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ACMA- Financial Analysis

Q3 FY-20

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and confidential*

May 2020



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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 71 Auto component companies

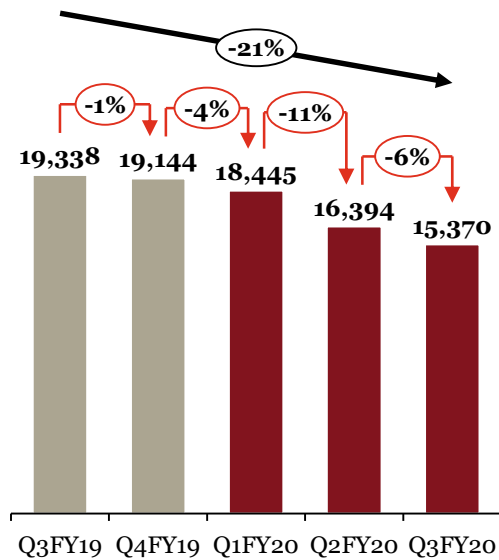
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	4	25	12	30
Segment based classification				
Segment	# companies	List of companies		
Transmission	14	Automotive Axles, Bharat Gears, Endurance Tech., JMT Auto, JTEKT India, L G Balakrishnan, RACL Geartech, Rane (Madras), Remsons Inds., Setco Automotive, Shivam Autotech, Suprajit Engg., The Hi-Tech Gear, Z F Steering		
Engine	21	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, Shriram Pistons, Sundaram Clayton, Sundram Fasten., Talbros Auto., Triton Valves, Ucal Fuel Sys.		
Suspension	14	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		
Electrical and Electronics	11	Autolite (I), Bhagwati Auto, Fiem Inds., India Nipp.Elec., Lumax Auto Tech., Lumax Inds., Minda Corp, Minda Inds., Motherson Sumi, Pricol Ltd, Subros		
Interior	3	Bharat Seats, Harita Seating		
Body and Chassis	8	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.

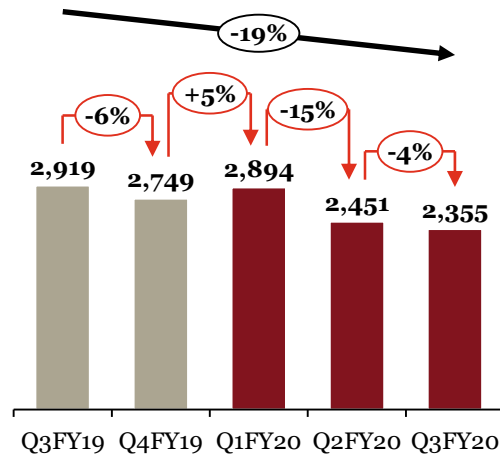
Financial Summary

Aggregate financial analysis (71 in-scope companies)

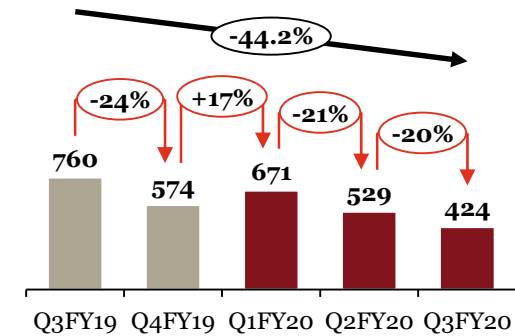
Net Sales (in INR cr.)



EBITDA (in INR cr.)



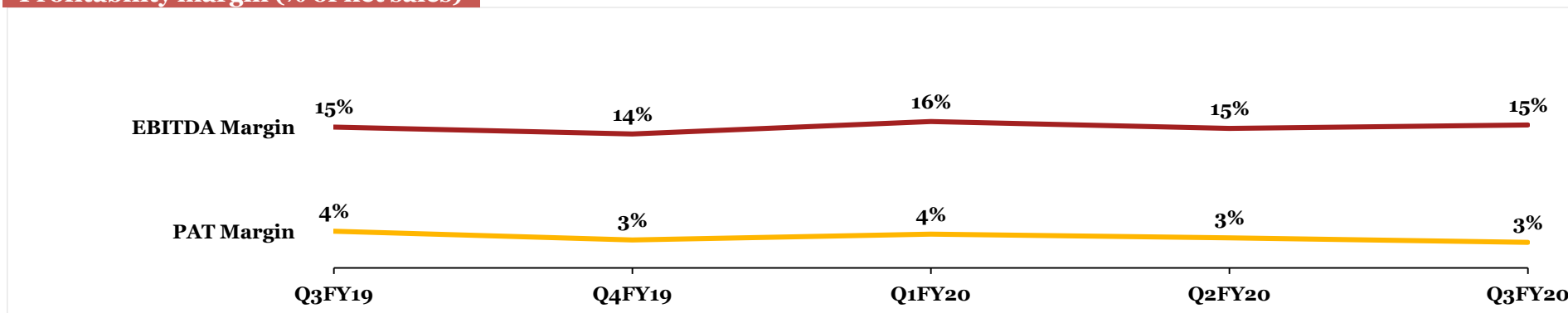
PAT (in INR cr.)



- Net sales, EBITDA and PAT saw a Y-o-Y decline in Q3 FY20, with tough sales environment for the auto industry to blame
- Each individual segment saw a decline in sales Y-o-Y in Q3 FY20
- The interiors segment saw the largest Y-o-Y fall in Net Sales
- The body and chassis segment saw the largest Y-o-Y fall in EBITDA

Trends in profitability (as % of Net sales)

Profitability margin (% of net sales)



EBITDA margin distribution of in-scope companies

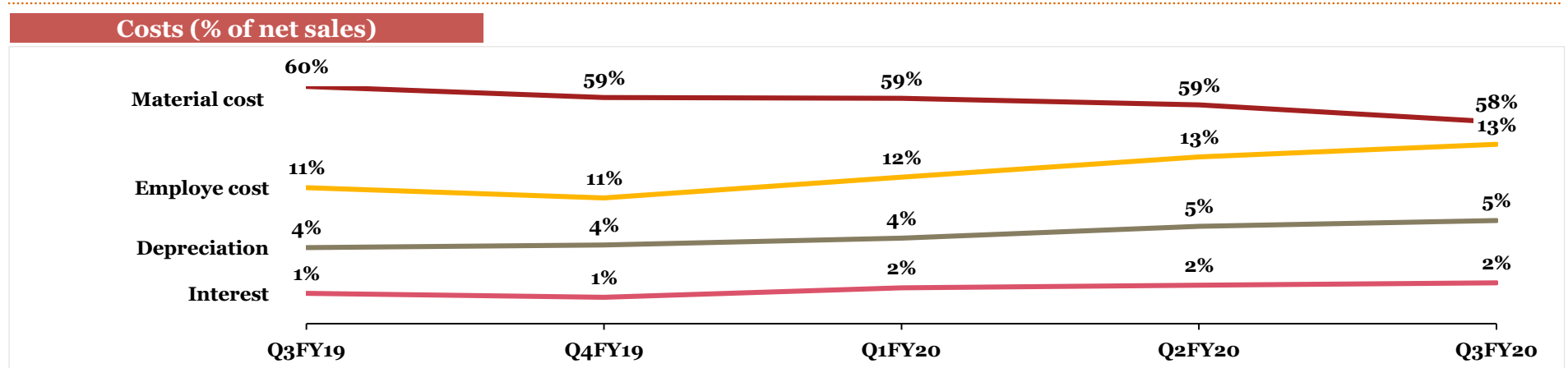
Range	Q3 FY19 Number of companies	Q3 FY20 Number of companies
Less than 0%	0	2
0-10%	13	11
10-20%	37	39
more than 20%	21	19

PAT margin distribution of in-scope companies

Range	Q3 FY19 Number of companies	Q3 FY20 Number of companies
less than 0%	12	28
0-5%	38	28
5-10%	19	13
more than 10%	2	2

- The number of companies having negative EBITDA margin increased, and the number of companies having negative PAT margins more than doubled in Q3 FY20 (Y-o-Y)
- Companies with >20% EBITDA declined in Q3 FY20, while those with >10% PAT margin remained constant

Trends in costs (as % of Net sales)



Material cost/net sales distribution of in-scope companies

Range	Q3 FY19 #companies	Q3 FY20 #companies
20-50%	21	25
50-70%	39	34
more than 70%	11	12

Employee cost/net sales distribution of in-scope companies

Range	Q3 FY19 #companies	Q3 FY20 #companies
0-10%	22	12
10-20%	45	49
more than 20%	4	10

Interest/net sales distribution of in-scope companies

Range	Q3 FY19 #companies	Q3 FY20 #companies
0-2%	45	39
2-5%	23	20
more than 5%	3	12

Depreciation/net sales distribution of in-scope companies

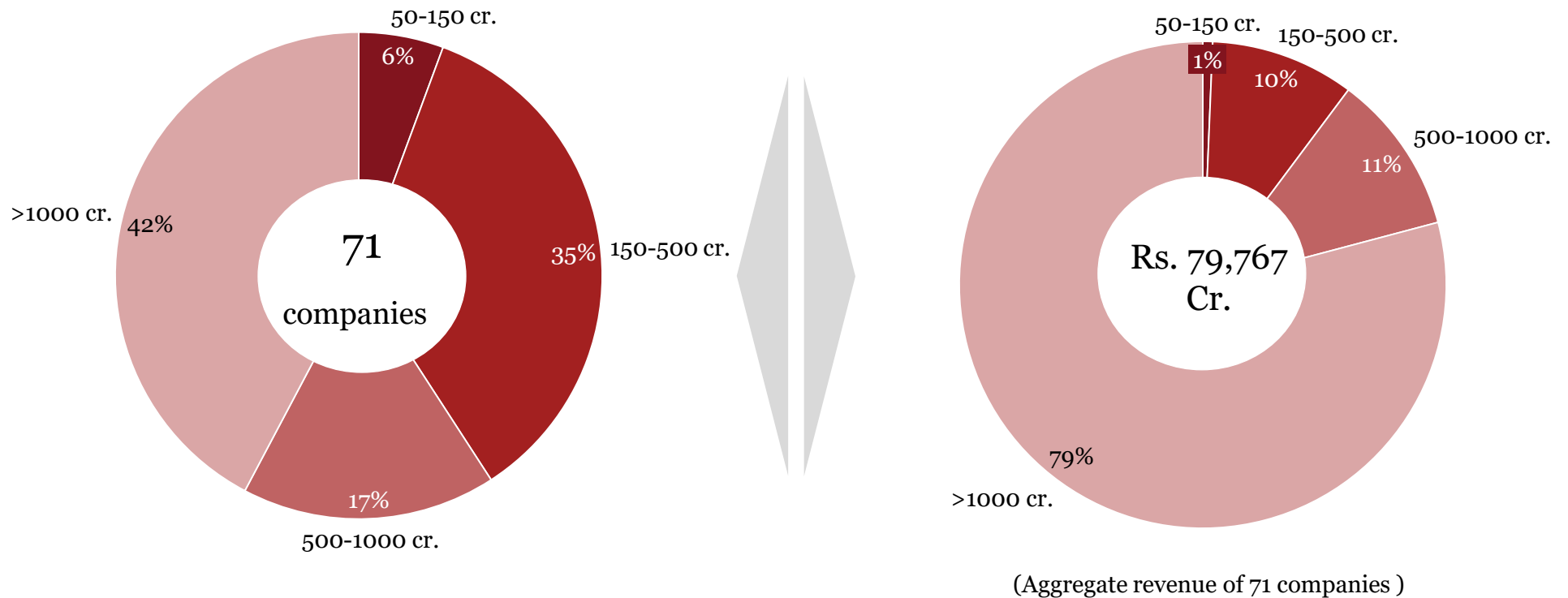
Range	Q3 FY19 #companies	Q3 FY20 #companies
0-2%	11	3
2-5%	46	36
more than 5%	14	32

➤ Employee costs, depreciation and interest all rose as a share of net sales in Q3 FY20, while material costs declined, as component makers sought to improve cost efficiency in their supply chains

Size based analysis

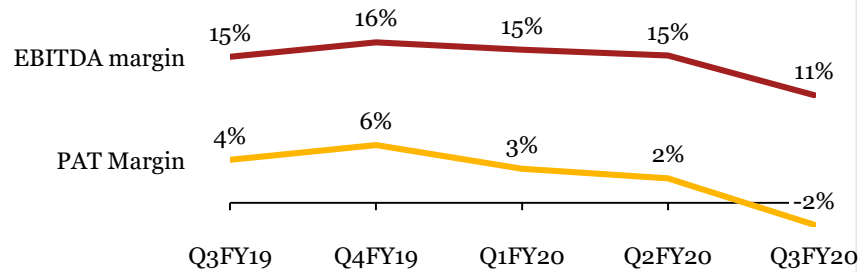
Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	4	26	13	28

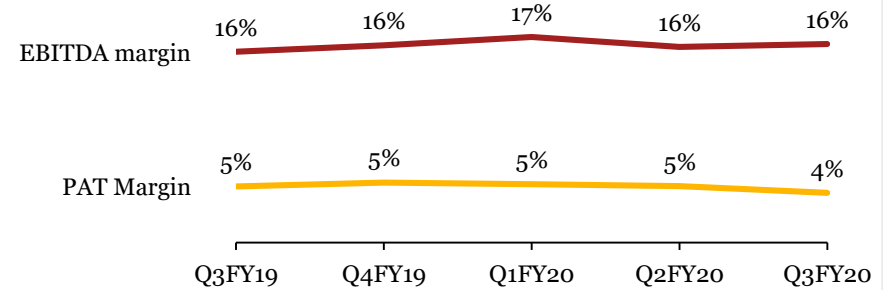


Trends in profitability (as % of Net sales)

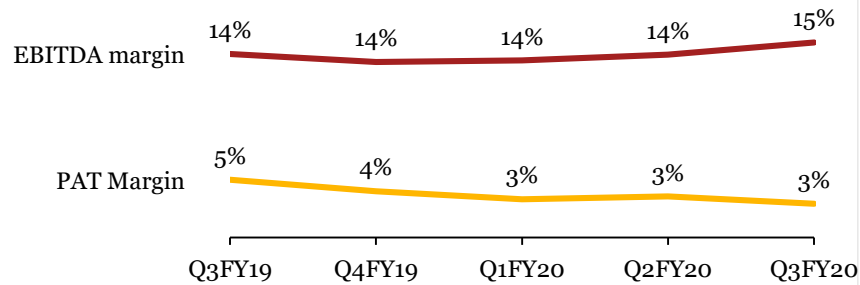
Companies with revenue 50-150 cr.



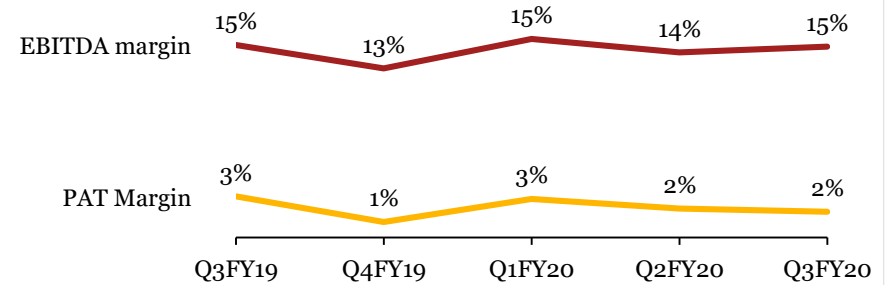
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

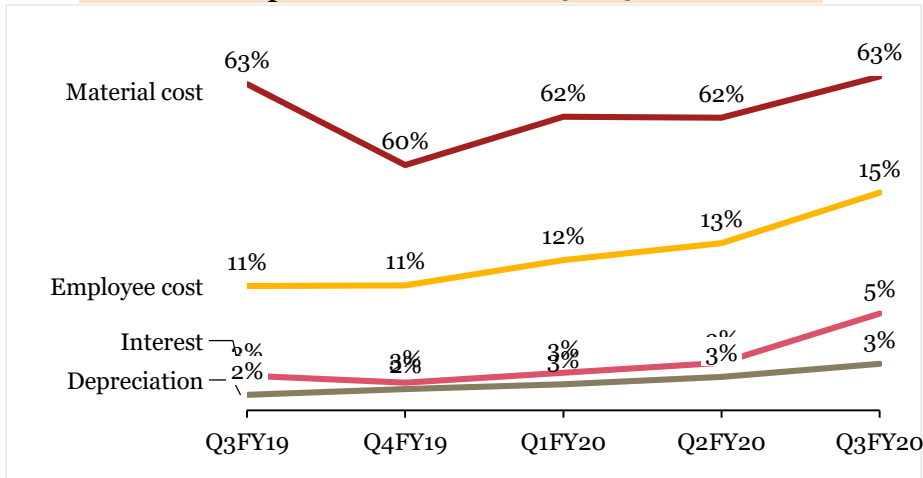


Companies with revenue >1000 cr.

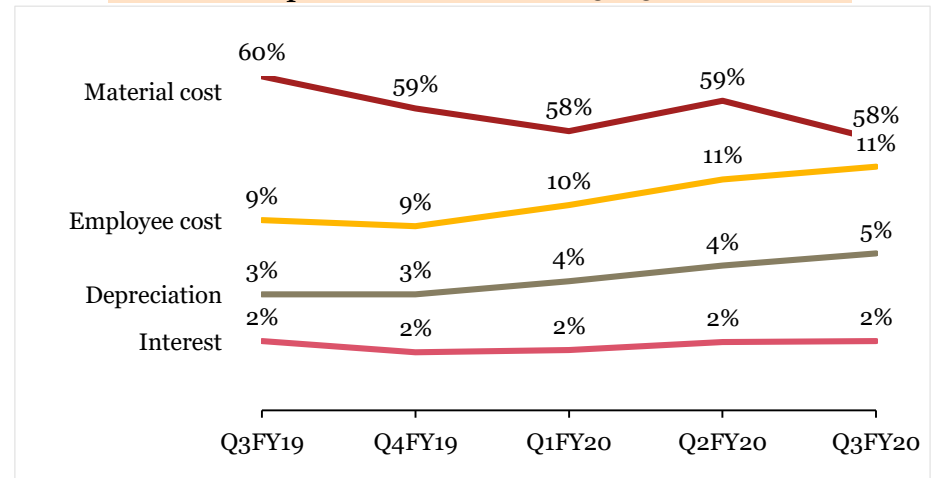


Trends in costs (as % of Net sales)

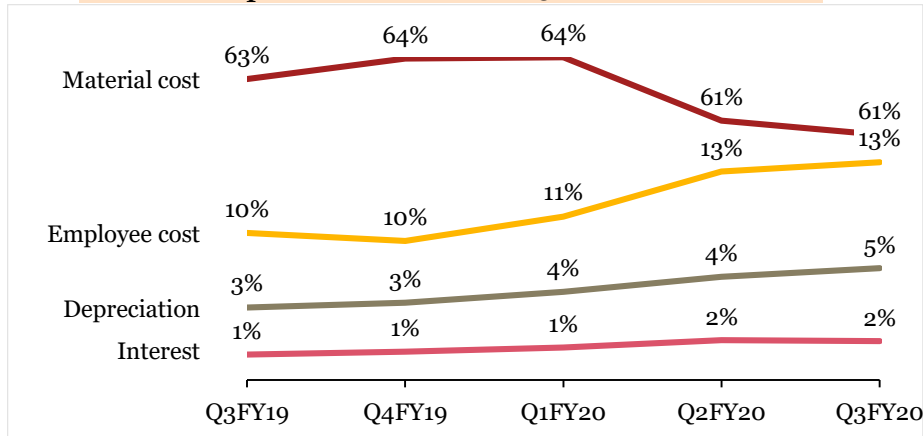
Companies with revenue 50-150 cr.



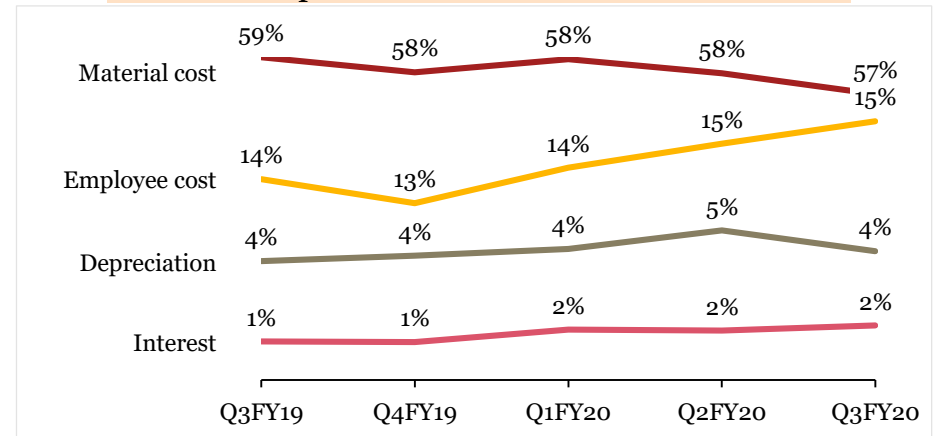
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

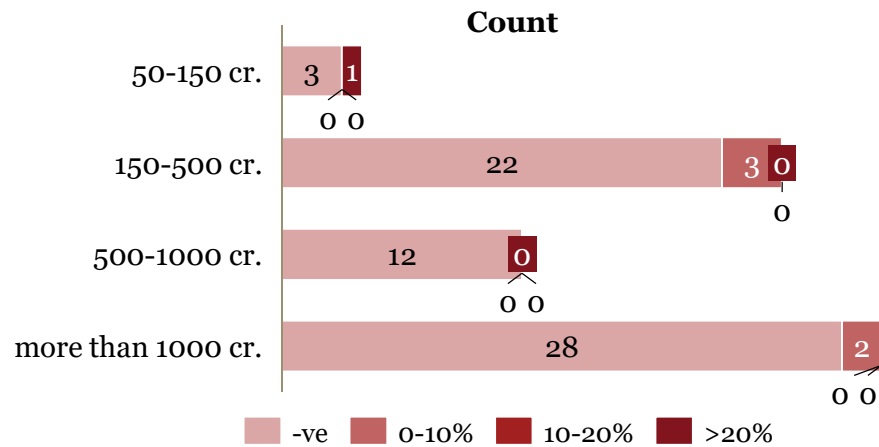


Companies with revenue >1000 cr.

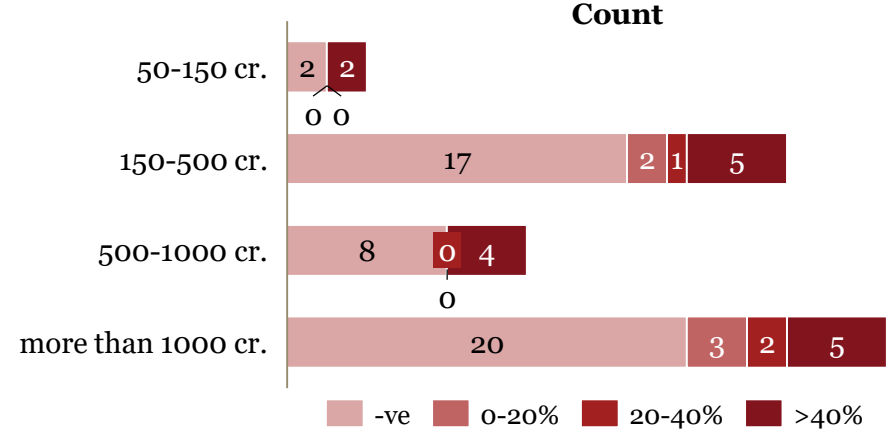


Count of companies per growth % range : by revenue segment Q3 FY20 vs. Q3 FY19

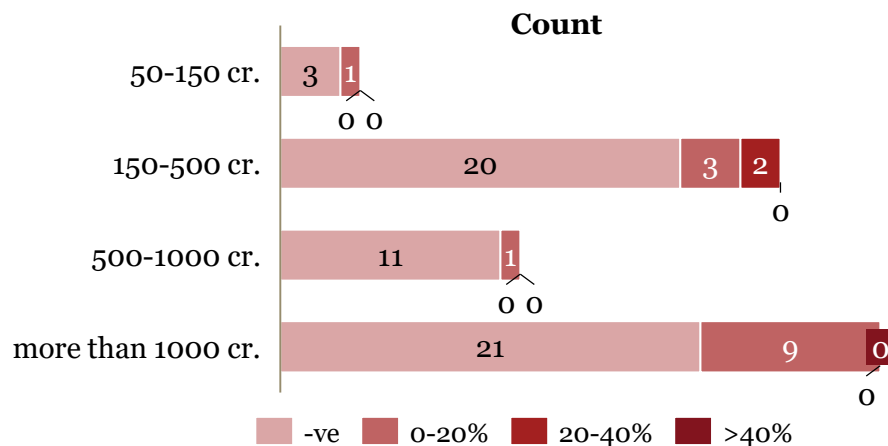
Count of companies by Y-o-Y Net Sales growth %



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

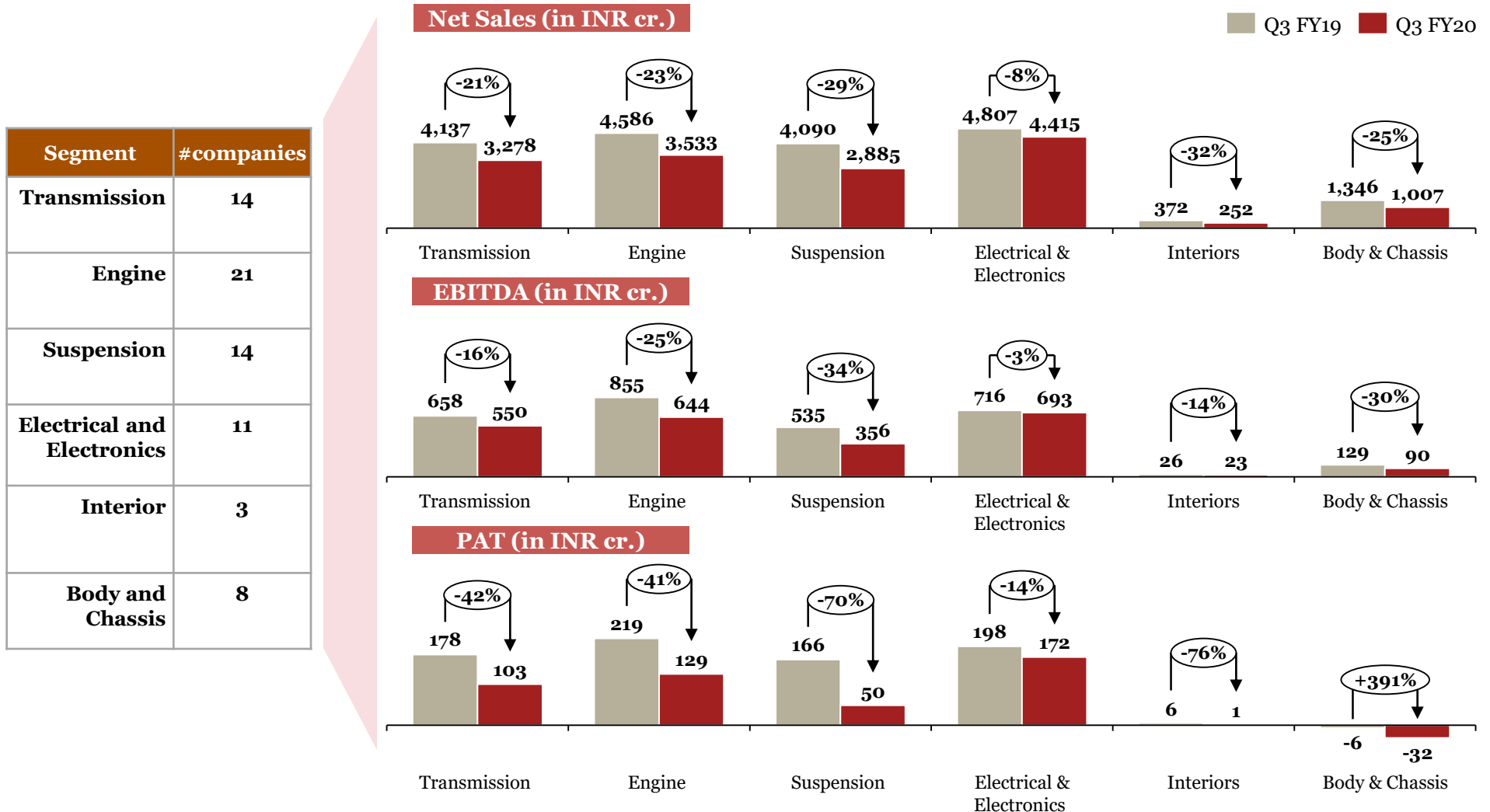


Count of companies by Y-o-Y EBITDA growth %



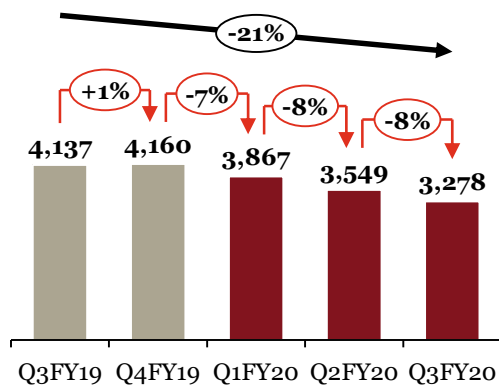
Segment analysis

Segment-wise analysis of in-scope companies: Q3 FY20 vs. Q3 FY19

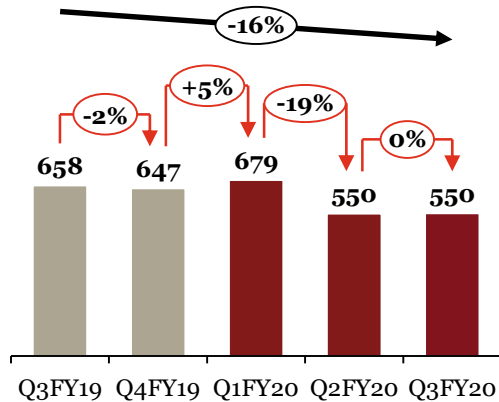


Transmission segment (14 companies)

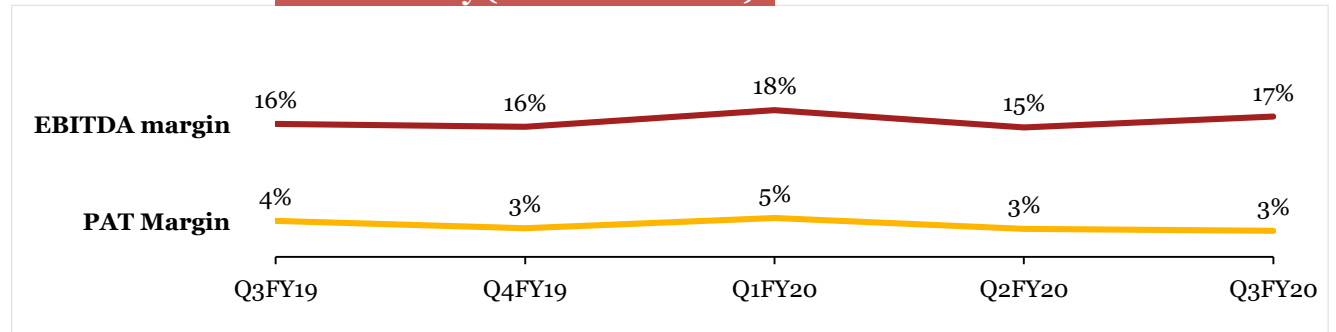
Net Sales (in INR cr.)



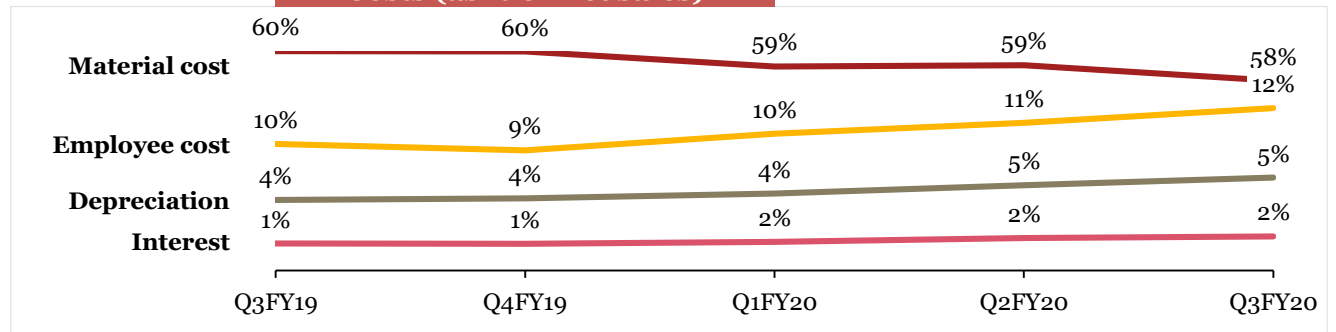
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

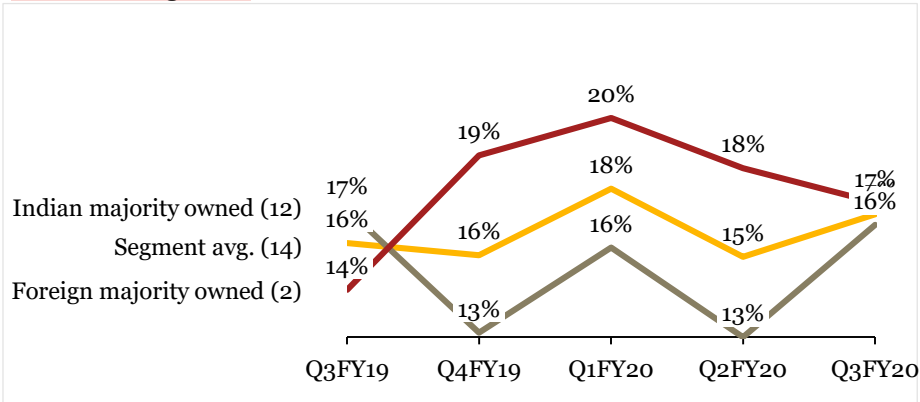


- Net sales rose for 3 of the studied companies compared to Q3 FY19
- %employee cost is the only metric to decline in relation to net sales, while % employee costs, depreciation and interest all rose Y-o-Y

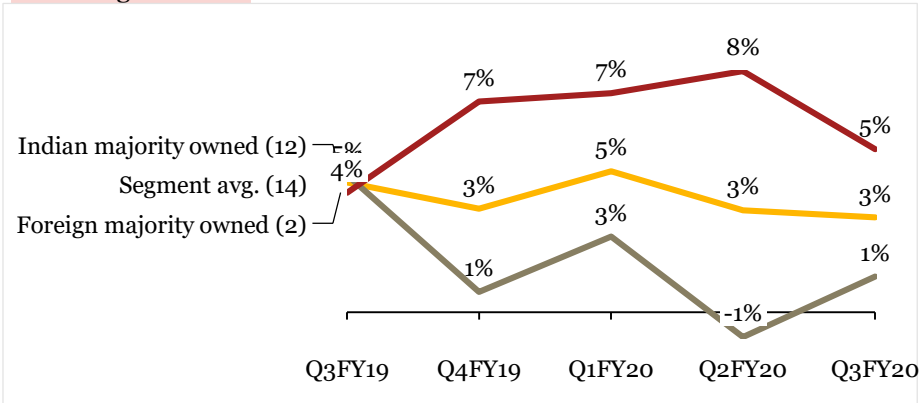
Transmission segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

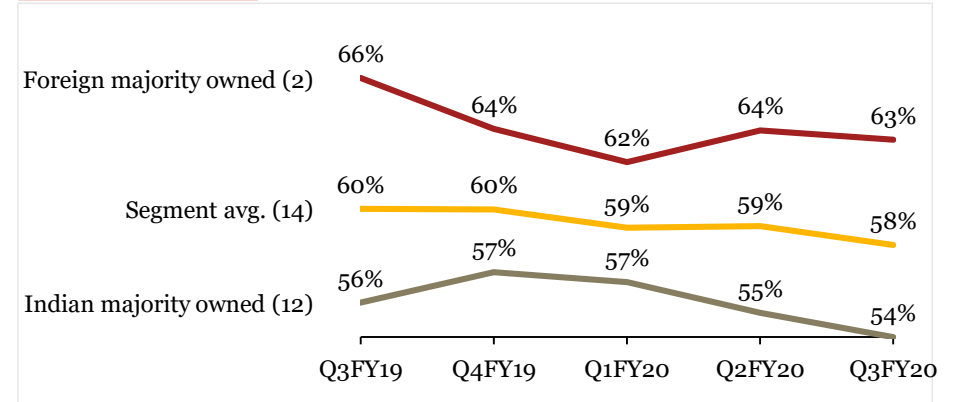


PAT Margin

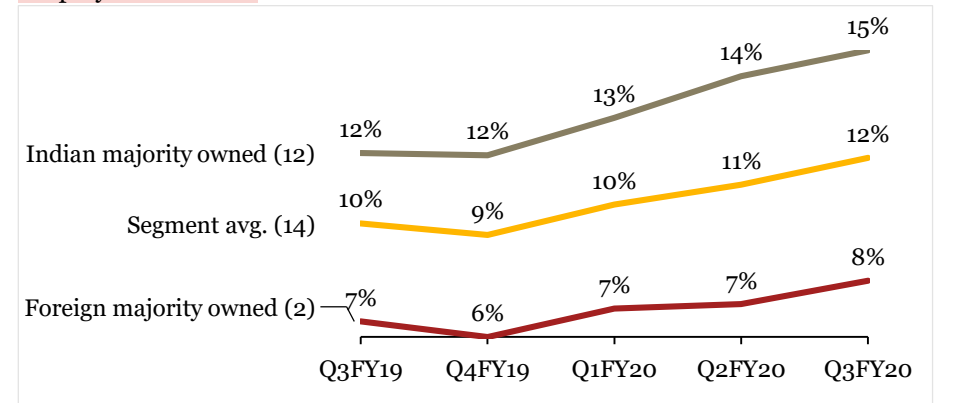


Costs (as % of Net sales)

Material cost

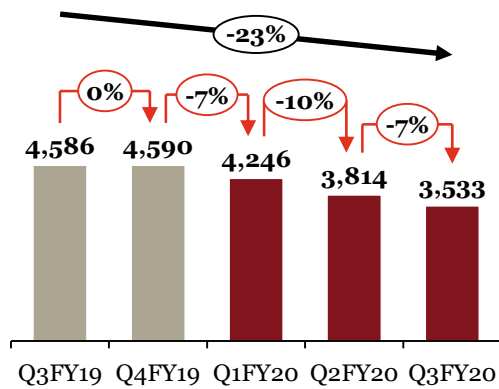


Employee cost

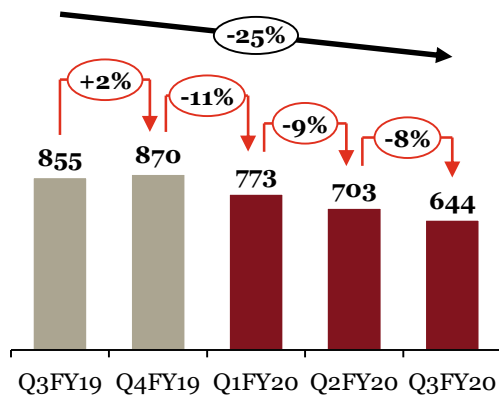


Engine segment (21 companies)

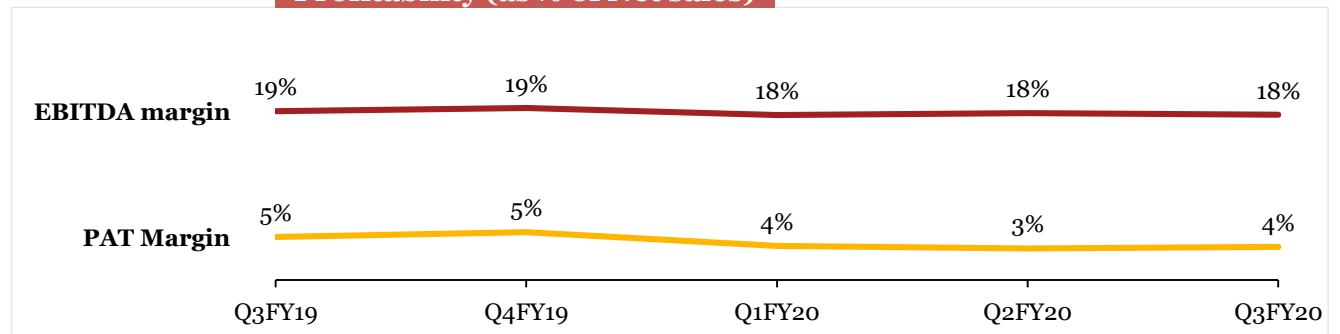
Net Sales (in INR cr.)



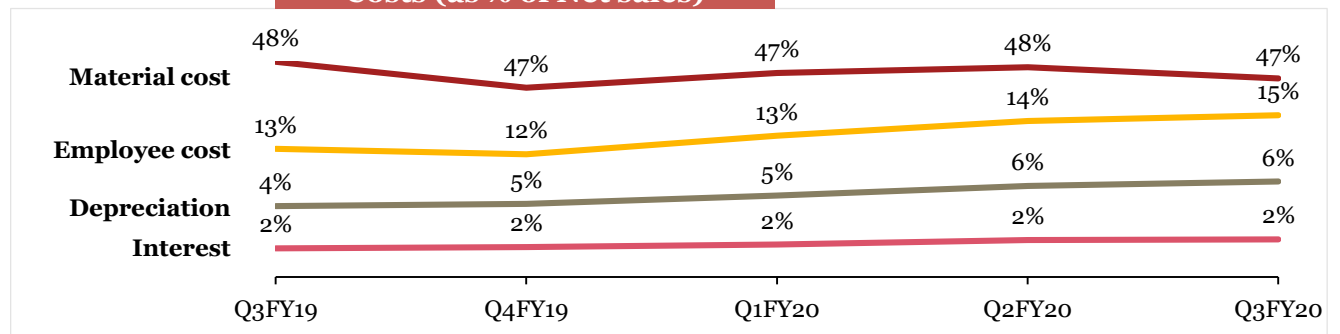
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

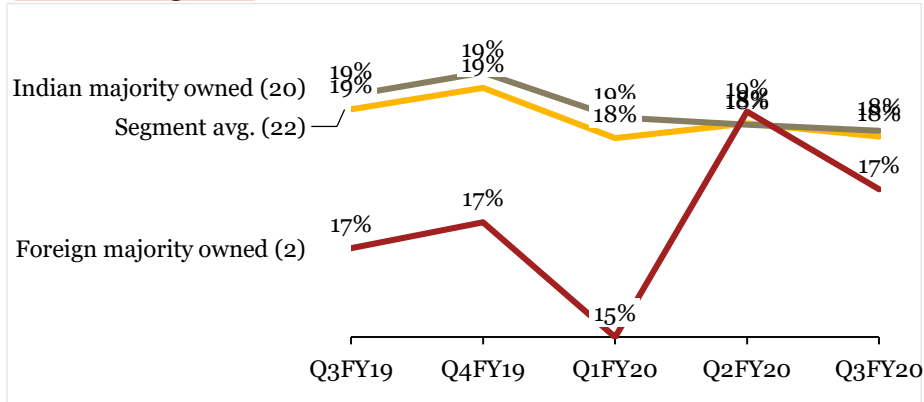


- 3 companies reported a rise in Net Sales Y-o-Y, whilst 4 reported a rise in EBITDA and 6 a rise in PAT
- EBITDA and PAT margins showed decline compared Y-o-Y to Q3 FY19

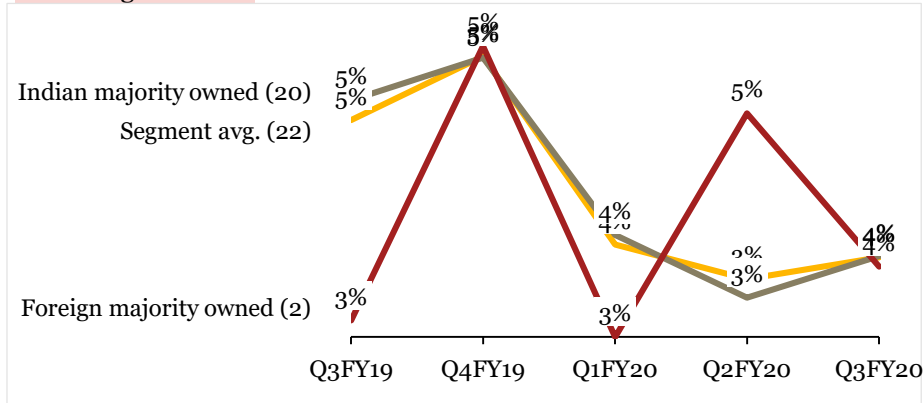
Engine segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

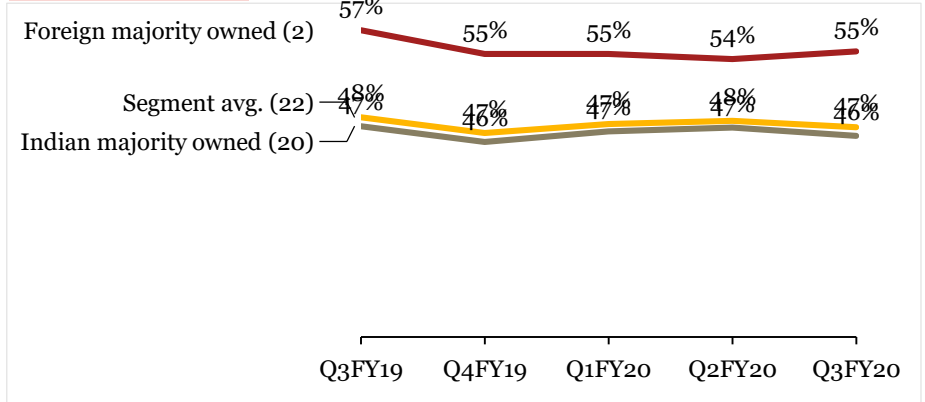


PAT Margin

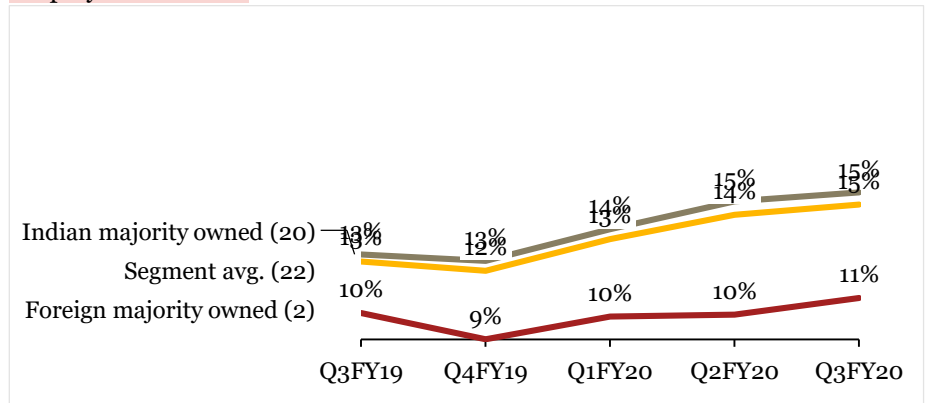


Costs (as % of Net sales)

Material cost

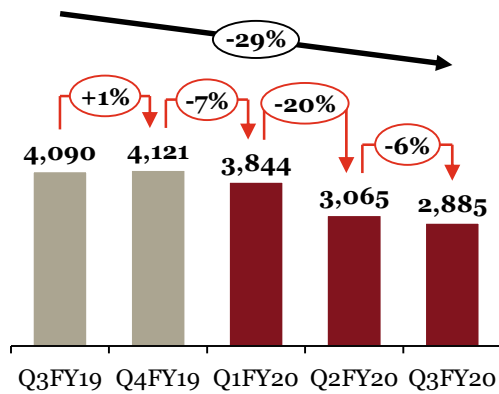


Employee cost

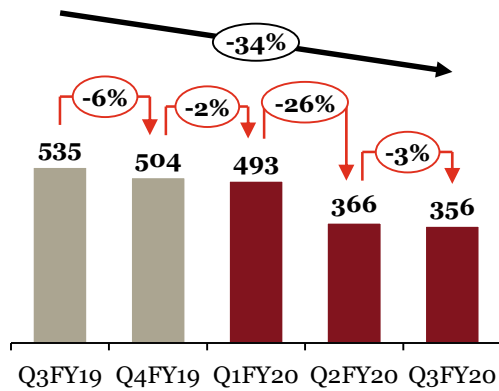


Suspension segment (14 companies)

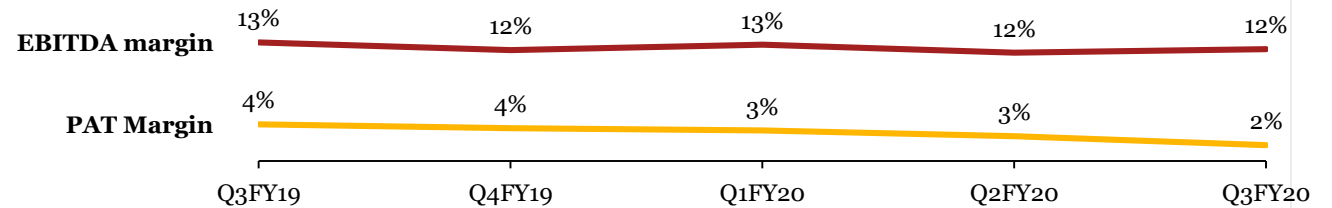
Net Sales (in INR cr.)



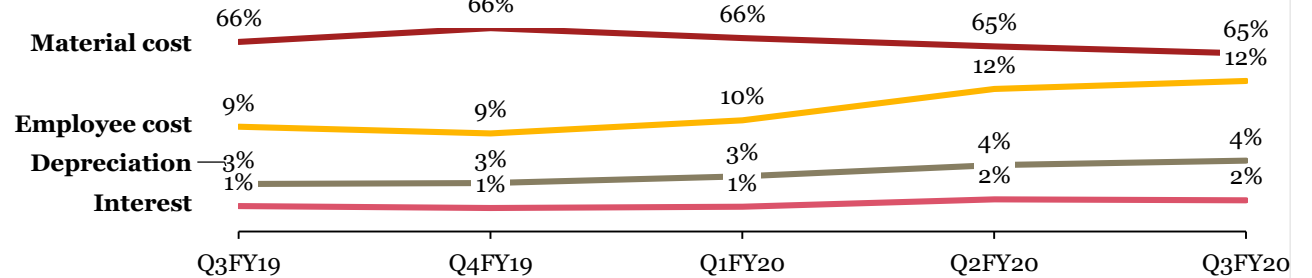
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

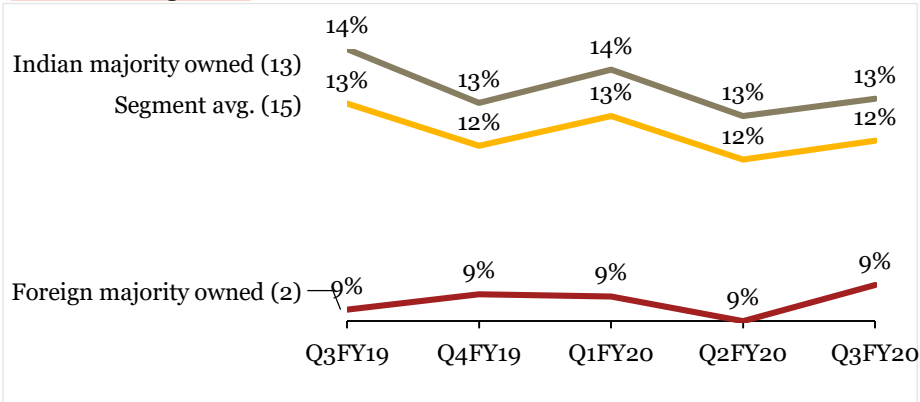


- EBITDA and PAT margins declined Y-o-Y
- All the studied companies reported declines in Net Sales
- % material costs were the only cost element to decline Y-o-Y

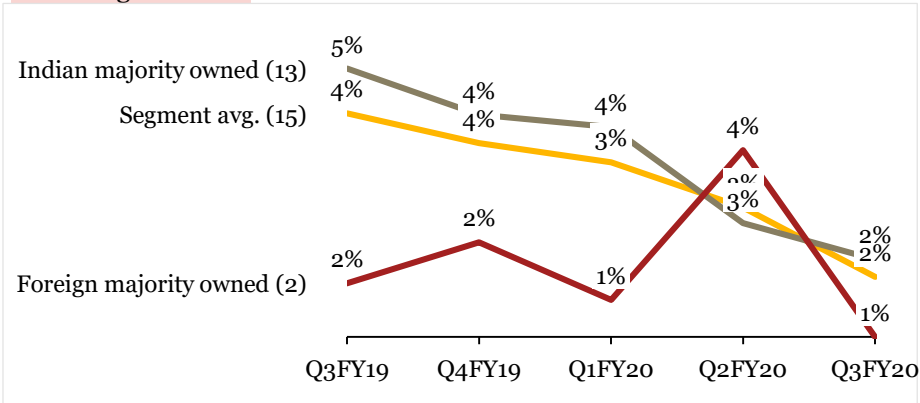
Suspension segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

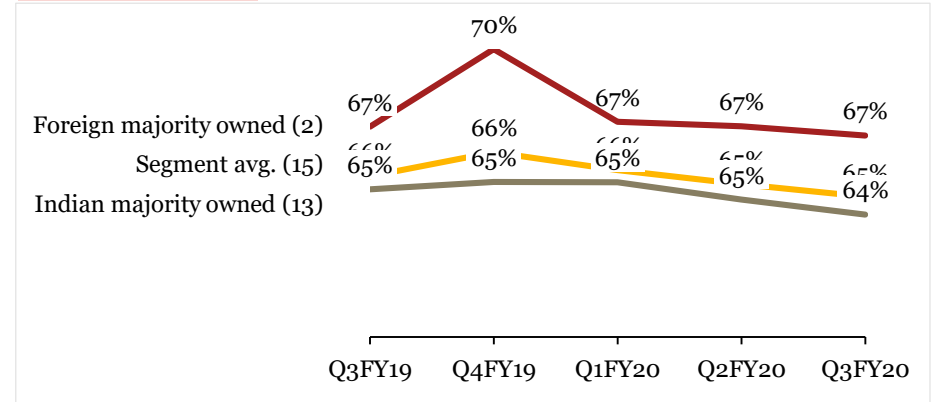


PAT Margin

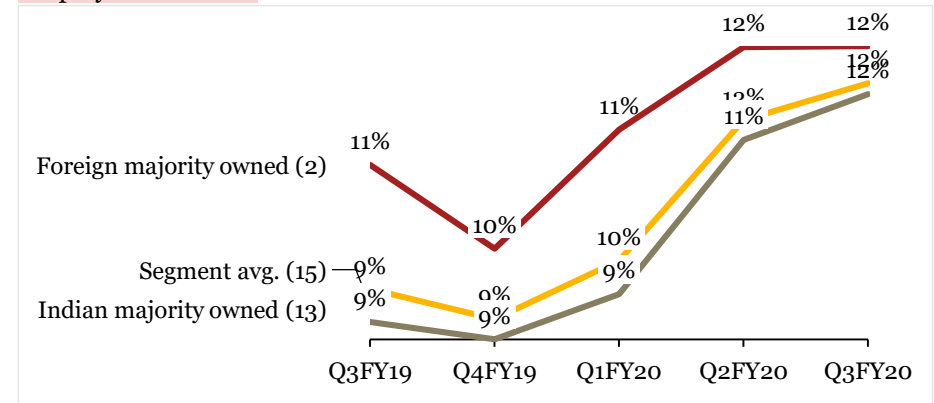


Costs (as % of Net sales)

Material cost

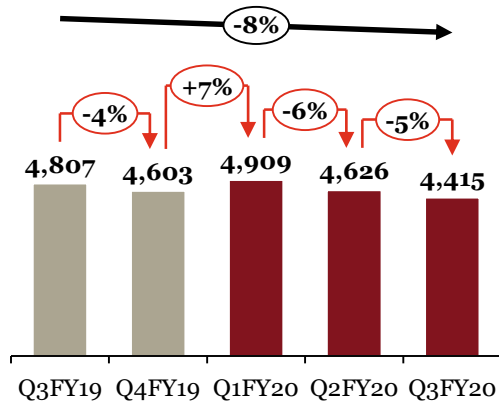


Employee cost

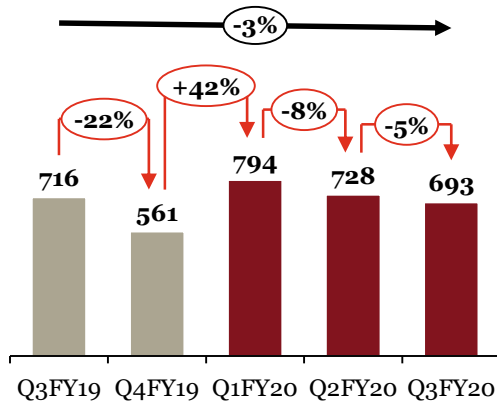


Electrical and Electronics segment (11 companies)

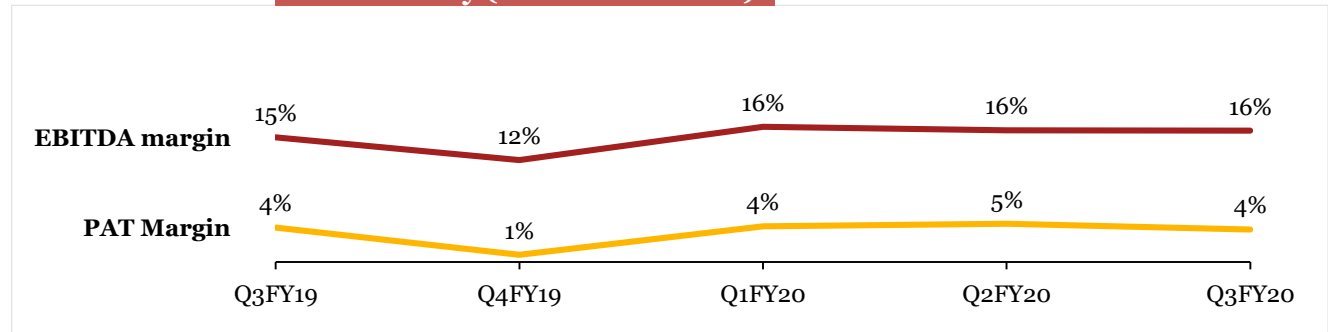
Net Sales (in INR cr.)



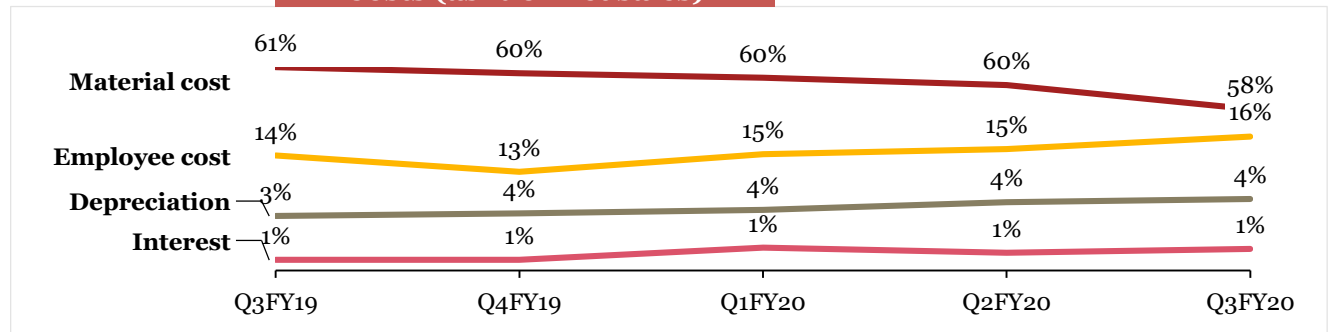
EBITDA (in INR cr.)



Profitability (as % of Net sales)



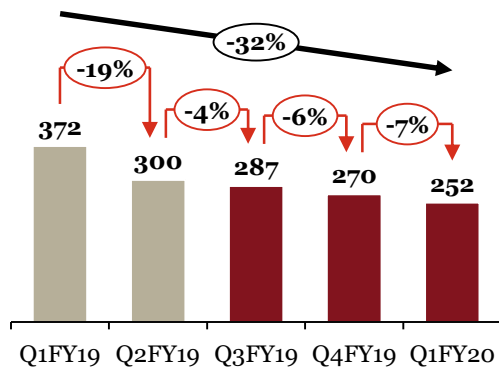
Costs (as % of Net sales)



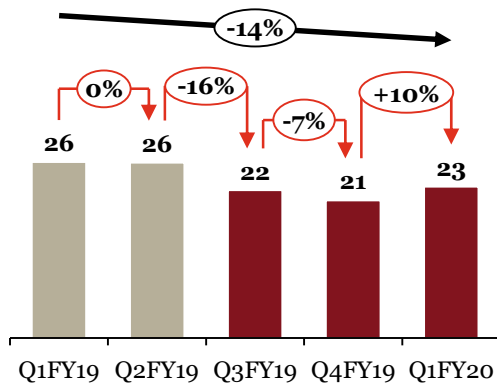
- The electricals and electronics segment registered growth in EBITDA margins, while its PAT margin remained constant
- The projected shift toward e-mobility is likely to provide a strong boost to this sector

Interior segment (3 companies)

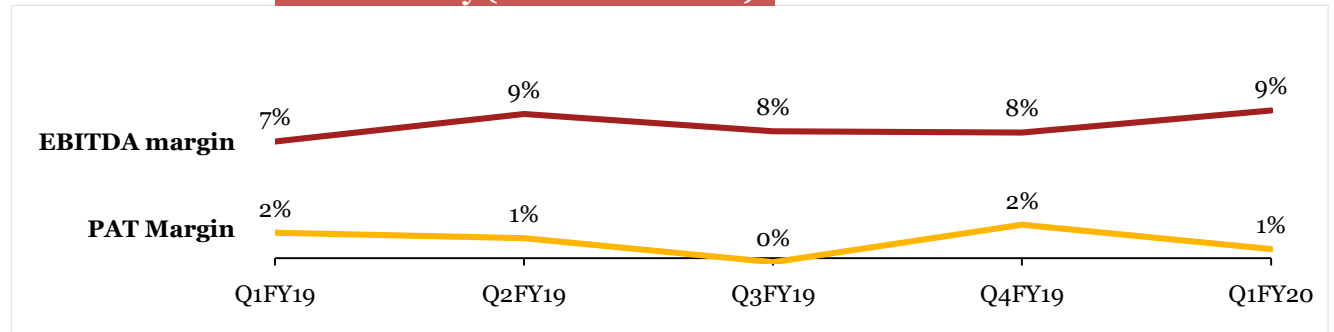
Net Sales (in INR cr.)



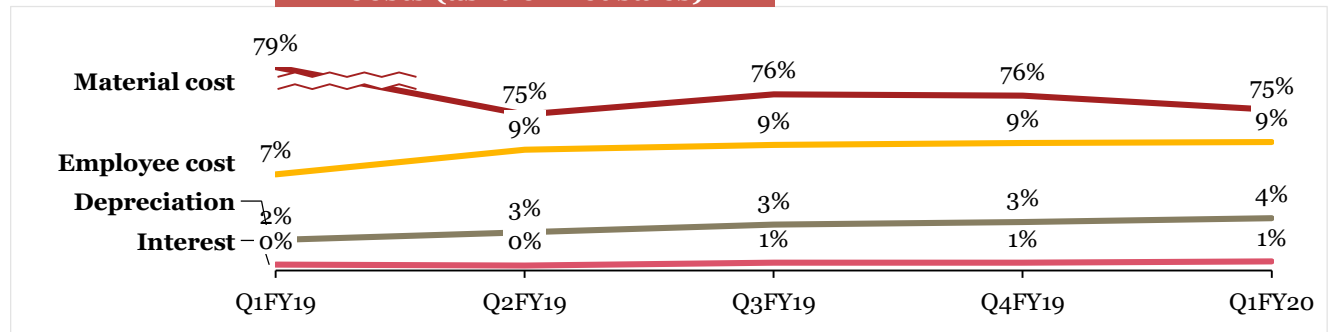
EBITDA (in INR cr.)



Profitability (as % of Net sales)



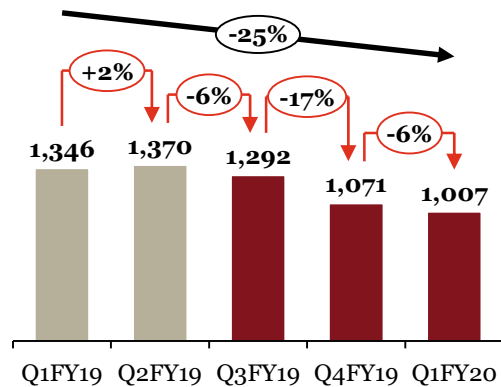
Costs (as % of Net sales)



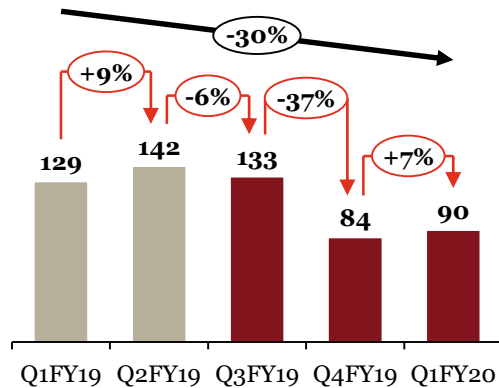
- % Material cost, while declining, has been consistently high in this segment, whereas % interest cost has been consistently low
- EBITDA margins showcased strong growth Y-o-Y compared to Q3 FY19

Body and chassis segment (8 companies)

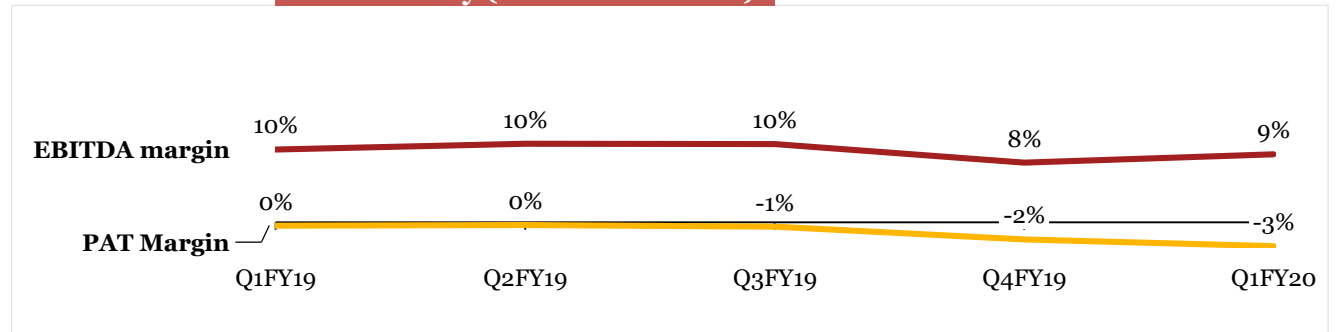
Net Sales (in INR cr.)



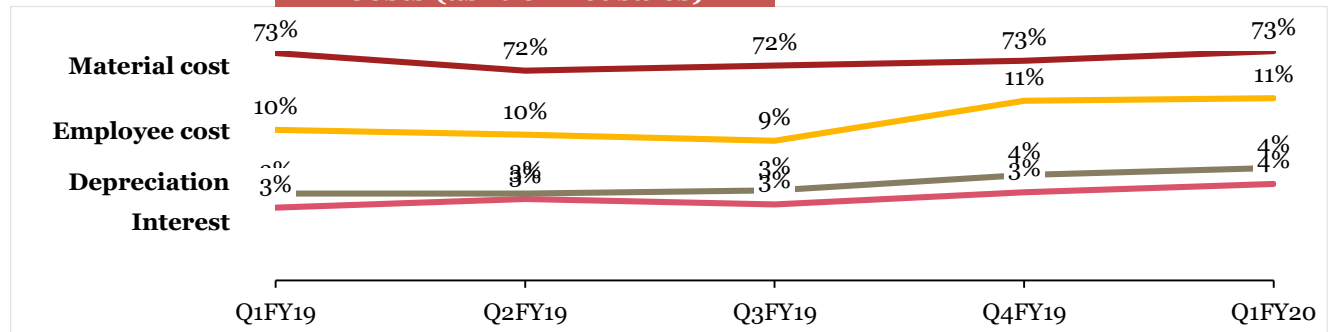
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- Net Sales and EBITDA have been declining consistently in this segment, owing to declining demand from OEMs
- EBITDA and PAT margins have declined Y-o-Y compared to Q3 FY19

Appendices

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

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



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PwC contacts for ACMA Knowledge Partnership

- Kavan Mukhtyar, Partner & Leader-Automotive, PwC India - kavan.mukhtyar@in.pwc.com / +912261198735
- Somnath Chatterjee, ACMA Knowledge Partnership Manager –somnath.chatterjee@pwc.com / +911244620724