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# *ACMA- Financial Analysis*

## *Q2 FY-24*

*Strictly private  
and confidential*

*January 2024*



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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

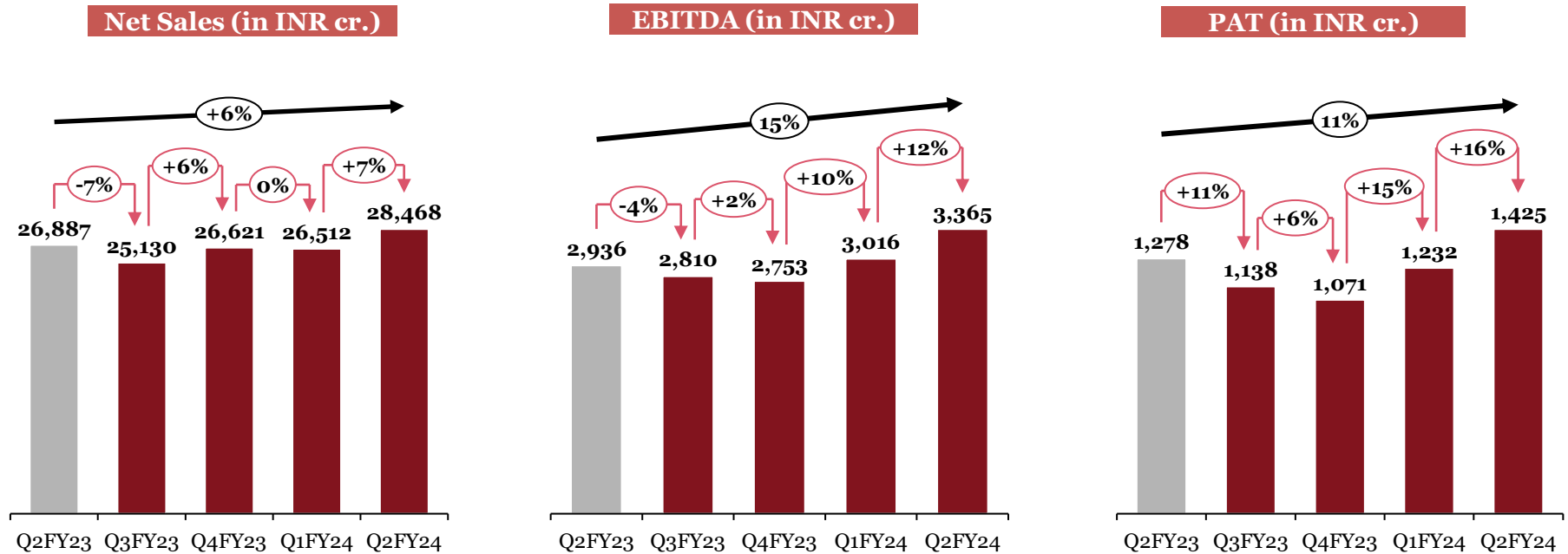
Segment based classification		
Segment	#companies	List of companies
<b>Transmission</b>	<b>12</b>	Automotive Axles, Bharat Gears, Endurance Tech., JTEKT India, L G Balakrishnan, RACL Geartech, Rane (Madras), Setco Automotive, Shivam Autotech, Suprajit Engg., The Hi-Tech Gear, Z F Steering
<b>Engine</b>	<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., 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)



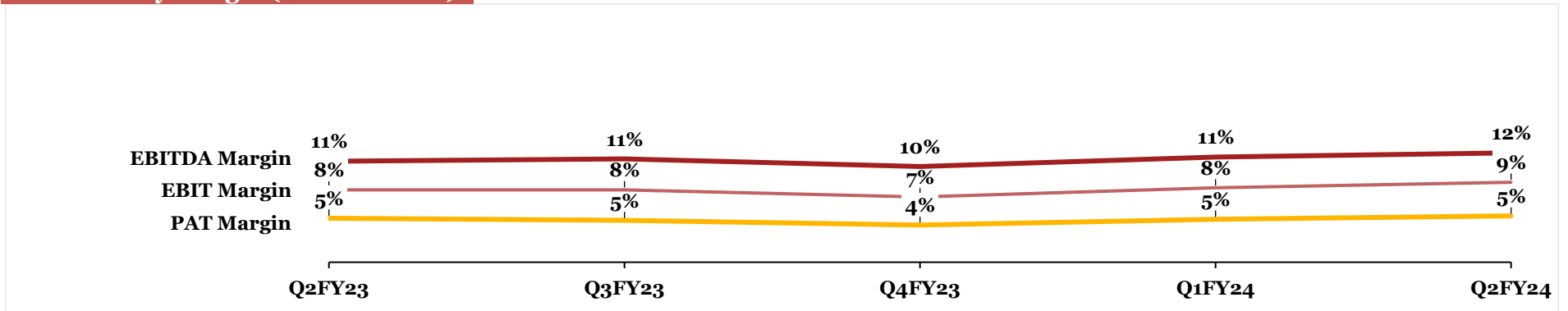
- This quarter included the months of Jul'23, Aug'23, and Sep'23 marked by a notable decrease in commodity prices, improved customer sentiment due to the upcoming festive season, concerns over unseasonal rains, and uncertainty over global geopolitical unrest.
- Net Sales improved on the back of sales of higher-value components.
- EBITDA and PAT showed improvement due to lower material costs and the sale of goods with higher profit margins.

## 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

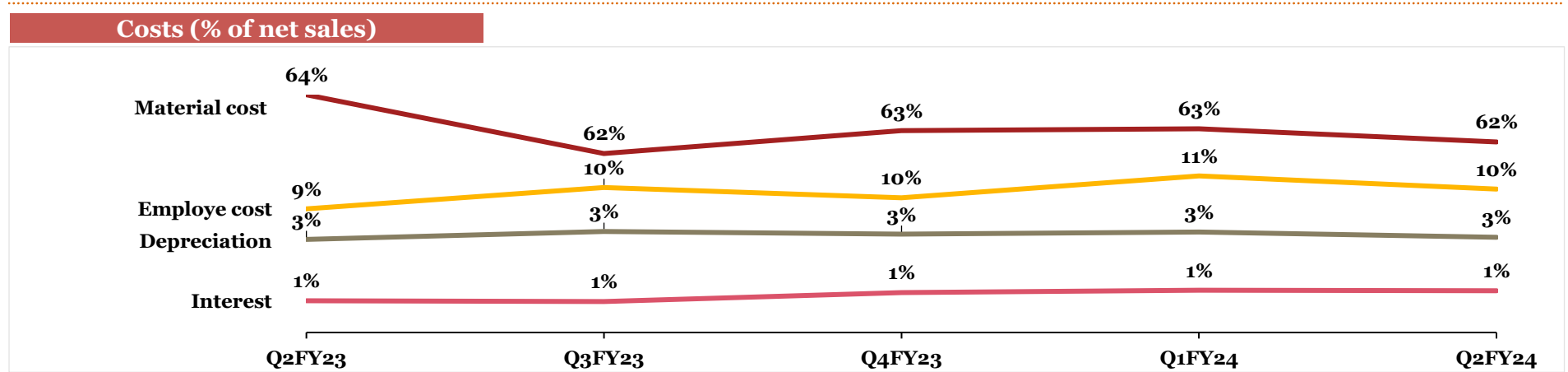
Range	Q2 FY23 Number of companies	Q2 FY24 Number of companies
Less than 0%	2	2
0-10%	34	29
10-20%	28	33
more than 20%	4	4

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

Range	Q2 FY23 Number of companies	Q2 FY24 Number of companies
less than 0%	13	8
0-5%	28	35
5-10%	24	19
more than 10%	3	6

- EBITDA, EBIT, and PAT margins all increased slightly Q-o-Q due to an overall reduction in employee-related and raw material costs.
- EBITDA and PAT margins grew Y-o-Y on account of increased end-user demand and higher sales of components with a higher profit margin.

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



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

Range	Q2 FY23	Q2 FY24
0-50%	15	20
50-70%	33	29
more than 70%	20	19

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

Range	Q2 FY23	Q2 FY24
0-10%	30	26
10-20%	36	37
more than 20%	2	5

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

Range	Q2 FY22	Q2 FY23
0-2%	50	43
2-5%	14	20
more than 5%	4	5

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

Range	Q1 FY22	Q2 FY23
0-2%	16	14
2-5%	45	42
more than 5%	7	12

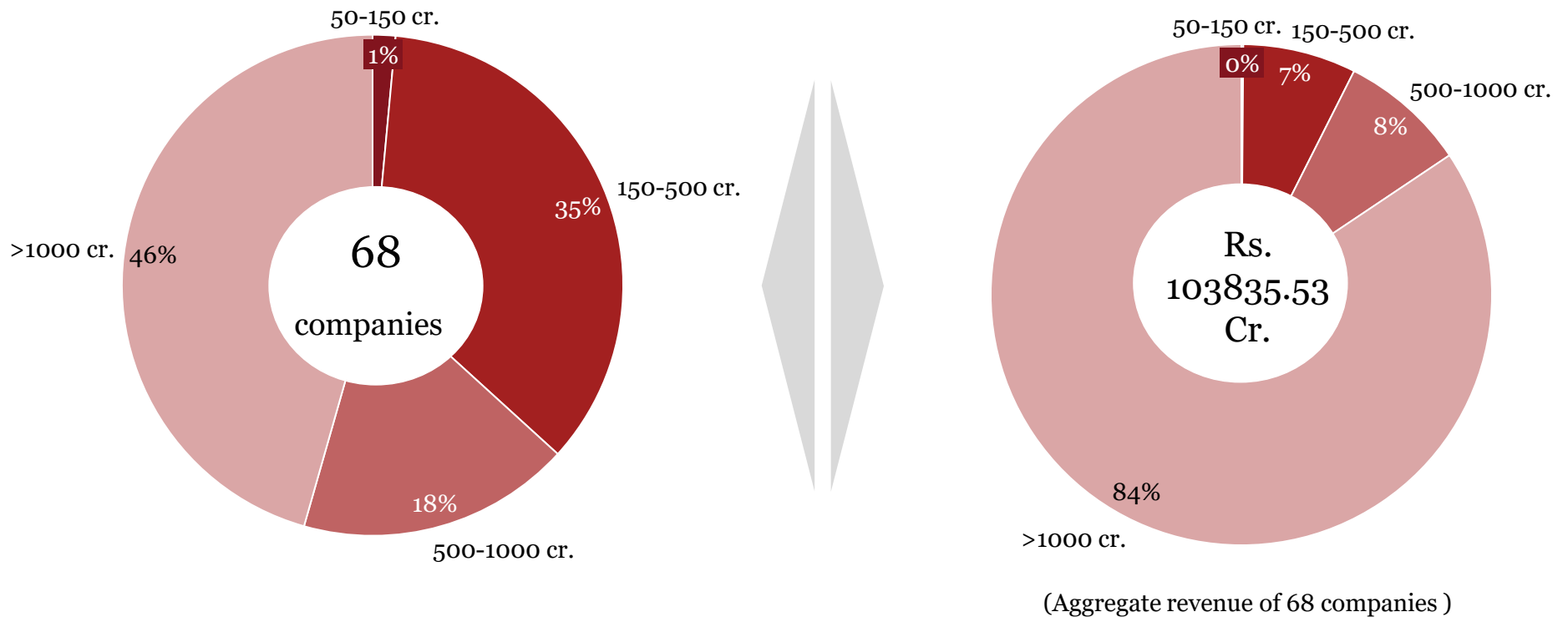
- Employee costs decreased in Q2 due to layoffs and the hiring freeze as the sector grapples with the shift from combustion engines to EVs
- Raw material, depreciation and interest costs remained relatively stable



# *Size based analysis*

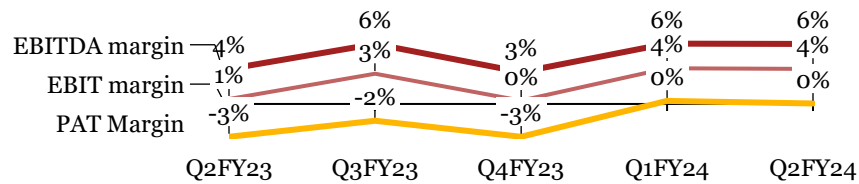
## Revenue based classification

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>

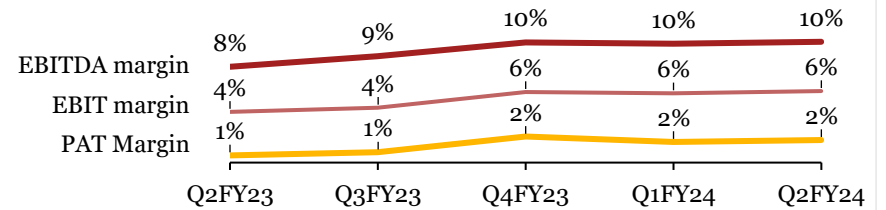


## Trends in profitability (as % of Net sales)

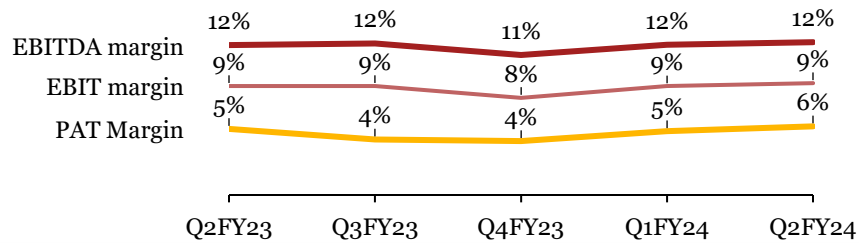
Companies with revenue 50-150 cr.



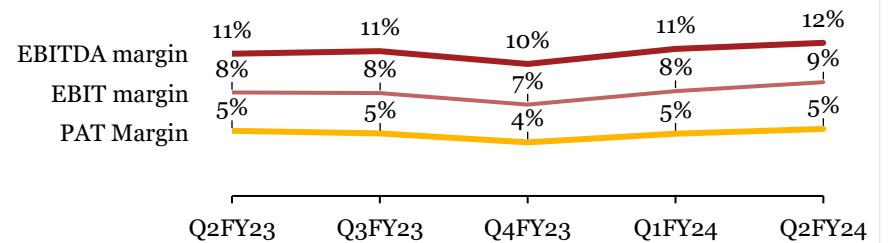
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

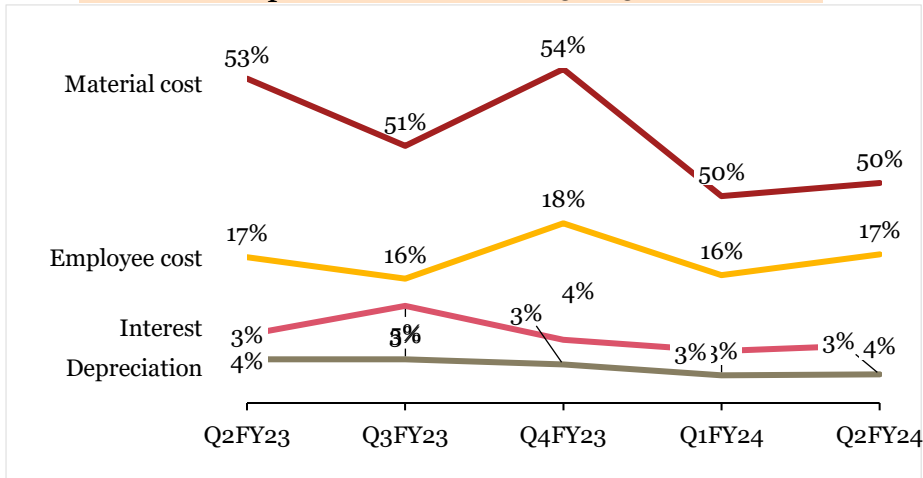


Companies with revenue >1000 cr.

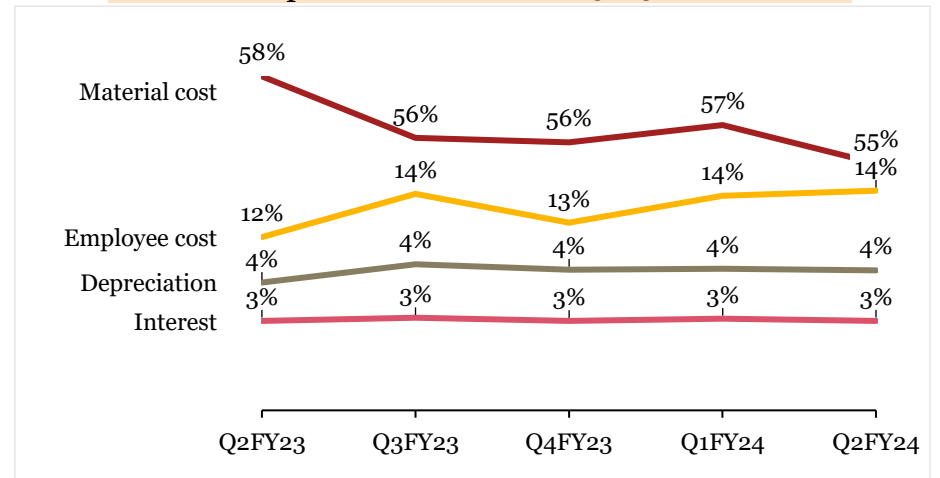


## Trends in costs (as % of Net sales)

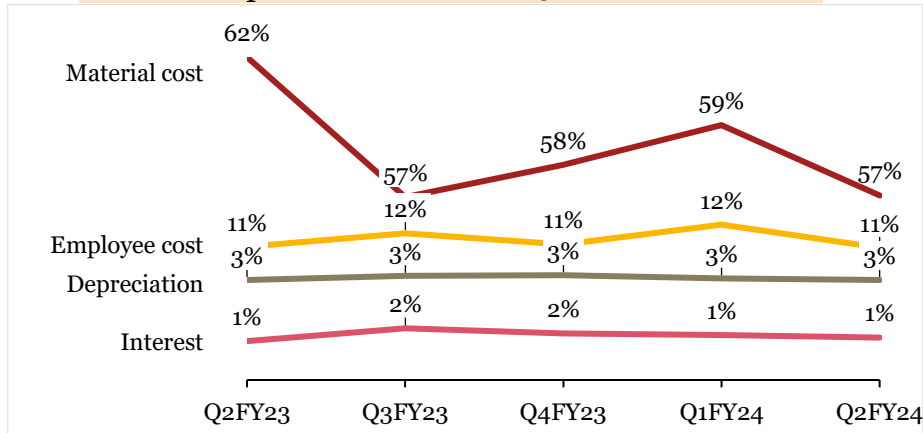
Companies with revenue 50-150 cr.



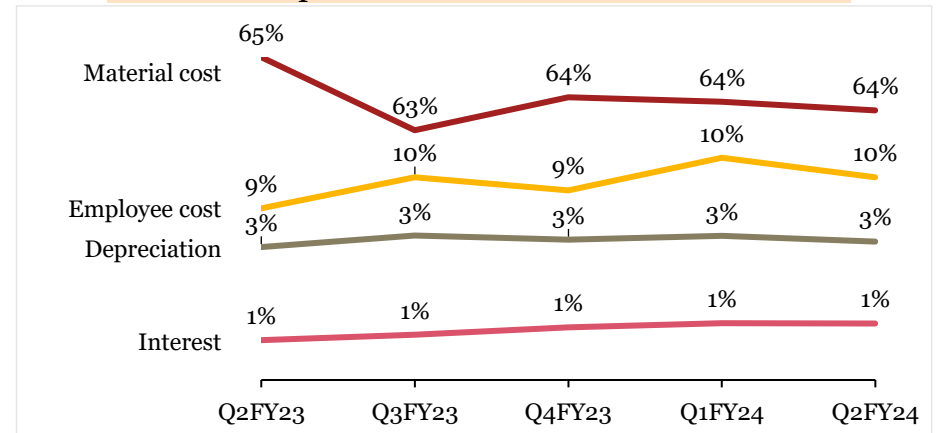
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



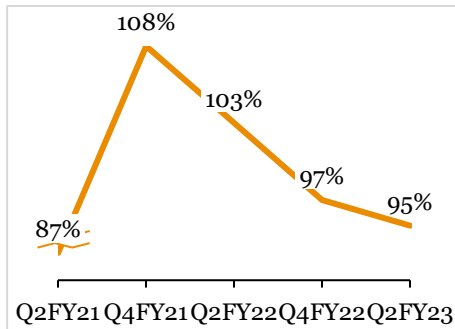
Companies with revenue >1000 cr.



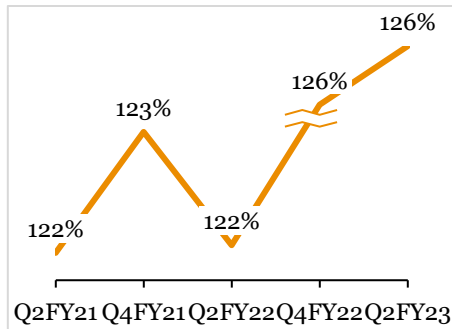
## Trends in efficiency

### Working Capital ratio

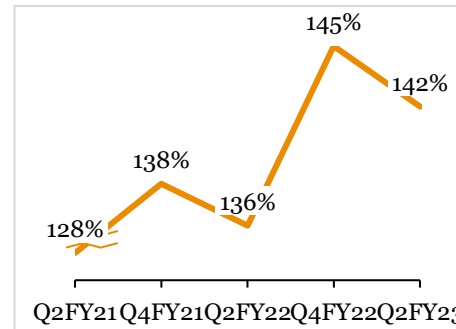
**Companies: 50-150 cr.**



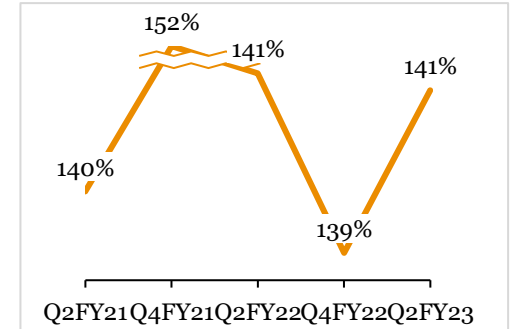
**Companies: 150-500 cr.**



**Companies: 500-1000 cr.**

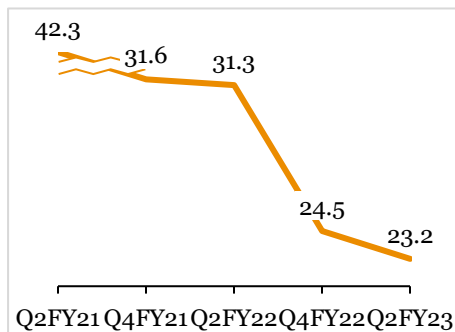


**Companies: more than 1000 cr.**

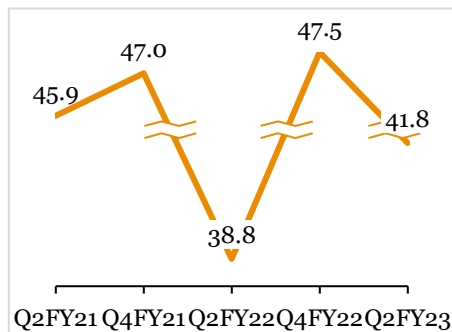


### Working capital days (days)

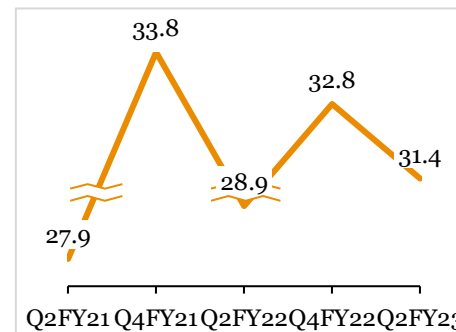
**Companies: 50-150 cr.**



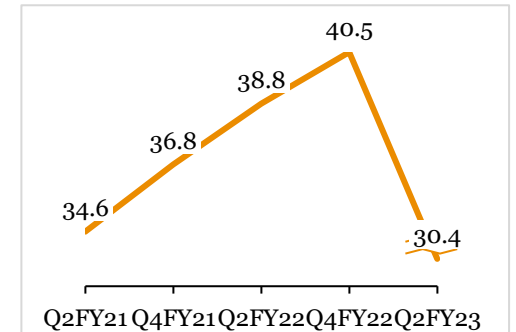
**Companies: 150-500 cr.**



**Companies: 500-1000 cr.**

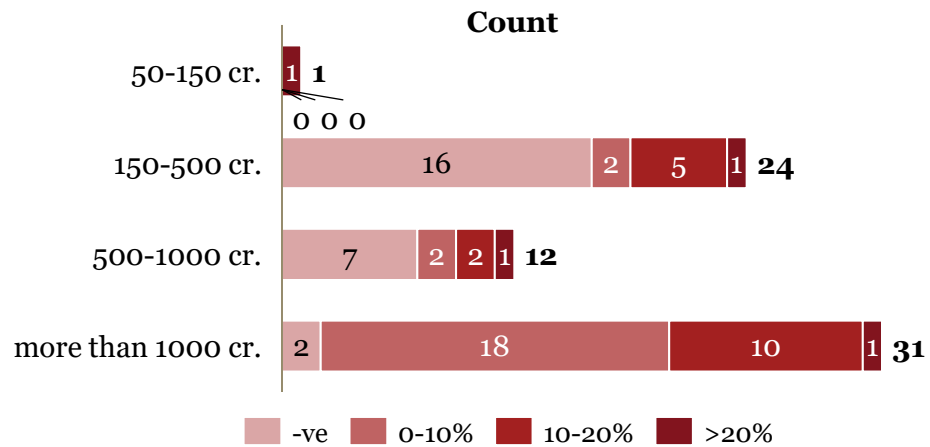


**Companies: more than 1000 cr.**

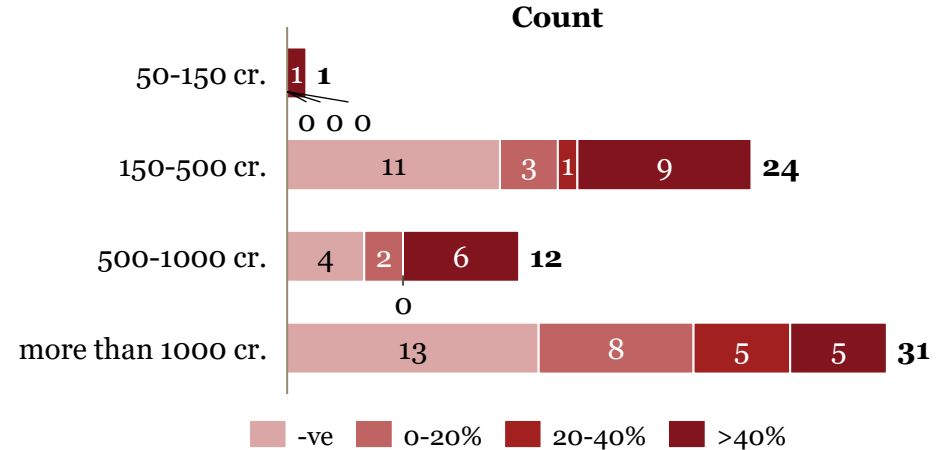


## Count of companies per growth % range : by revenue segment Q2 FY22 vs. Q2 FY23

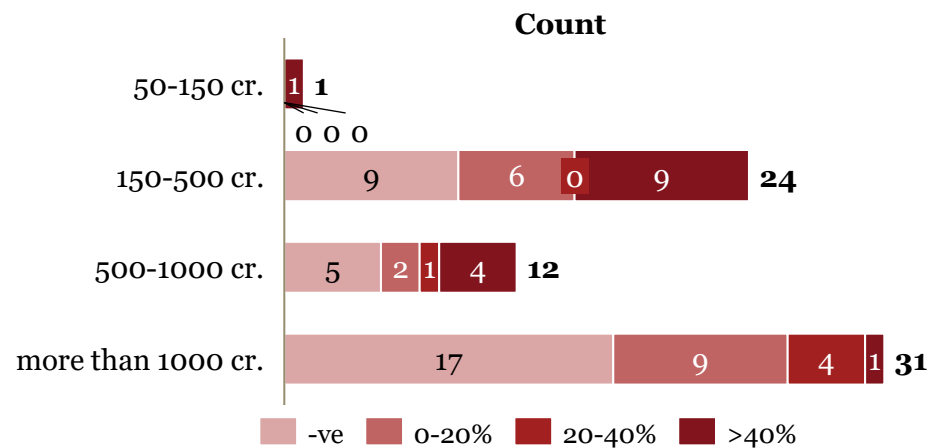
**Count of companies by Y-o-Y Net Sales growth %**



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

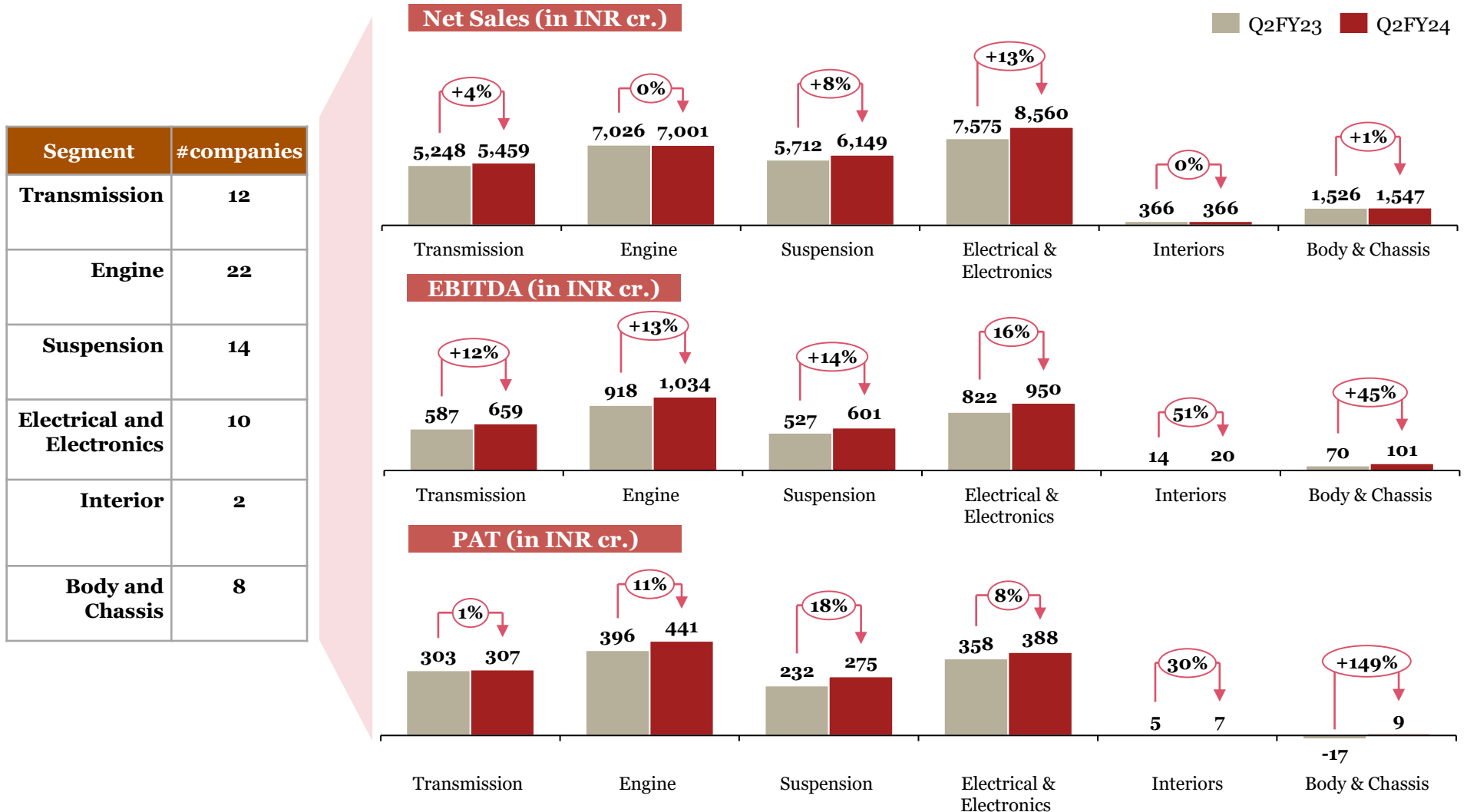


**Count of companies by Y-o-Y EBITDA growth %**



# *Segment analysis*

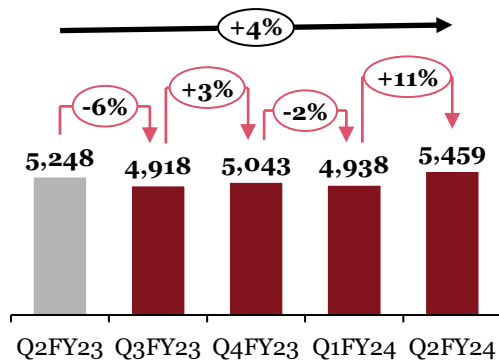
## Segment-wise analysis of in-scope companies: Q2 FY22 vs. Q2 FY23



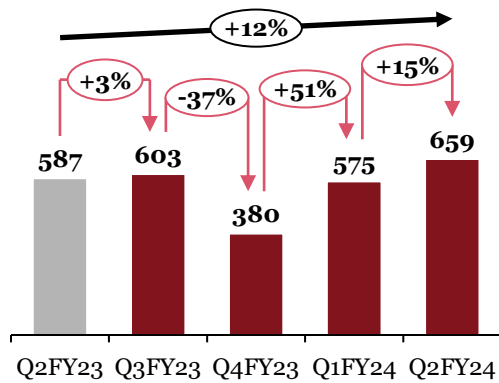


## Transmission segment (12 companies)

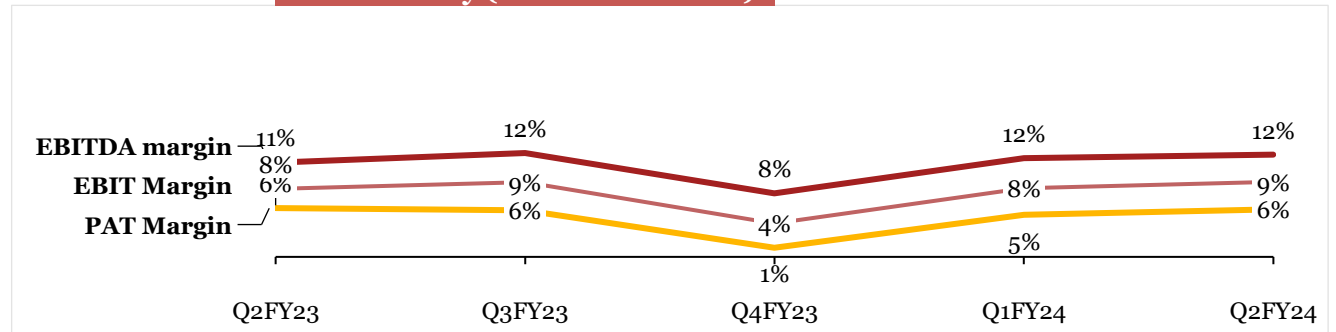
Net Sales (in INR cr.)



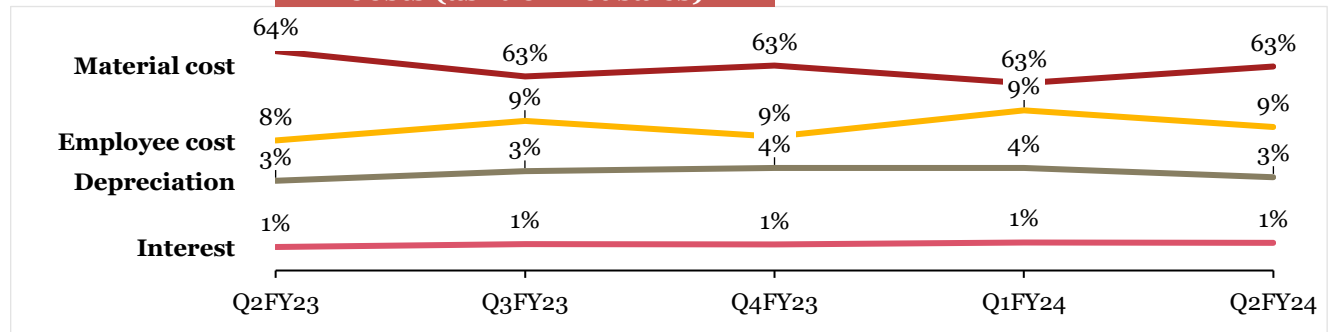
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

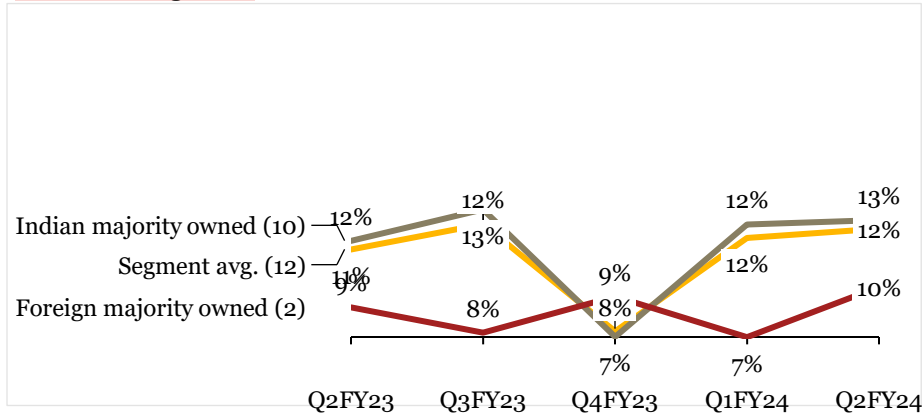


- The major drivers for this market are increasing vehicle production and growing demand for lightweight transmission systems to enhance the driving experience.
- PAT and EBIT Margins both increased slightly as a result of lower raw material costs and higher net sales

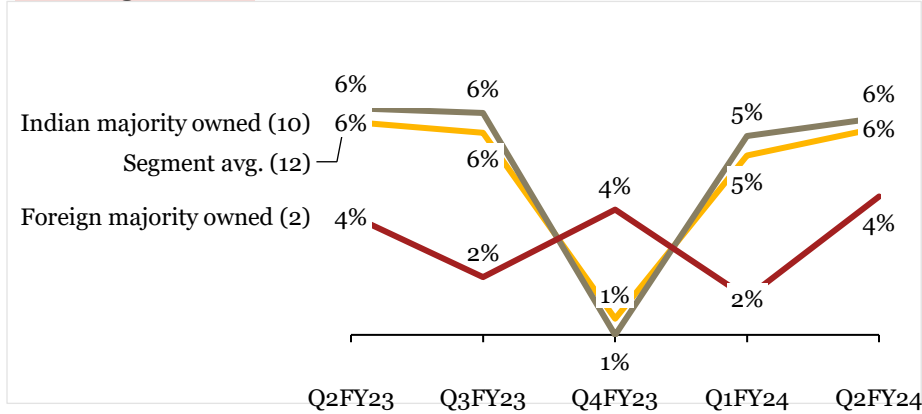
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

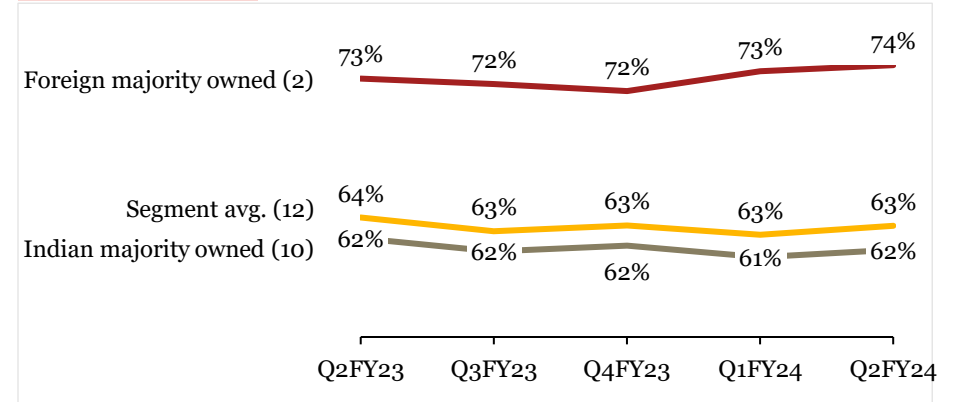


#### PAT Margin

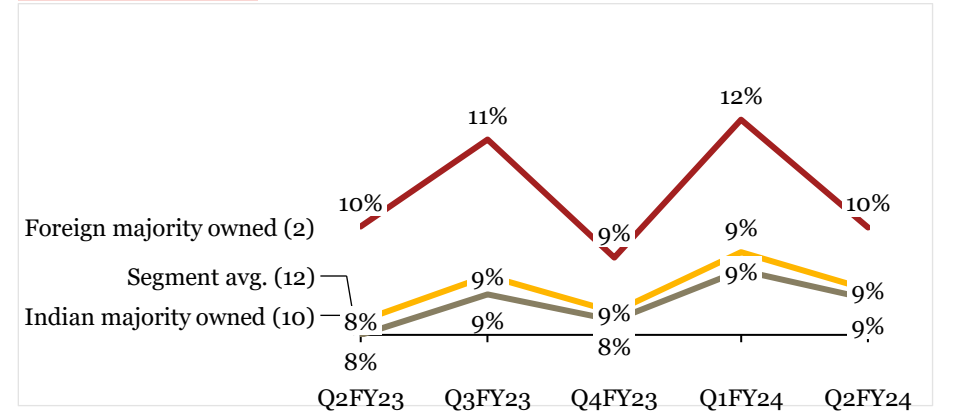


### Costs (as % of Net sales)

#### Material cost

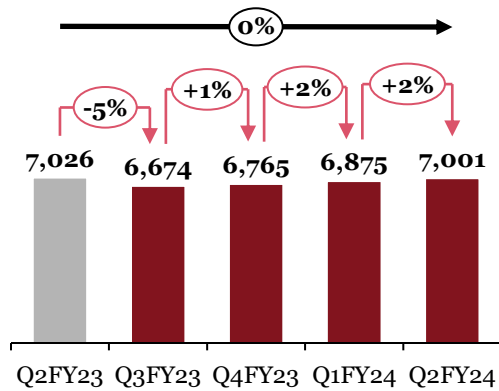


#### Employee cost

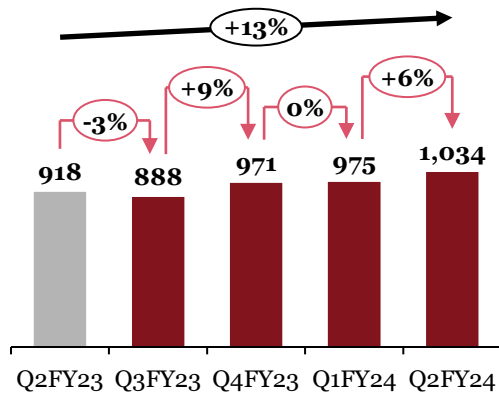


## Engine segment (22 companies)

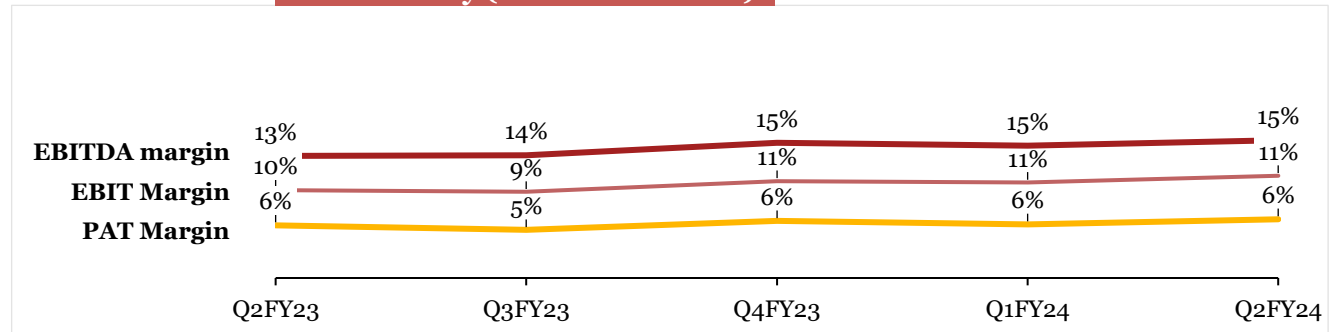
Net Sales (in INR cr.)



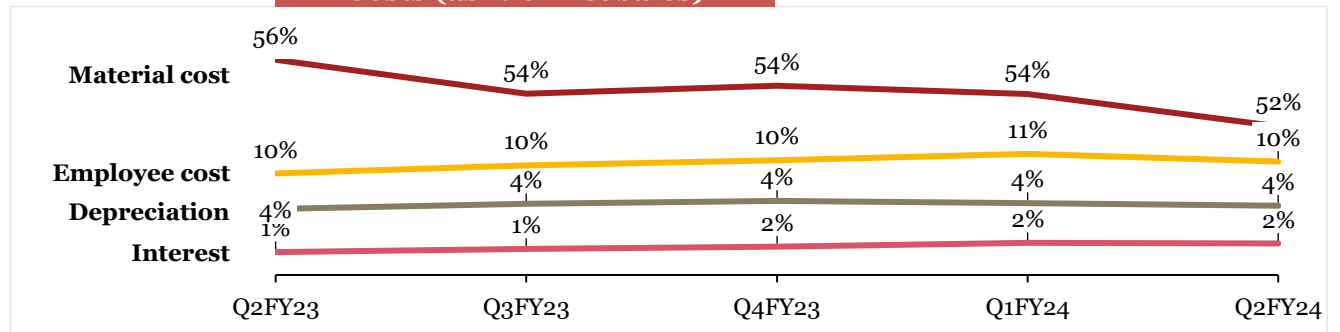
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

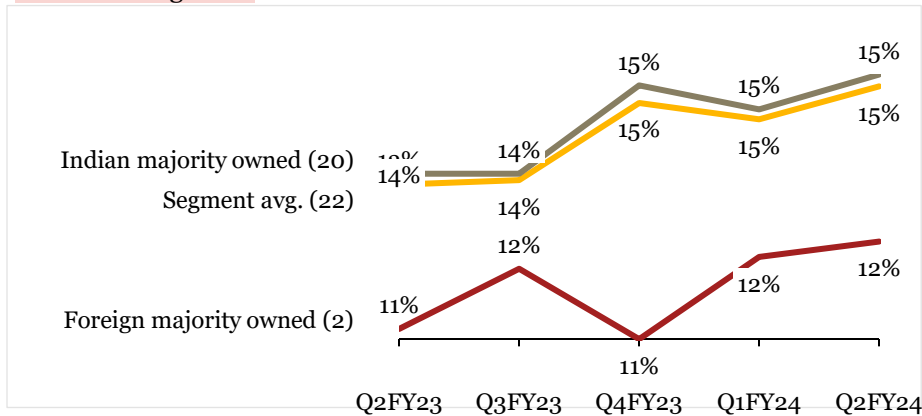


- EBITDA, EBIT, and PAT margins remained relatively stable in Q2 FY24.
- PAT Margin increased slightly as a result of lower employee and raw material costs.

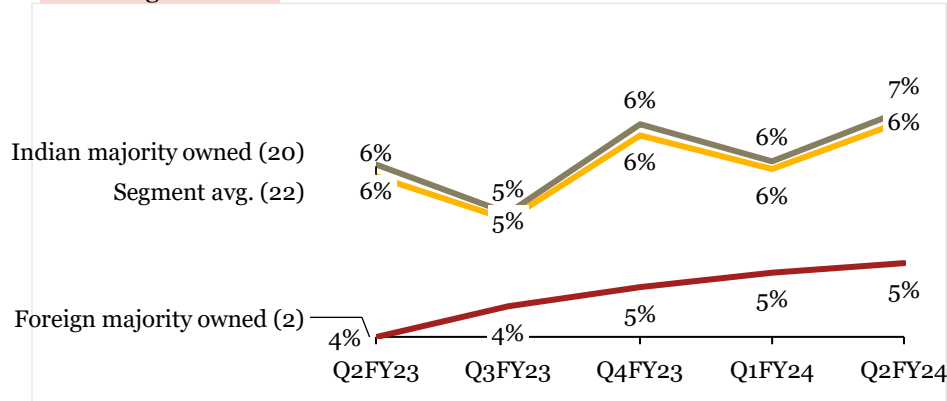
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

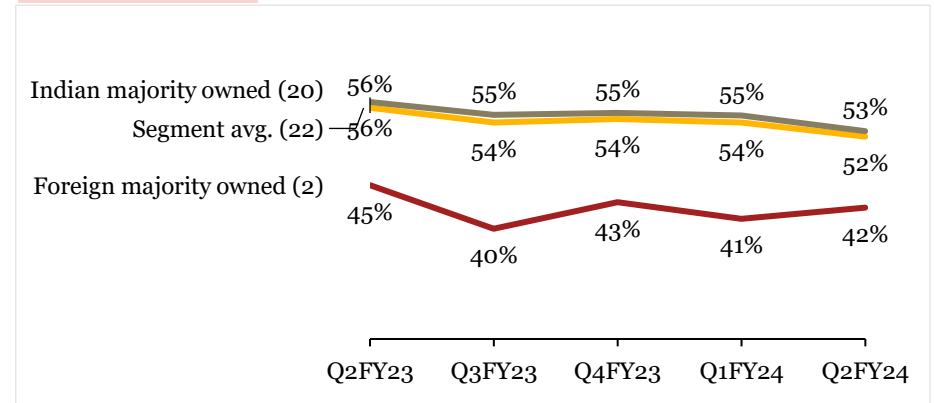


#### PAT Margin

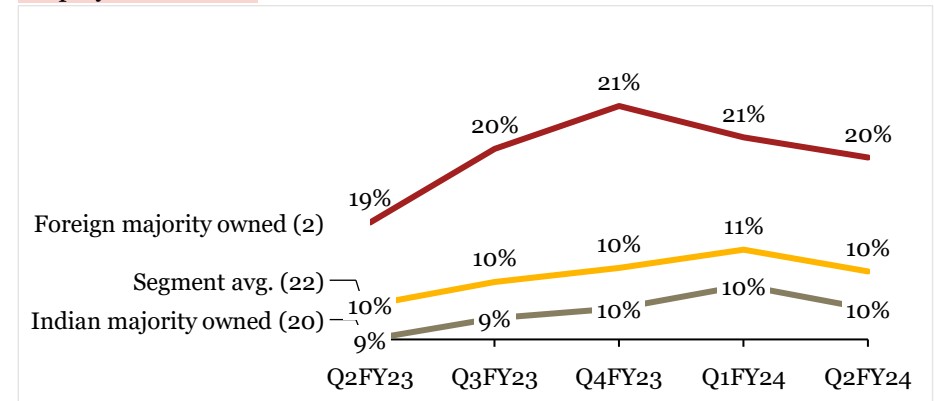


### Costs (as % of Net sales)

#### Material cost

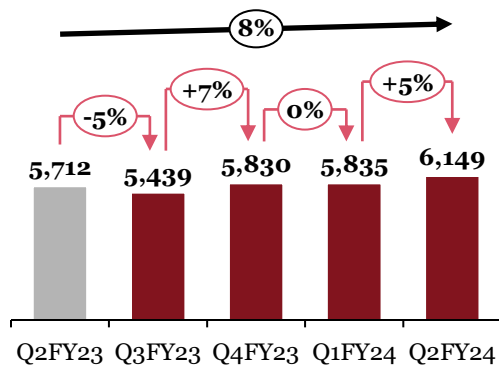


#### Employee cost

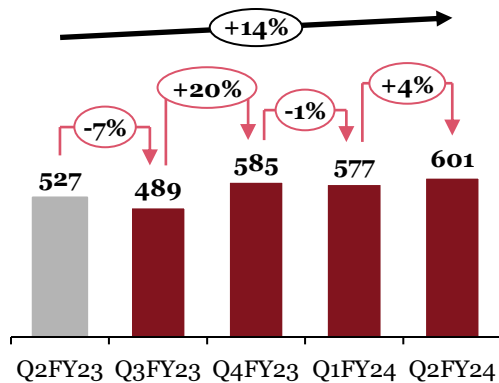


## Suspension segment (14 companies)

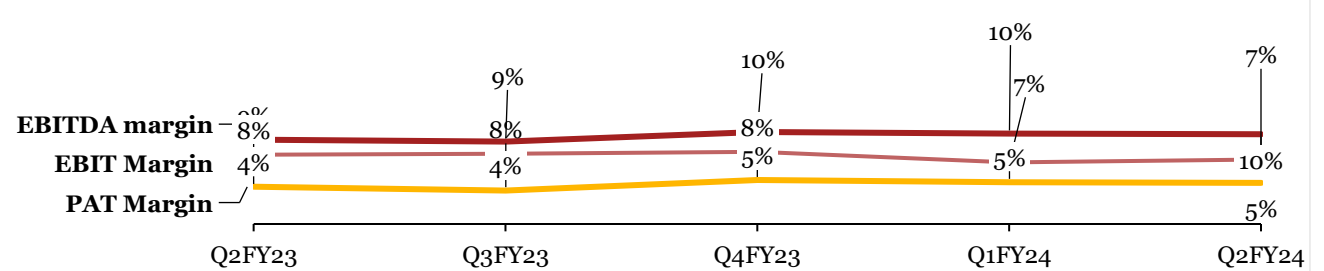
Net Sales (in INR cr.)



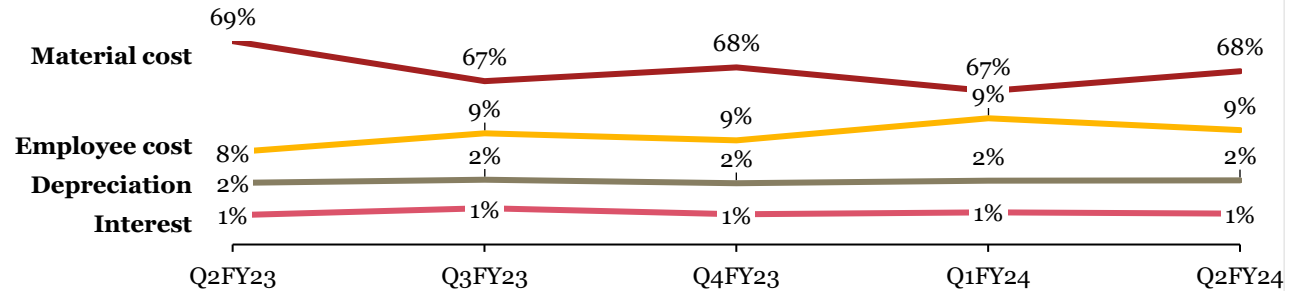
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

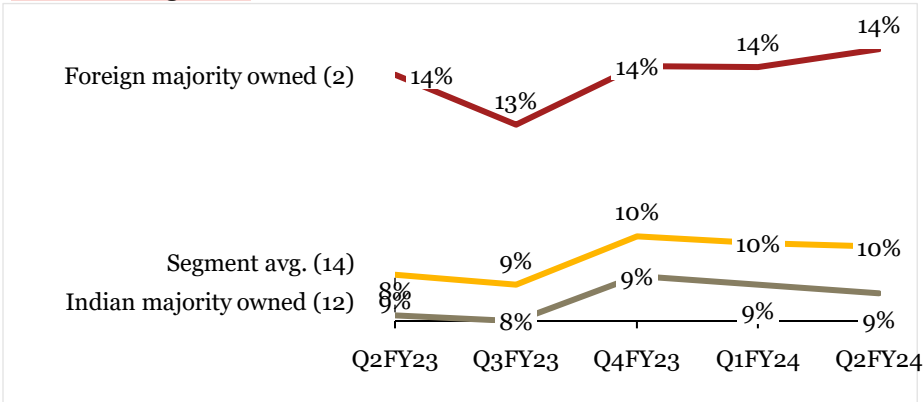


- Net sales increased slightly, backed by an increase in the demand for CVs due to sustained investments in the infrastructure and construction industry.
- All associated costs in this segment remained relatively stable.

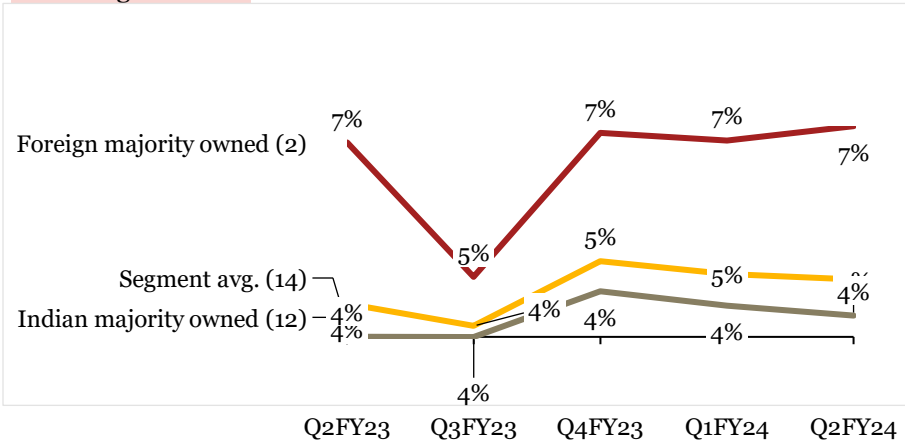
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

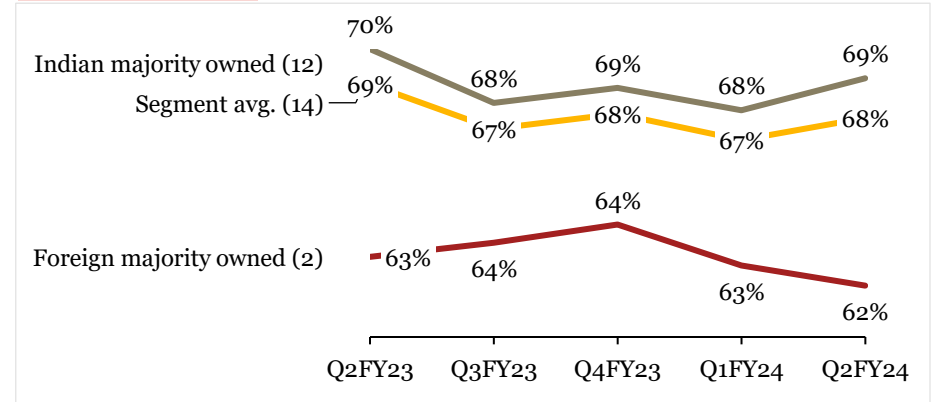


#### PAT Margin

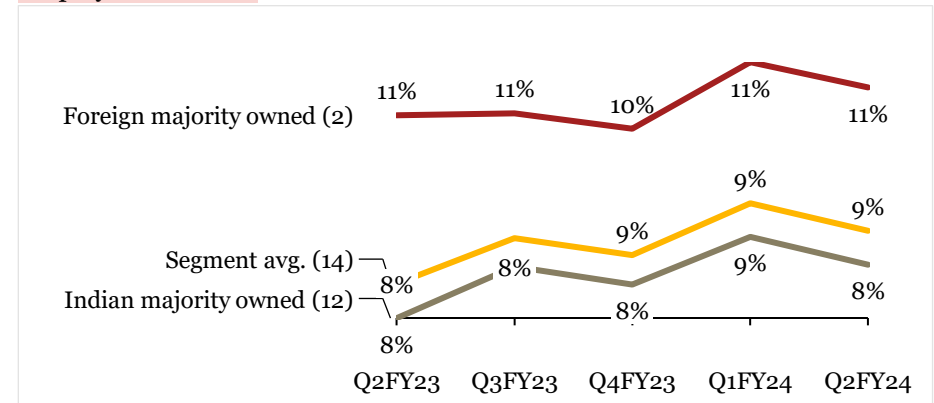


### Costs (as % of Net sales)

#### Material cost

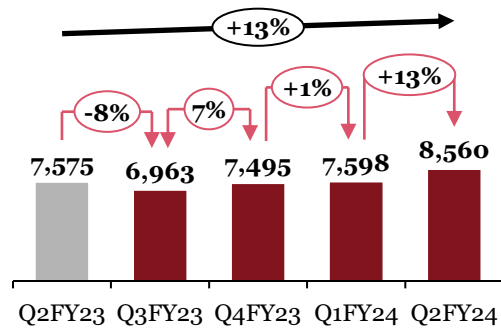


#### Employee cost

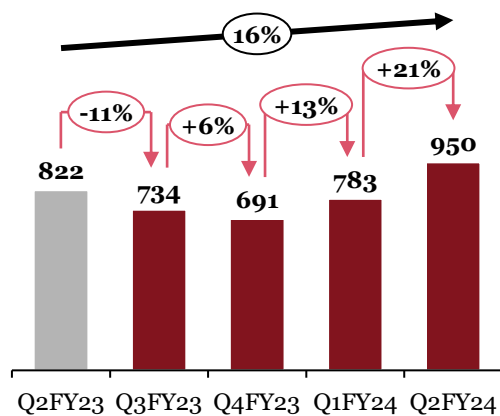


## Electrical and Electronics segment (10 companies)

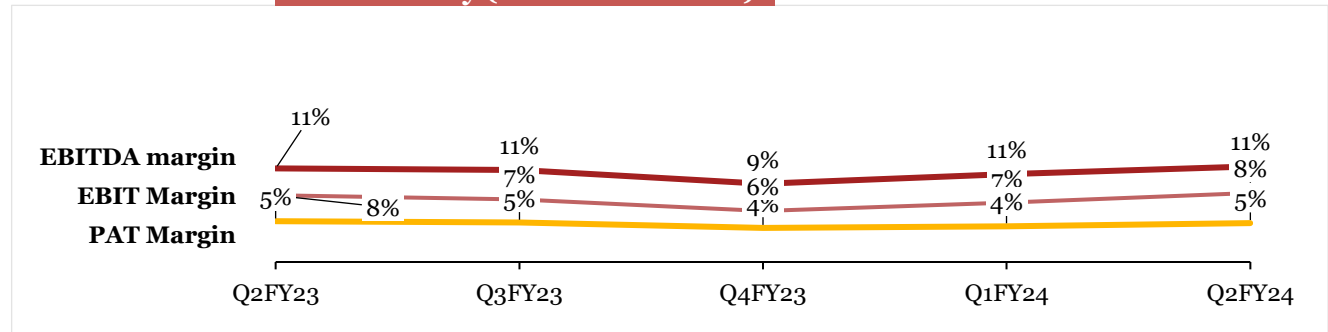
Net Sales (in INR cr.)



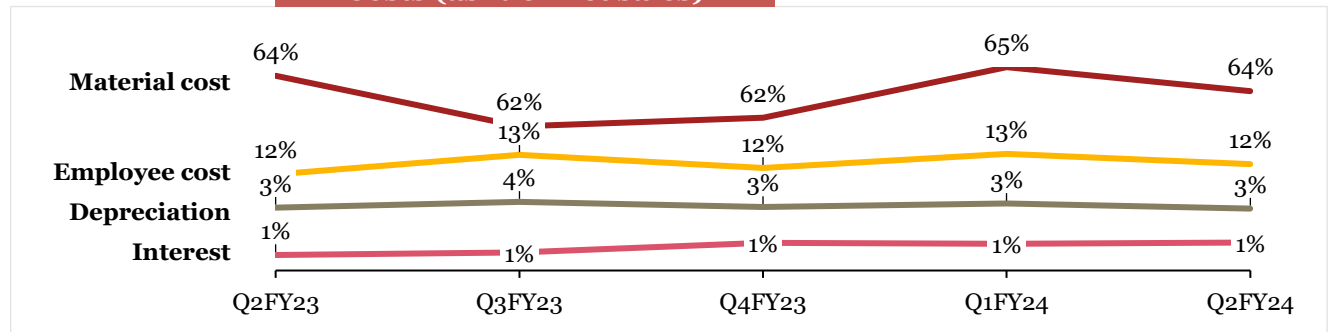
EBITDA (in INR cr.)



Profitability (as % of Net sales)



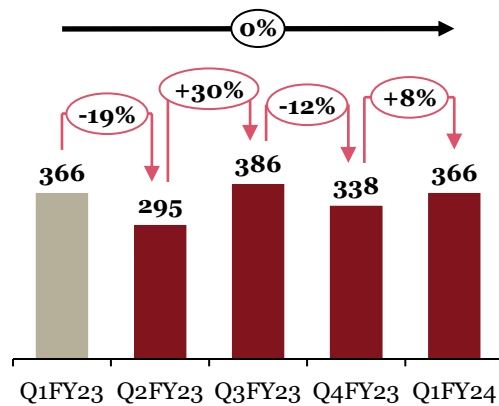
Costs (as % of Net sales)



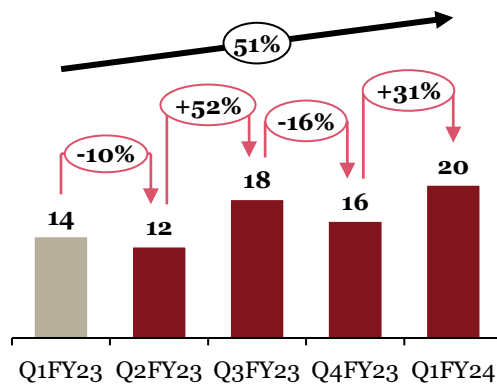
- Higher adoption of EVs, especially in 2Wh and 3Wh segments, lead to sustained growth in net sales.
- EBITDA, EBIT, and PAT margins all slightly increased as a consequence of a rise in net sales and a fall in employee and material costs

## Interior segment (2 companies)

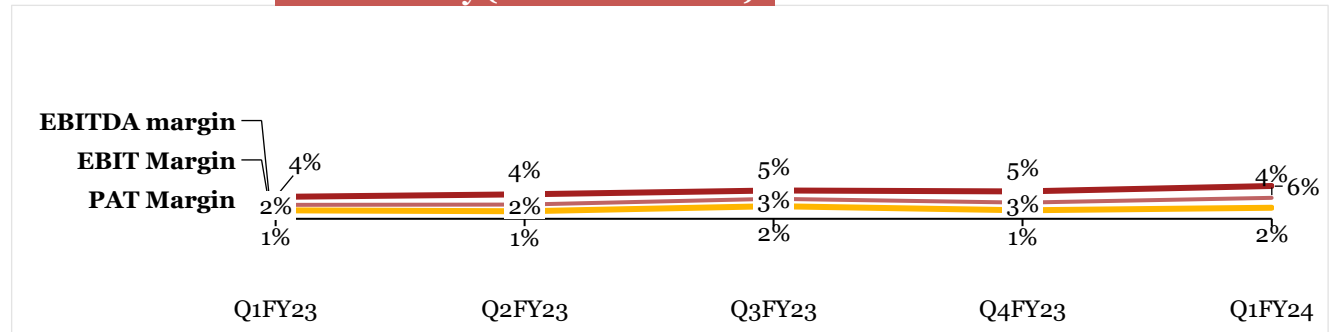
**Net Sales (in INR cr.)**



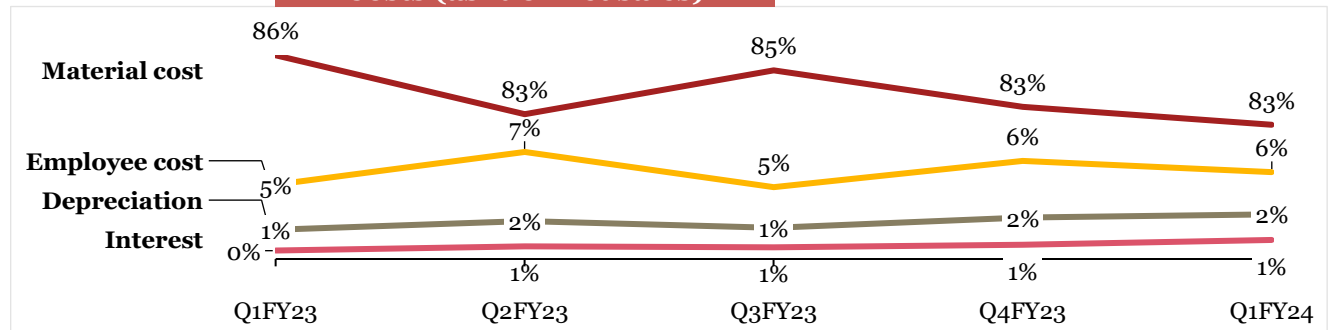
**EBITDA (in INR cr.)**



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



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

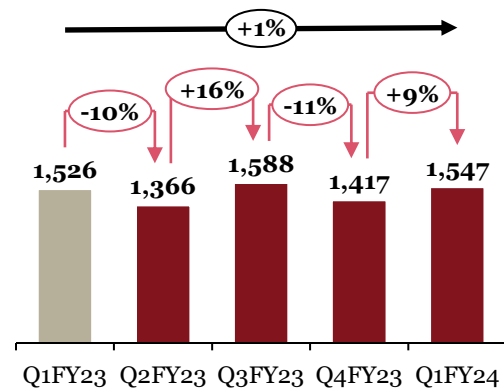


- Rise in demand for SUVs leading to demand for more premium interiors has contributed to increased net sales and higher profitability.
- Government regulations for safety, carbon emissions, etc are expected to fuel the growth of the segment

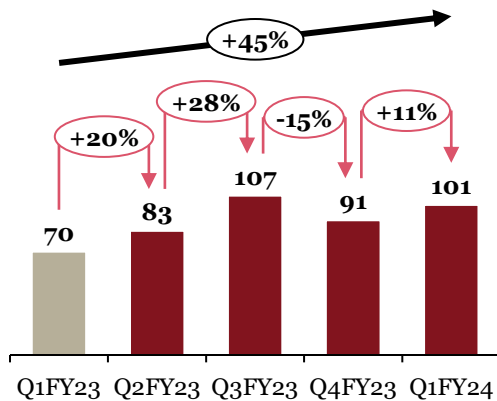


## Body and chassis segment (8 companies)

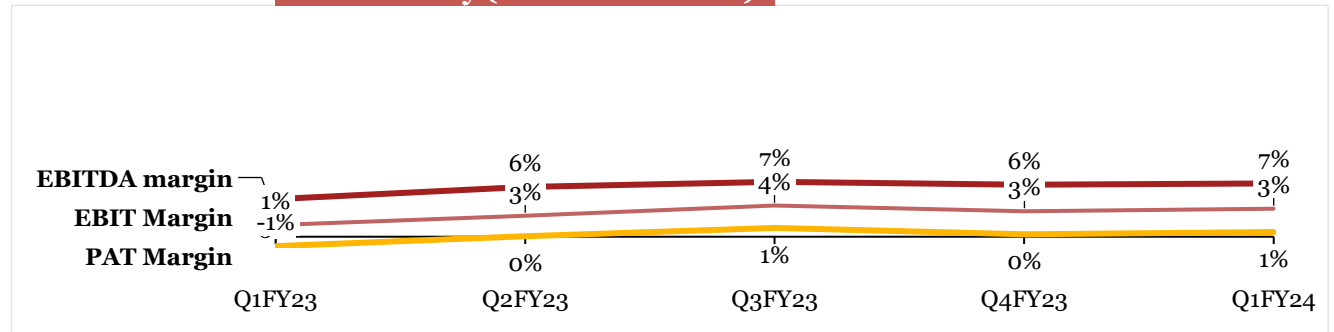
Net Sales (in INR cr.)



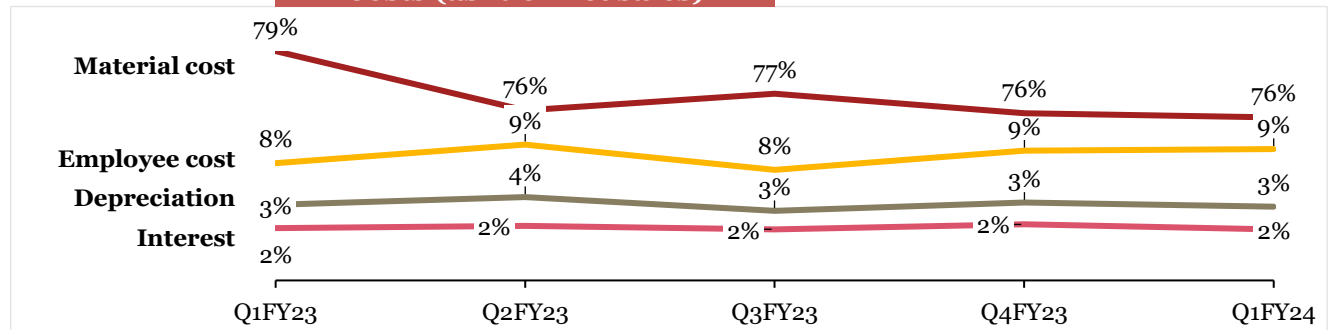
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- The production of a vehicle with low weight chassis to lower the weight of the vehicle and achieve lower emissions increased the demand for lighter and robust chassis
- Net sales and EBITDA showed notable improvement on the back of a lower base from the previous quarter.

## Appendices

Ratios Used		
Ratios	Definition	
<b>EBITDA margin</b>	(Reported Net Profit + Tax Expenses+ Interest+ Depreciation- other income)/Net Sales	
<b>PAT margin</b>	(Reported Profit - other income)/Net Sales	
<b>EBIT Margin</b>	(Reported Net Profit + Tax Expenses+ Interest- other income)/Net Sales	
<b>Working Capital Ratio</b>	Total Current Assets/Total Current Liabilities	
<b>Working Capital Cycle Days</b>	90*Net Current Assets/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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