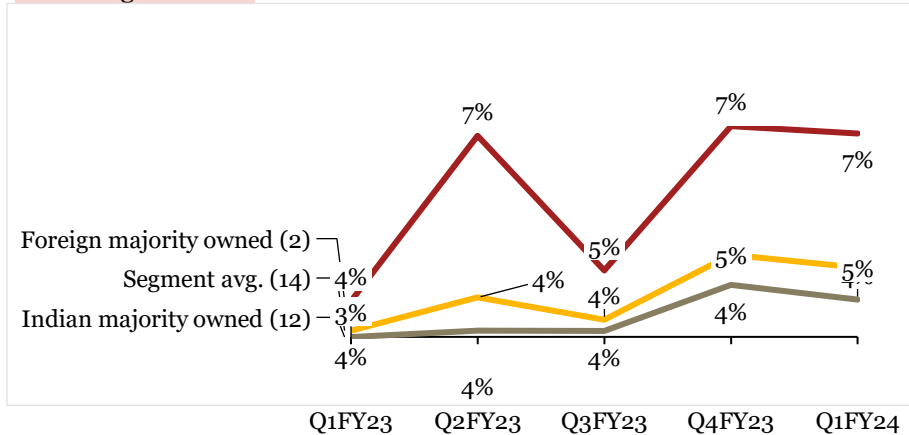
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

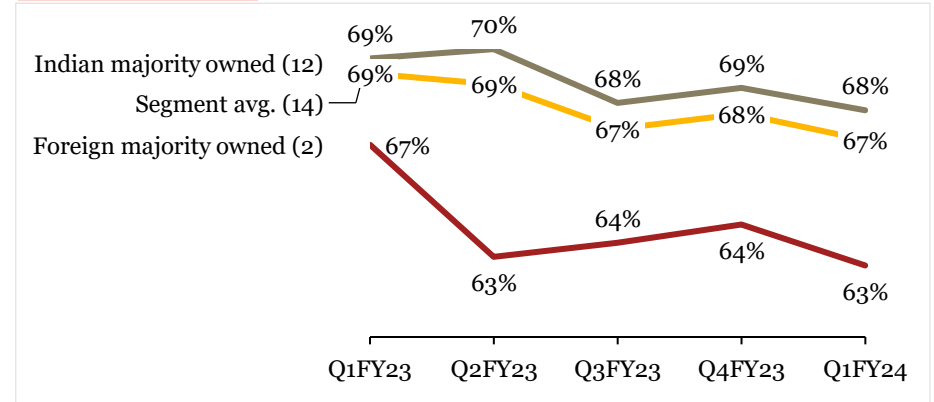


#### PAT Margin

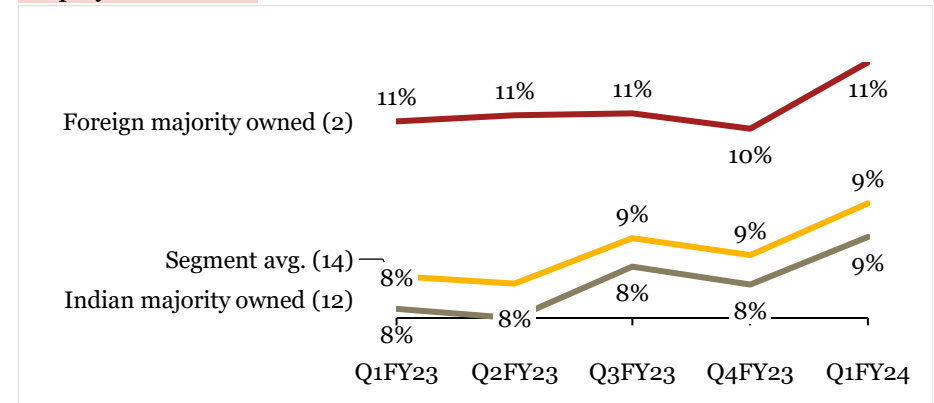


### Costs (as % of Net sales)

#### Material cost

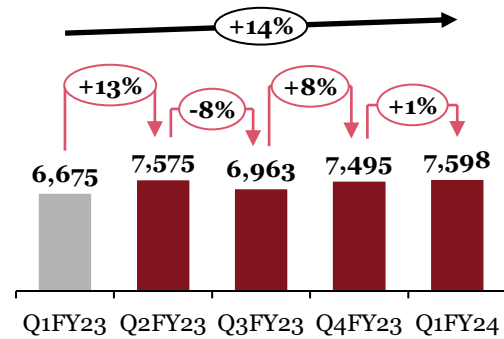


#### Employee cost

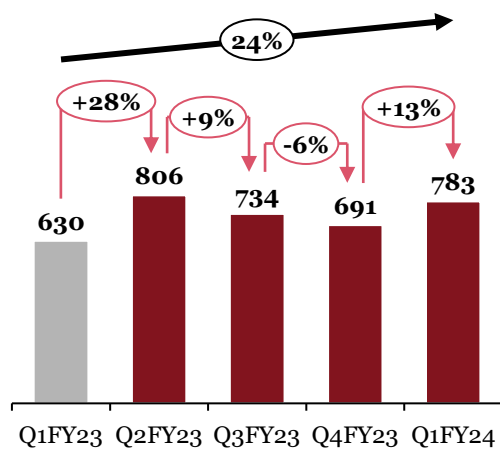


## Electrical and Electronics segment (10 companies)

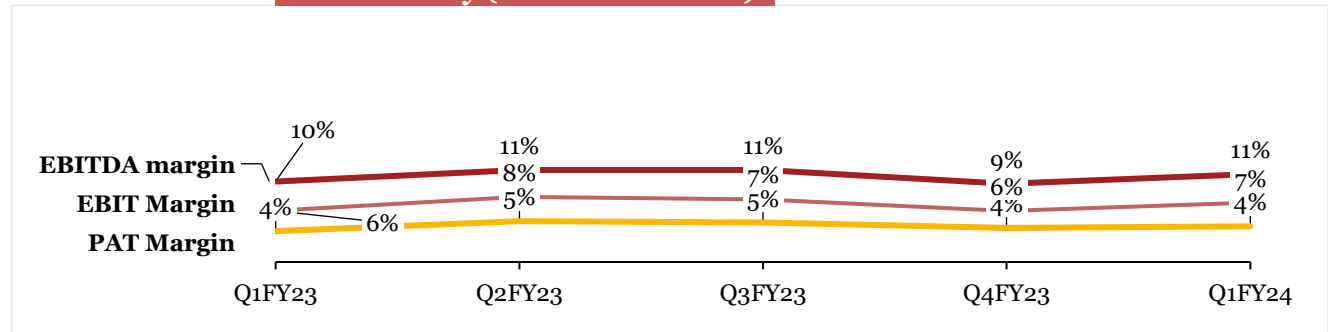
Net Sales (in INR cr.)



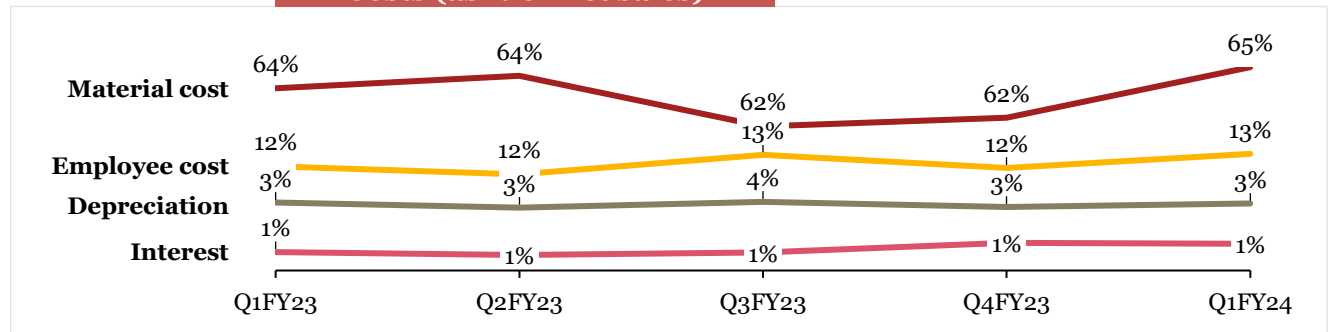
EBITDA (in INR cr.)



Profitability (as % of Net sales)



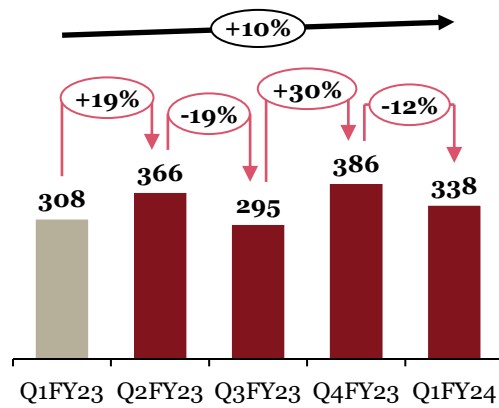
Costs (as % of Net sales)



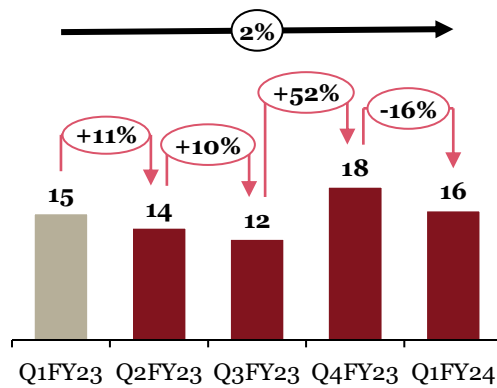
- Incentives towards the segment over the coming few years under the PLI scheme have provided a boost to this sector
- Employee costs have increased on the back new hirings for skilled professionals with domain expertise of new advanced technologies.

## Interior segment (2 companies)

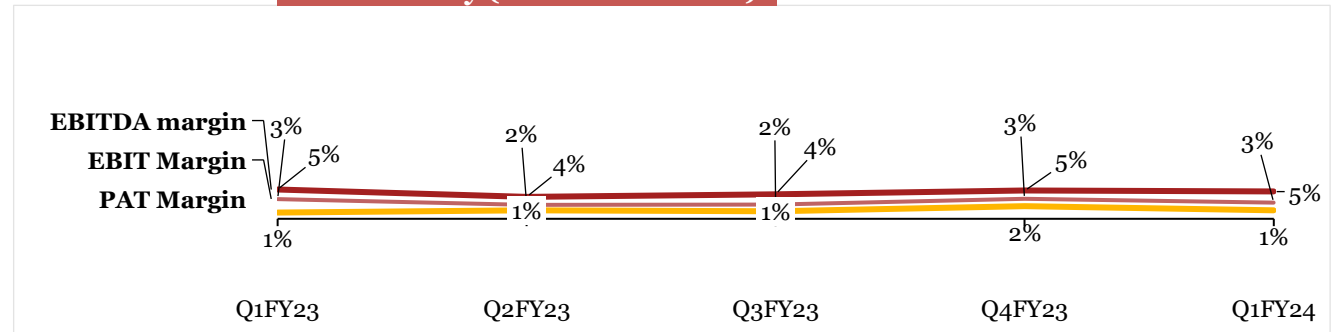
Net Sales (in INR cr.)



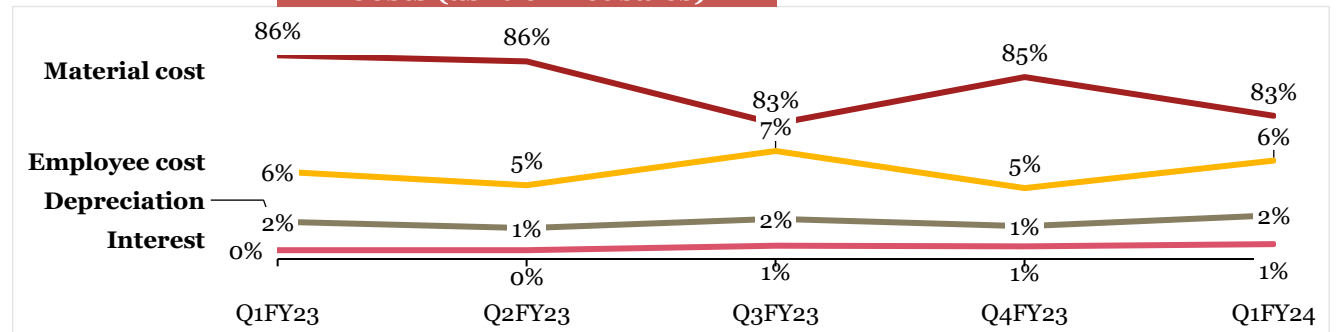
EBITDA (in INR cr.)



Profitability (as % of Net sales)



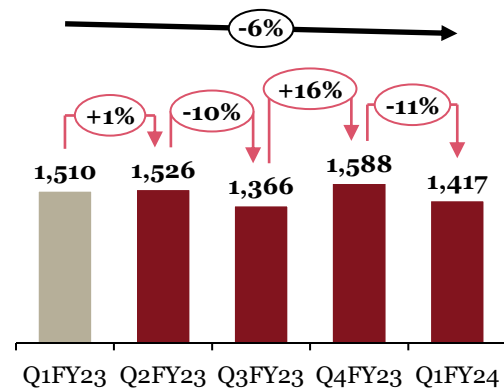
Costs (as % of Net sales)



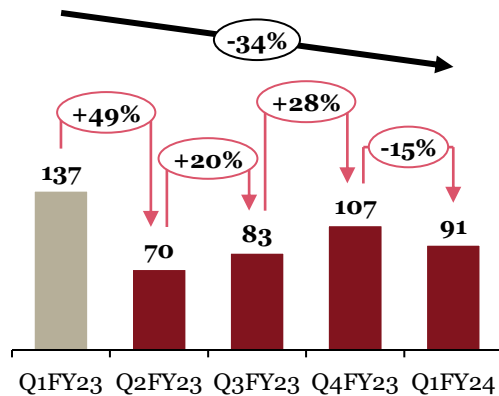
- Introduction of government regulations for safety, carbon emission, and lightweight vehicles has increased the demand for lightweight and advanced materials
- Profitability margins remained largely stable. Employee costs increased in tandem with inflation. Material cost reduced as the price of raw materials fell.

## Body and chassis segment (8 companies)

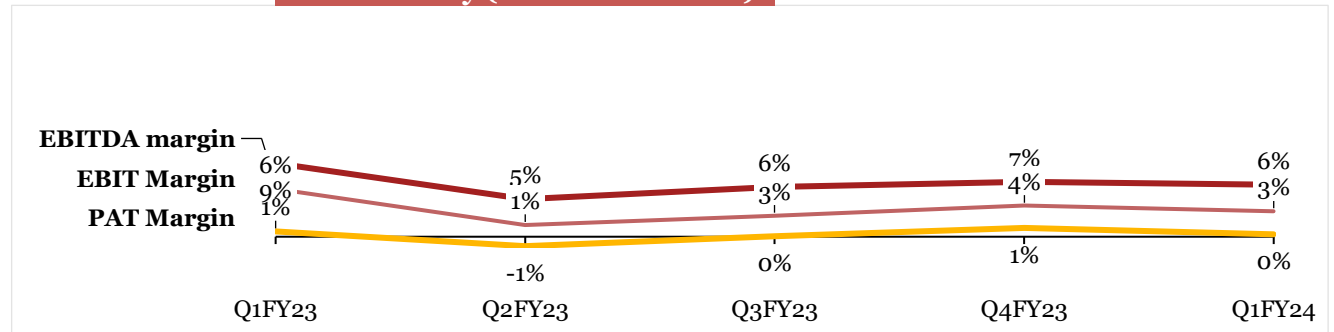
Net Sales (in INR cr.)



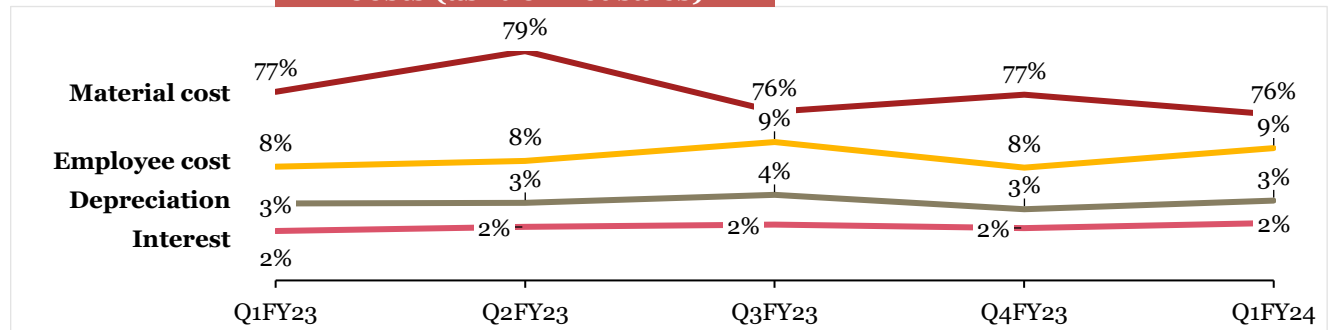
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



➤ The net sales and EBITDA within the Body and Chassis segment exhibited a decline, with Jay Bharat Maruti prominently contributing to this trend due to a substantial reduction in sales during the first quarter of fiscal year 2024.



## Appendices

Ratios Used	
Ratios	Definition
<b>EBITDA margin</b>	$(\text{Reported Net Profit} + \text{Tax Expenses} + \text{Interest} + \text{Depreciation} - \text{other income}) / \text{Net Sales}$
<b>PAT margin</b>	$(\text{Reported Profit} - \text{other income}) / \text{Net Sales}$
<b>EBIT Margin</b>	$(\text{Reported Net Profit} + \text{Tax Expenses} + \text{Interest} - \text{other income}) / \text{Net Sales}$
<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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