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ACMA- Financial Analysis

Q3 FY-21

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and confidential*

April 2021



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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 70 Auto component companies

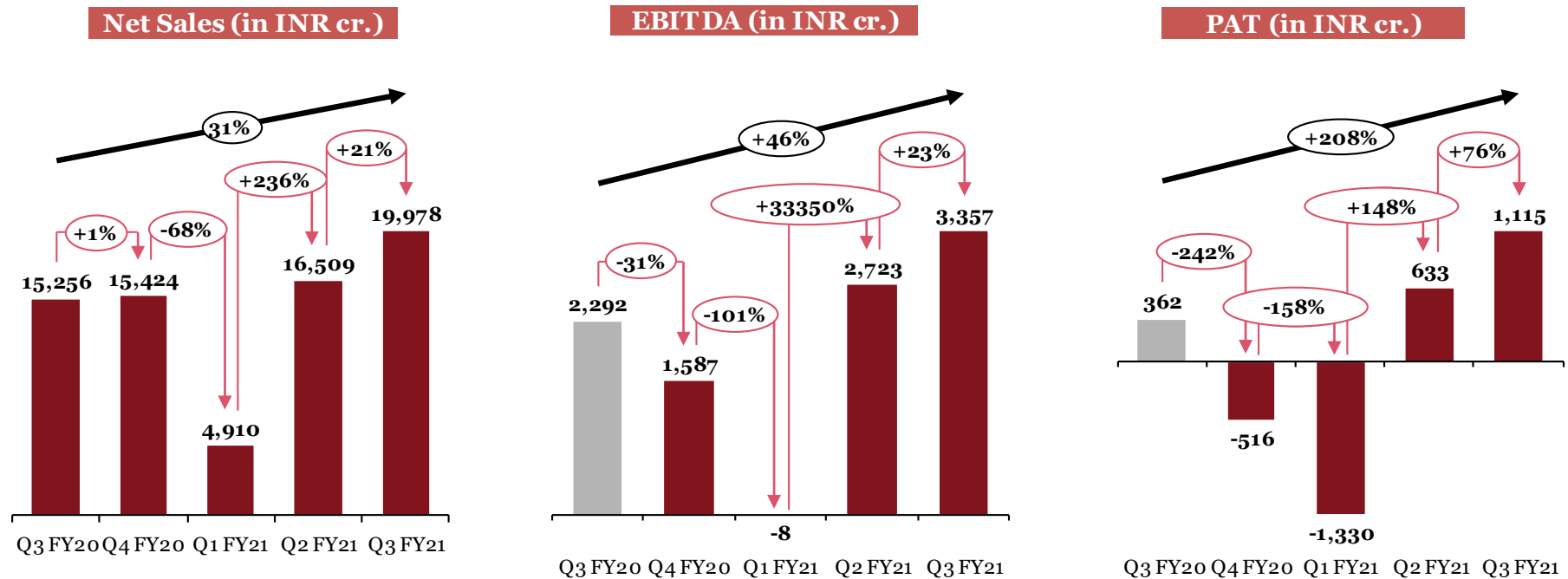
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	6	27	10	27

Segment based classification		
Segment	#companies	List of companies
Transmission	13	Automotive Axles, Bharat Gears, Endurance Tech., JMT Auto, JTEKT India, LG Balakrishnan, RACL Geartech, Rane (Madras), Setco Automotive, Shivam Autotech, Suprajit Engg., The Hi-Tech Gear, ZF Steering
Engine	22	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.
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	10	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, SAL Automotive
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

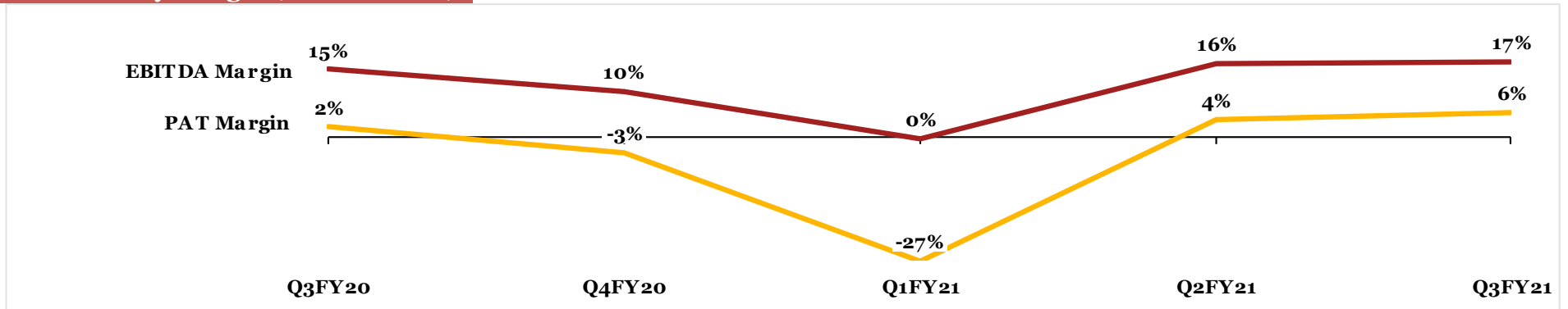
Aggregate financial analysis (70 in-scope companies)



- This quarter includes the months of October, November and December in which the economy had fully opened following the lockdown in Q1 FY21.
- Net Sales, EBITDA and PAT increased on the back of increased production by automakers for Q2 and Q3 FY21 as demand improved.
- The PLI scheme announced by the government in November for auto components and automobiles is expected to further aid exports from 2020-2025.

Trends in profitability (as % of Net sales)

Profitability margin (% of net sales)



EBITDA margin distribution of in-scope companies

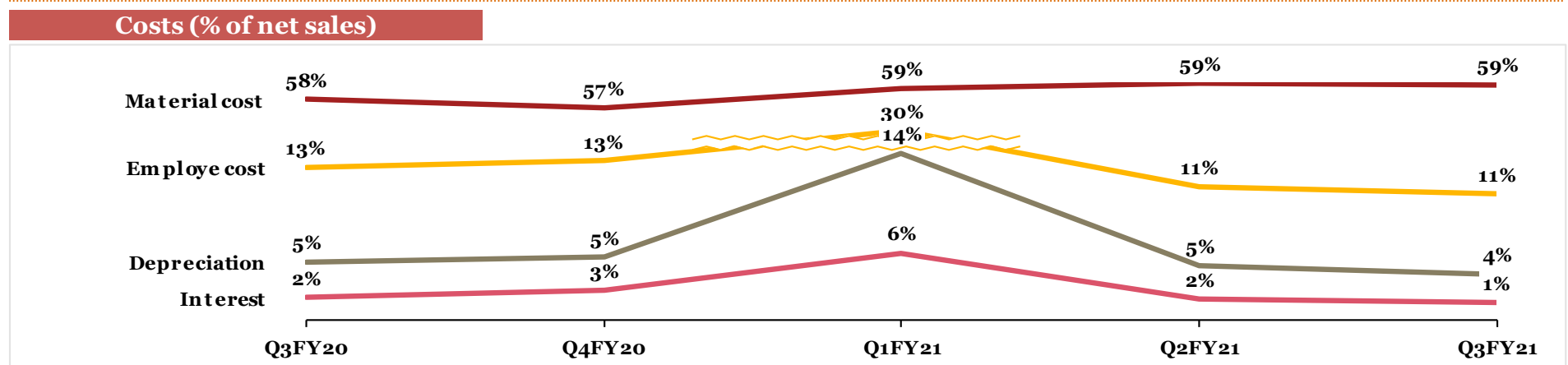
Range	Q3 FY 20 Number of companies	Q3 FY 21 Number of companies
Less than 0%	2	2
0-10%	11	10
10-20%	39	31
more than 20%	18	27

PAT margin distribution of in-scope companies

Range	Q3 FY 20 Number of companies	Q3 FY 21 Number of companies
less than 0%	27	11
0-5%	28	31
5-10%	13	19
more than 10%	2	9

- EBITDA and PAT returned to positivity through improved demand from domestic OEMs and aftermarket, imports recouped during Q3 FY 21 and grew by 17% year-on-year.
- Exports for auto components grew 16% year-on-year for Q3 FY 21 as Europe and USA showed growth.

Trends in costs (as % of Net sales)



Material cost/net sales distribution of in-scope companies

Range	Q3 FY 20 #companies	Q3 FY 21 #companies
20-50%	28	28
50-70%	32	30
more than 70%	10	12

Employee cost/net sales distribution of in-scope companies

Range	Q3 FY 20 #companies	Q3 FY 21 #companies
0-10%	17	23
10-20%	47	40
more than 20%	6	7

Interest/net sales distribution of in-scope companies

Range	Q3 FY 20 #companies	Q3 FY 21 #companies
0-2%	40	41
2-5%	19	22
more than 5%	11	7

Depreciation/net sales distribution of in-scope companies

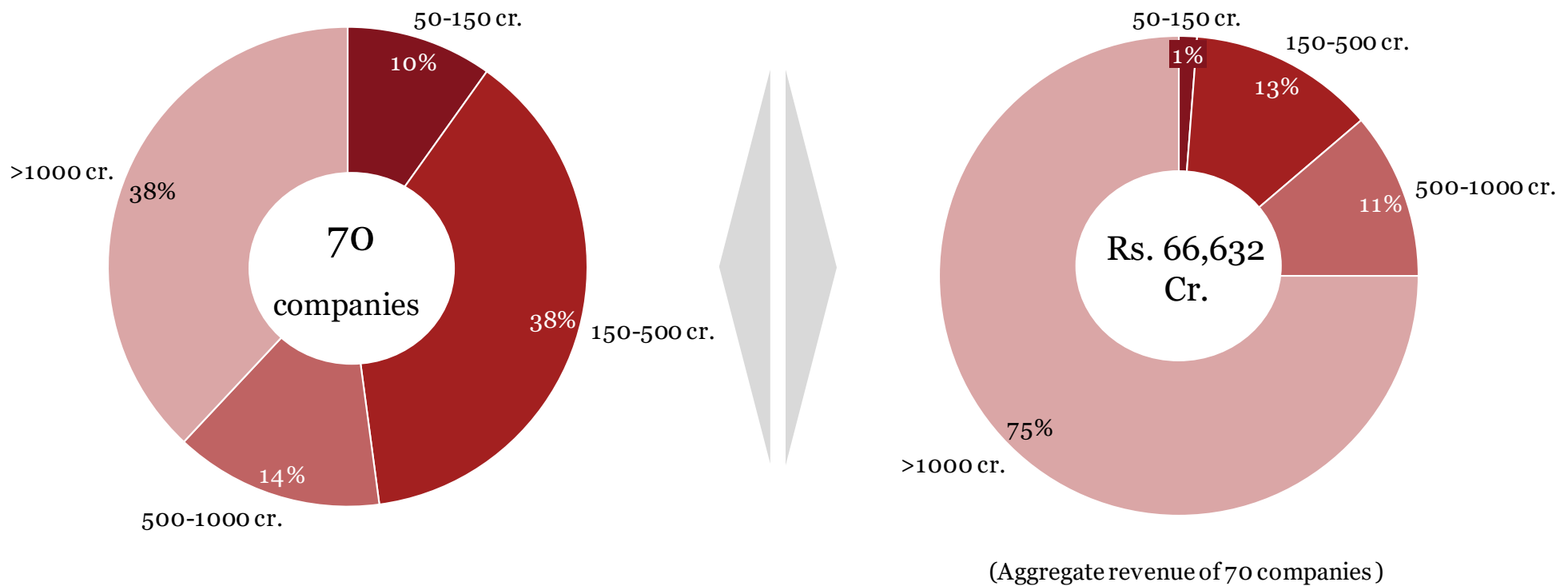
Range	Q3 FY 20 #companies	Q3 FY 21 #companies
0-2%	5	7
2-5%	34	45
more than 5%	31	18

- Material costs continued to remain stable on the back of reopening of world economies, as India is reliant on imports of predominantly steering systems, powertrain components, engine parts and other sub-components from Europe and Asia.

Size based analysis

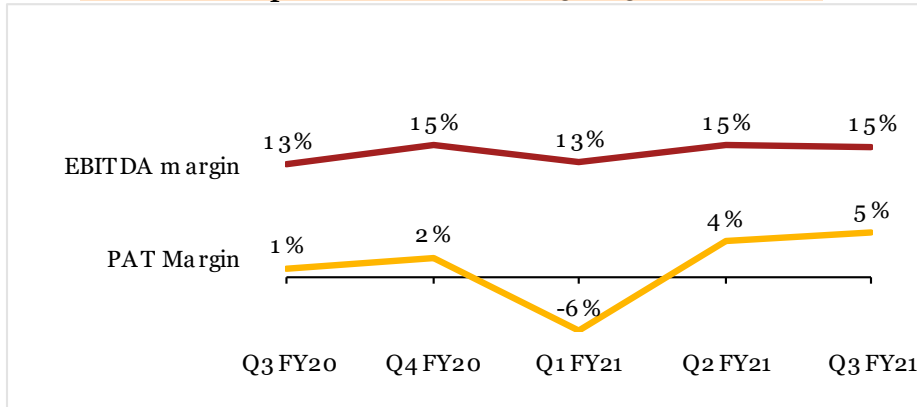
Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	6	27	10	27

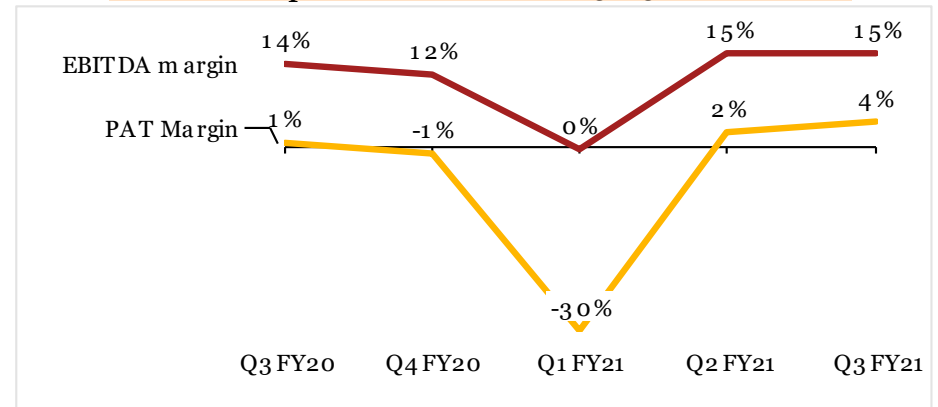


Trends in profitability (as % of Net sales)

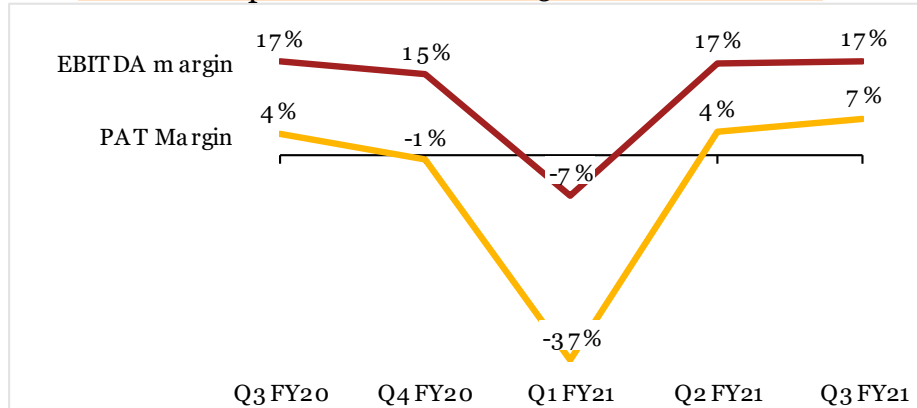
Companies with revenue 50-150 cr.



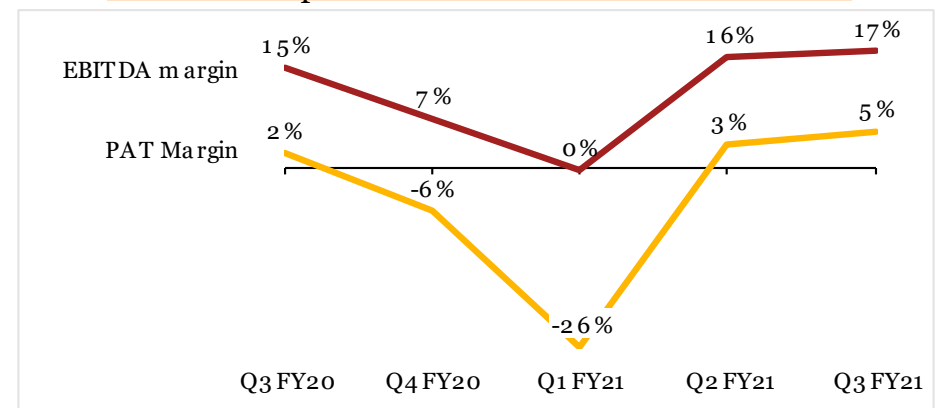
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

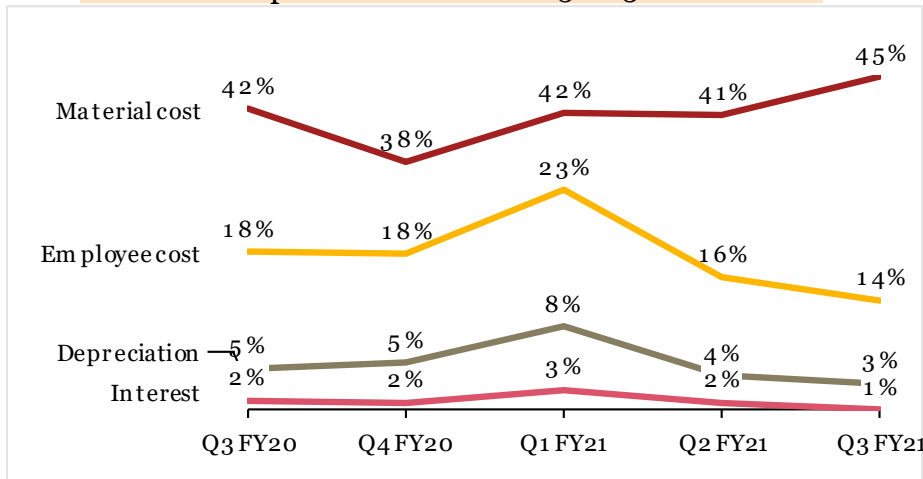


Companies with revenue >1000 cr.

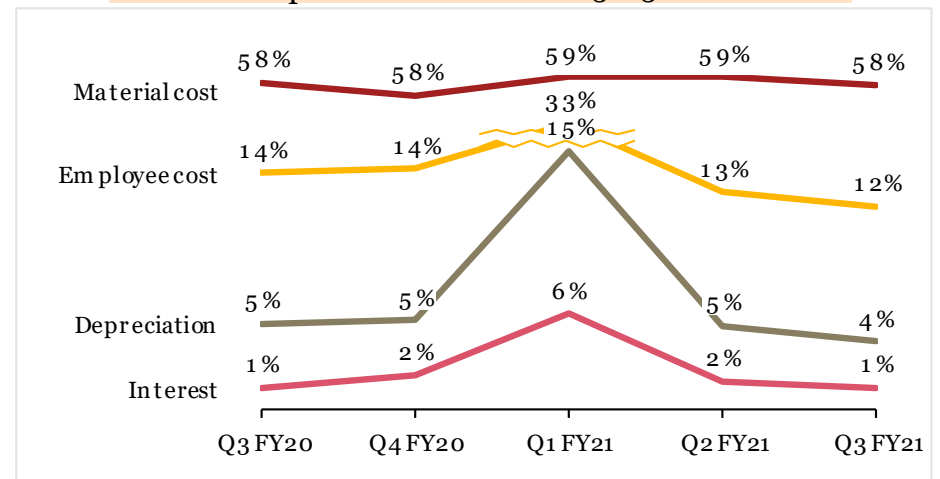


Trends in costs (as % of Net sales)

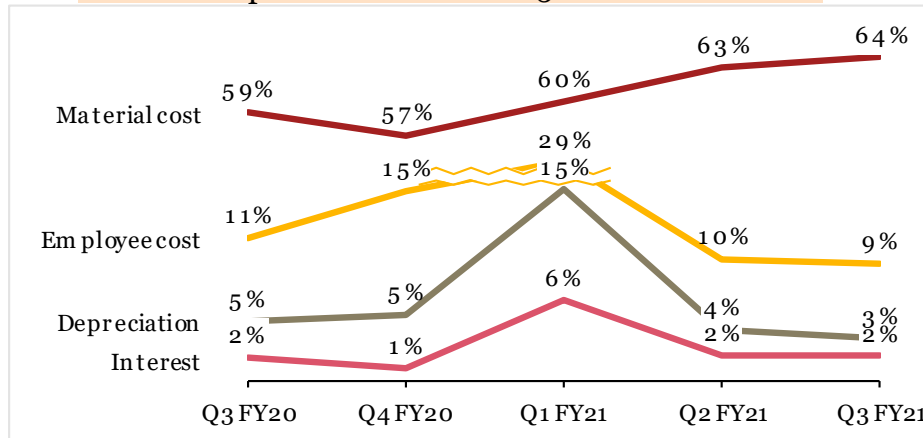
Companies with revenue 50-150 cr.



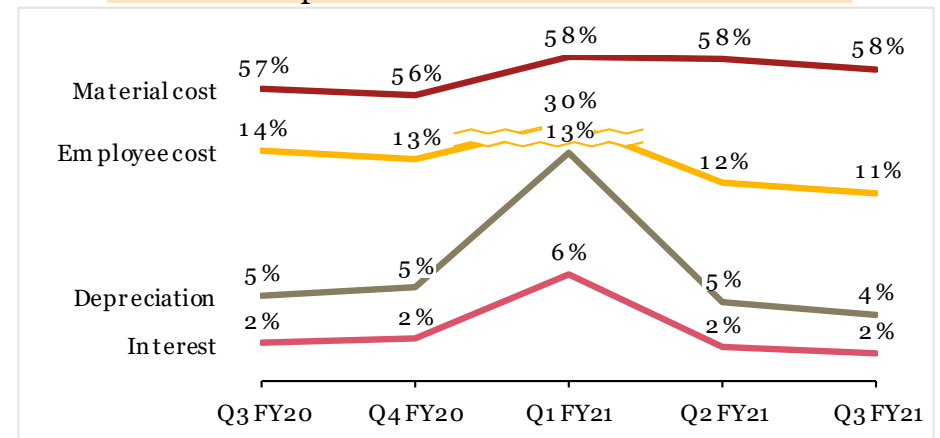
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

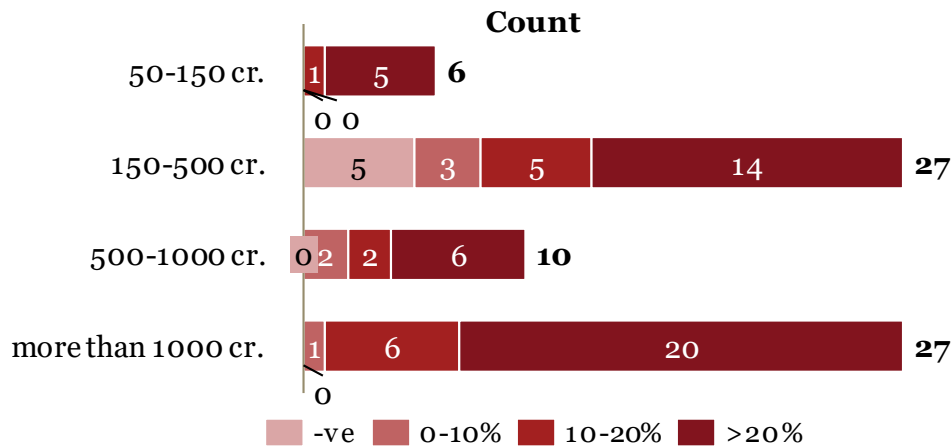


Companies with revenue >1000 cr.

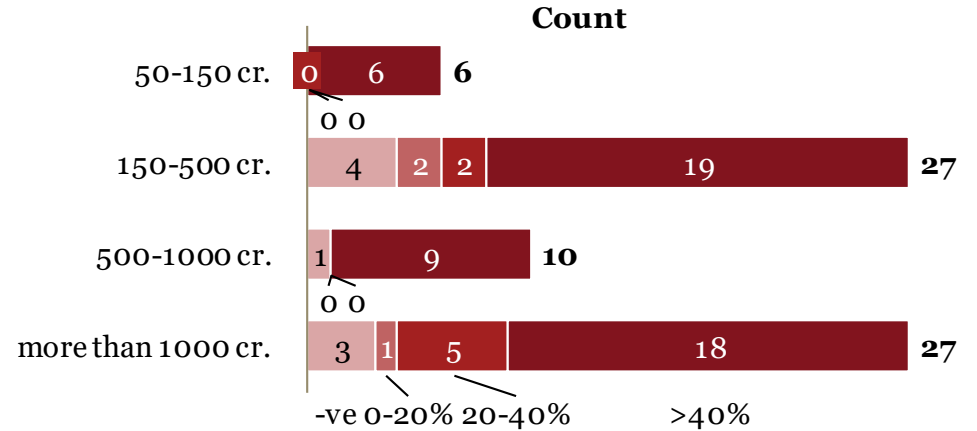


Count of companies per growth % range : by revenue segment Q3 FY21 vs. Q3 FY20

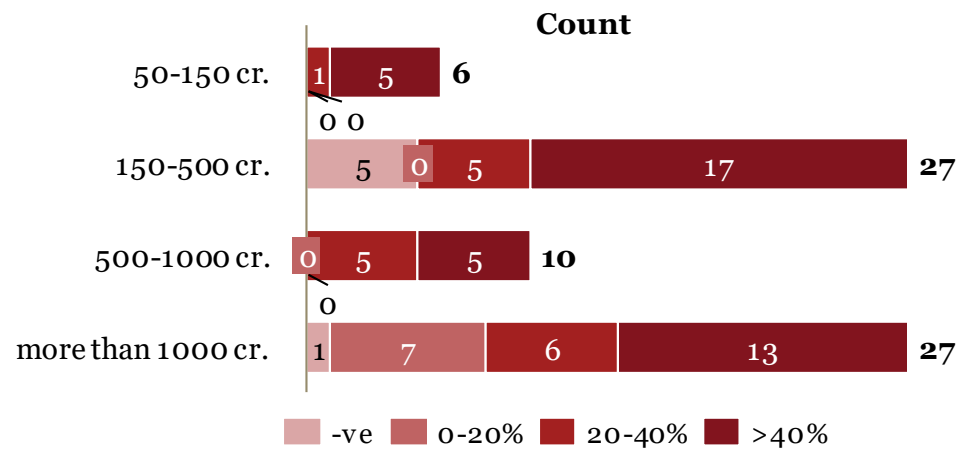
Count of companies by Y-o-Y Net Sales growth %



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



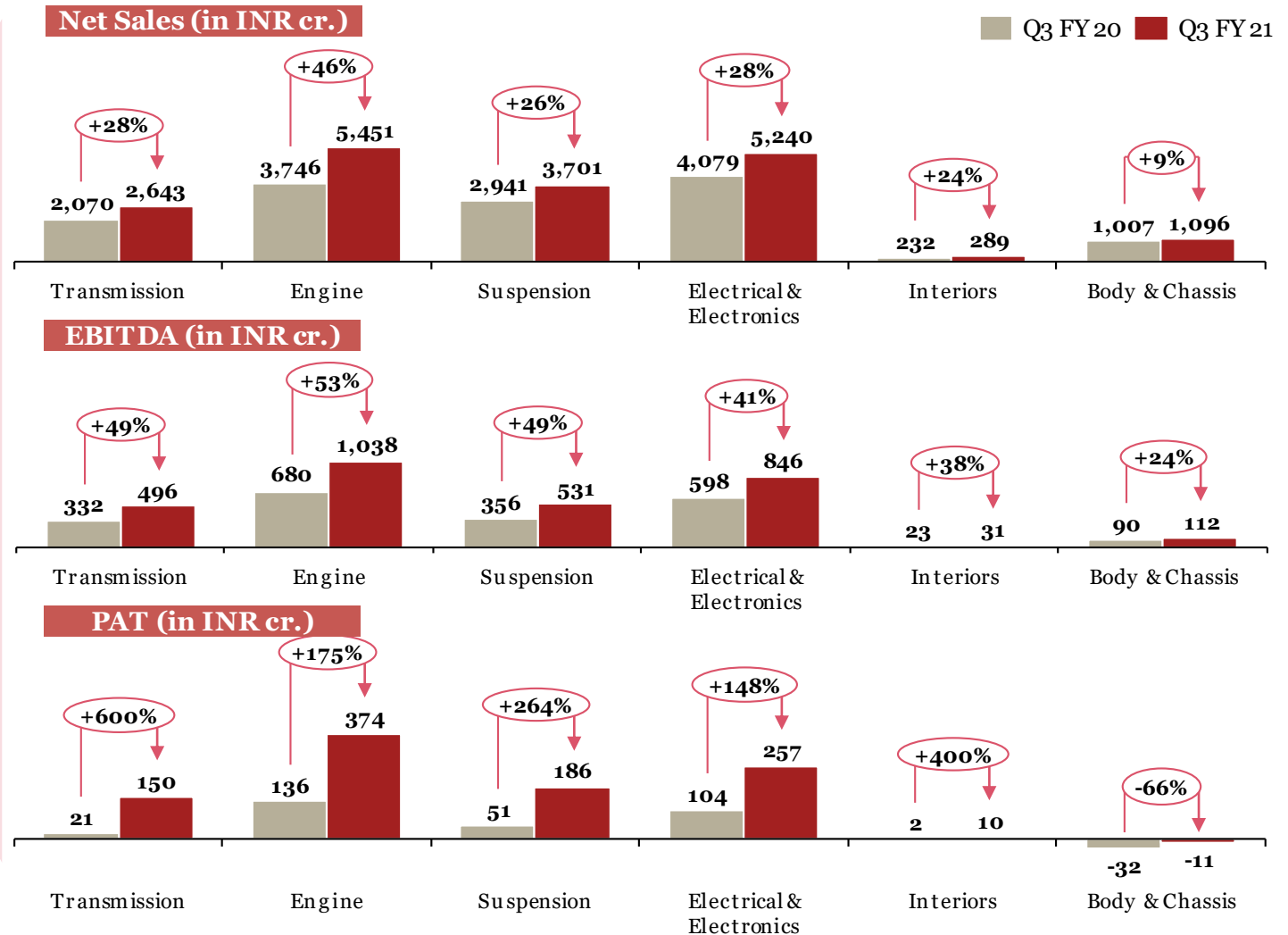
Count of companies by Y-o-Y EBITDA growth %



Segment analysis

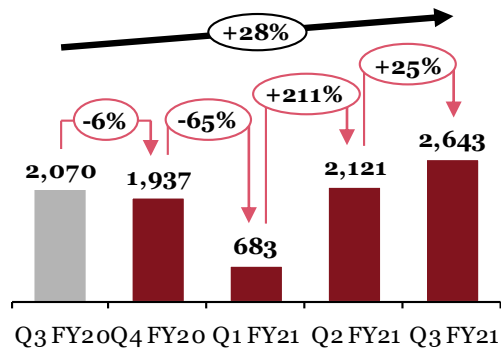
Segment-wise analysis of in-scope companies: Q3 FY21 vs. Q3 FY20

Segment	# companies
Transmission	13
Engine	22
Suspension	14
Electrical and Electronics	10
Interior	3
Body and Chassis	8

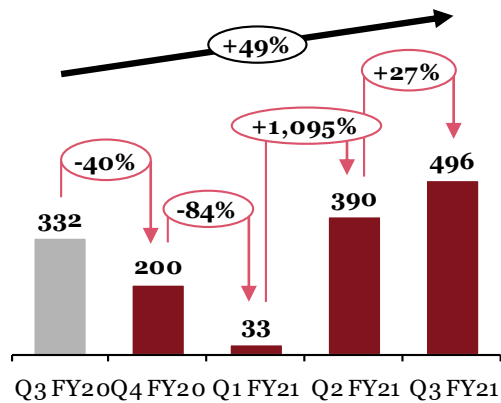


Transmission segment (13 companies)

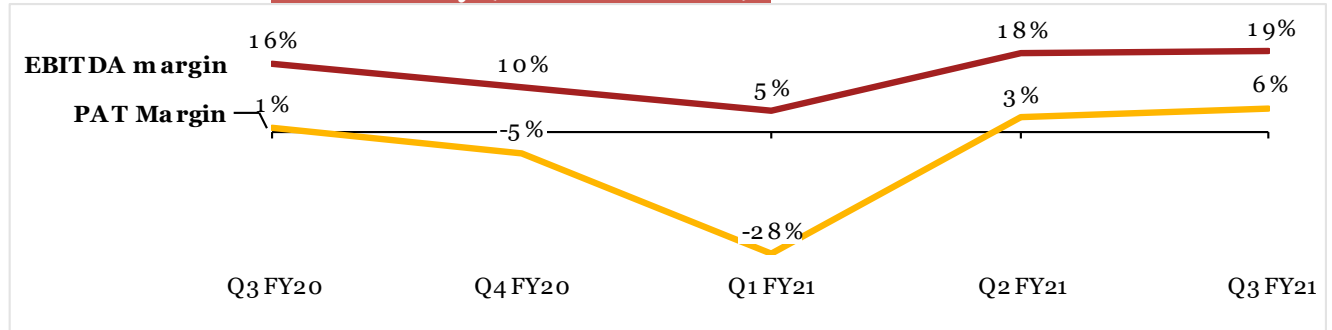
Net Sales (in INR cr.)



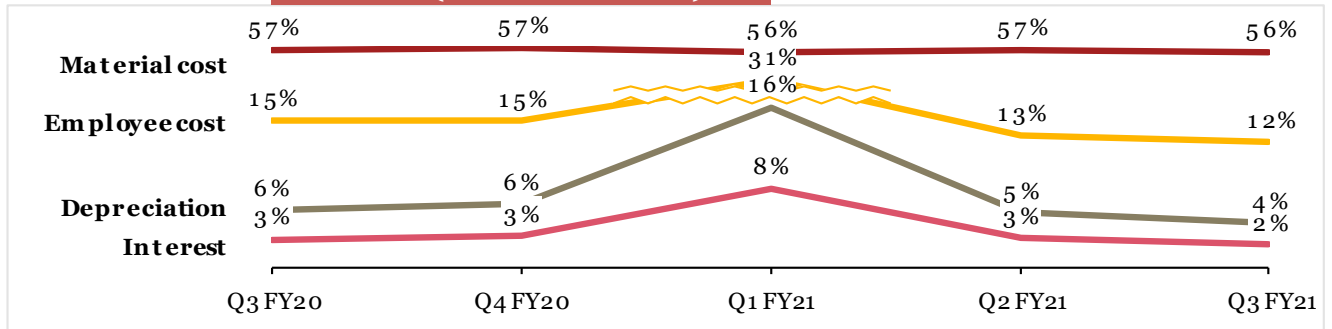
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

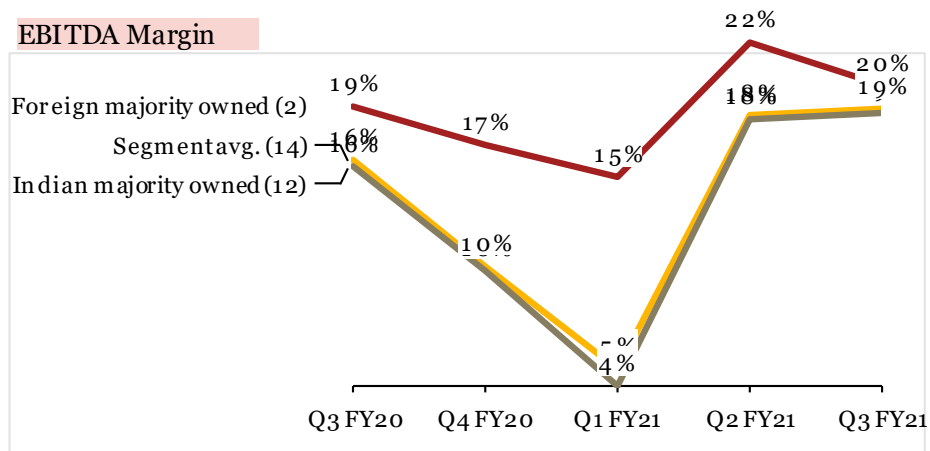


- Net Sales and EBITDA rose on the back of high volume of sales, primarily from two wheeler segment coupled with the reopening of economies worldwide.
- Most companies focused on cost improvement and continued to cut fixed costs.

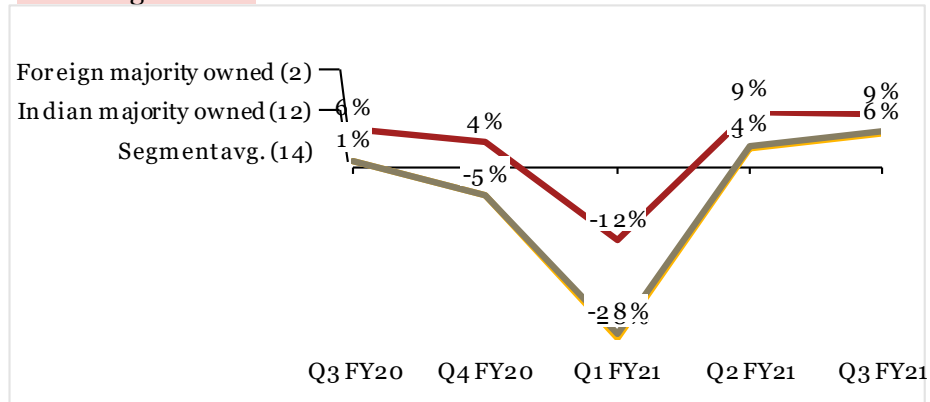
Transmission segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

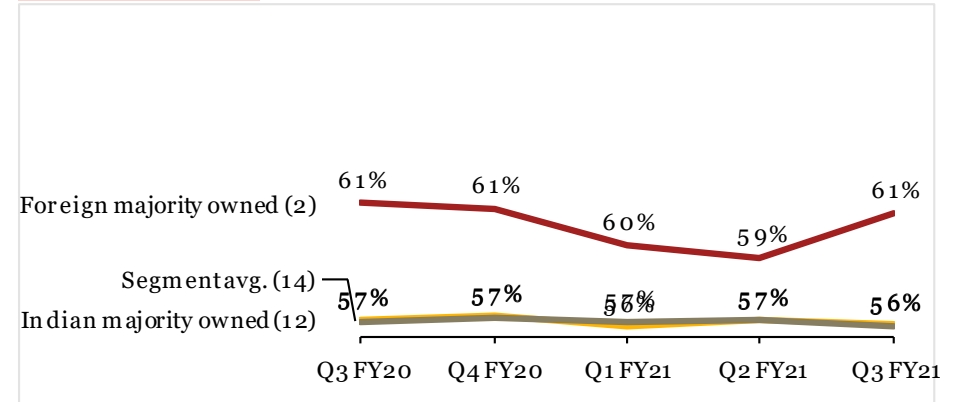


PAT Margin

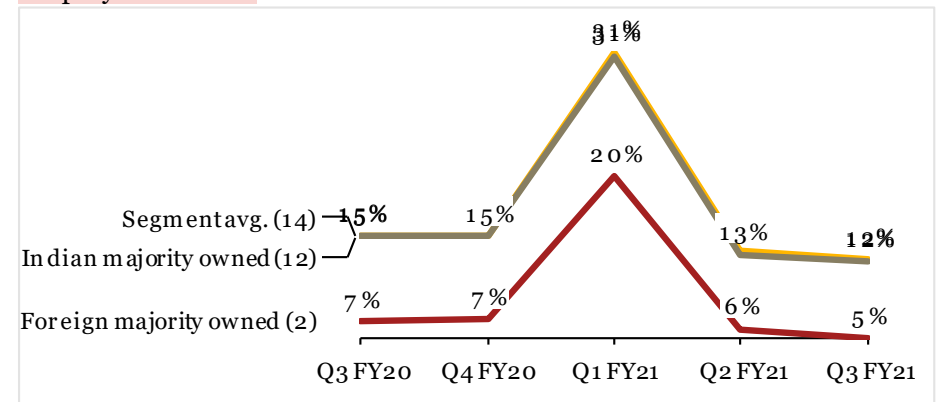


Costs (as % of Net sales)

Material cost

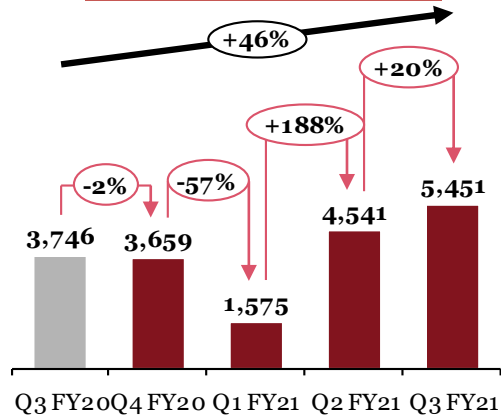


Employee cost

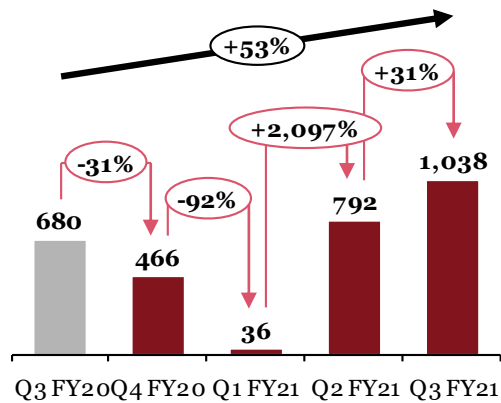


Engine segment (22 companies)

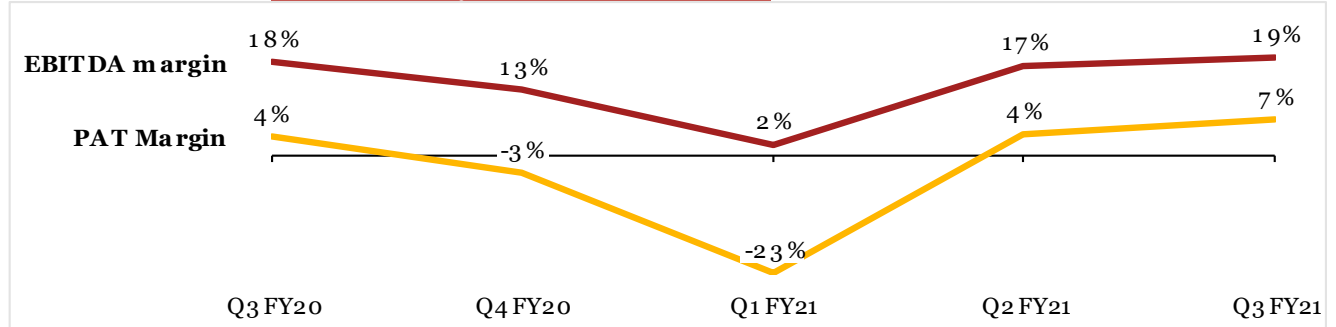
Net Sales (in INR cr.)



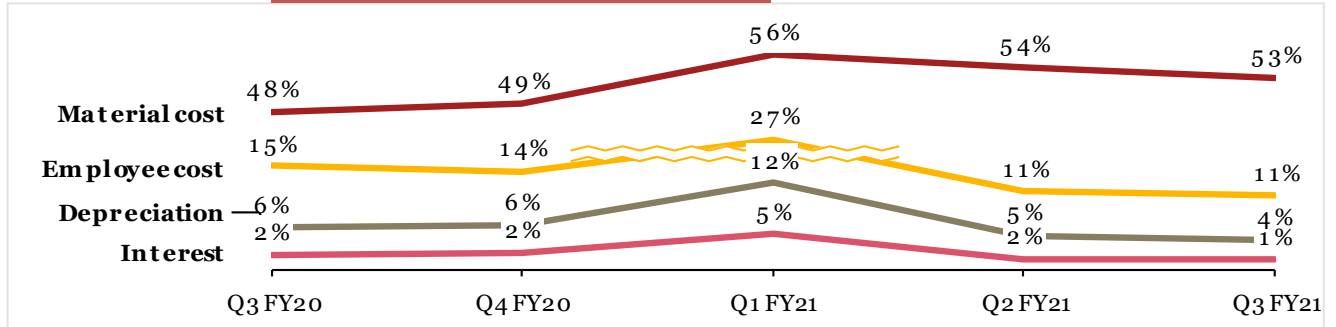
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

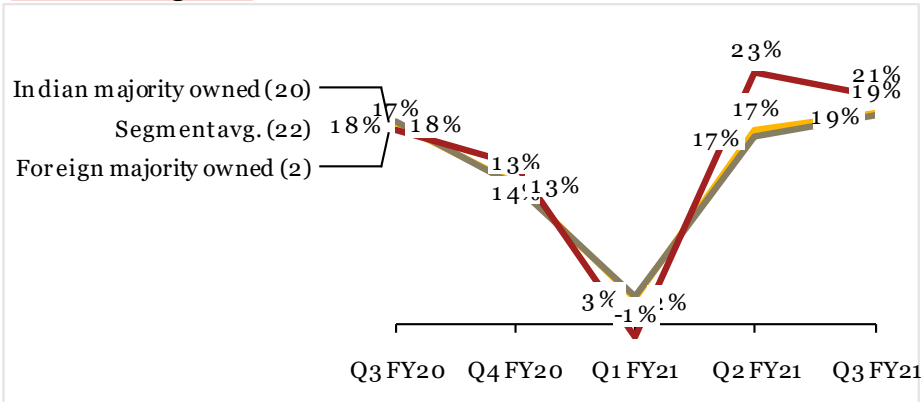


- Resilient demand beyond the festive season has aided domestic volume performance has led to a 31% EBITDA spike.
- PAT surpassed Q3 of FY 20 reflecting sustained cost-optimization measures taken by companies following the Covid-19 pandemic.

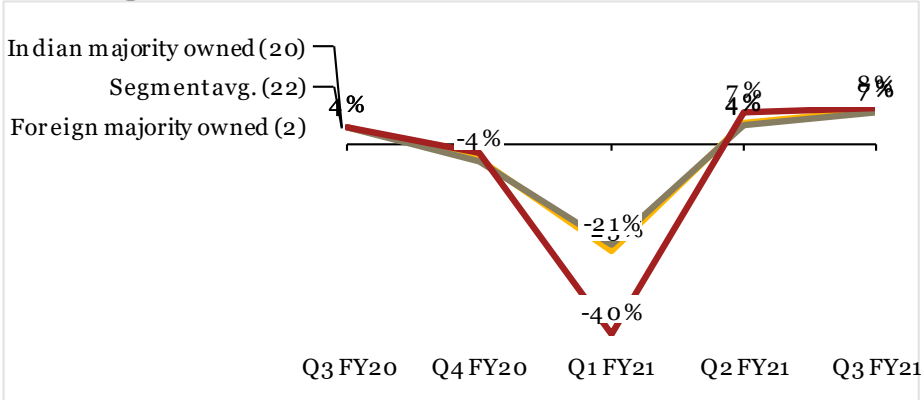
Engine segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

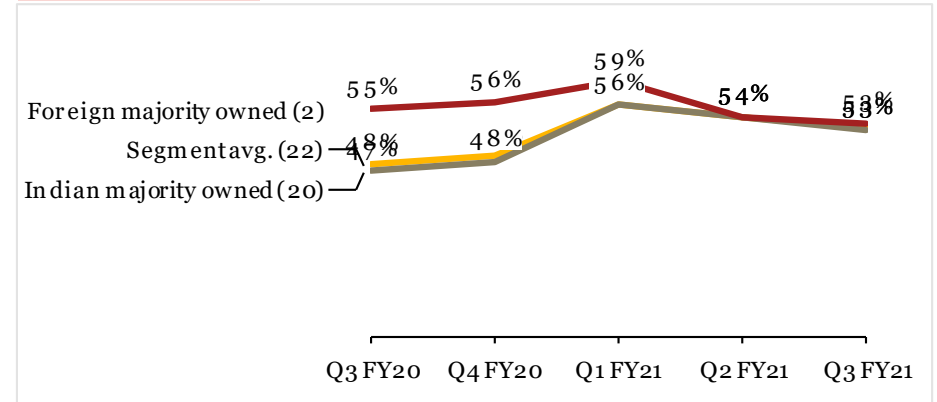


PAT Margin

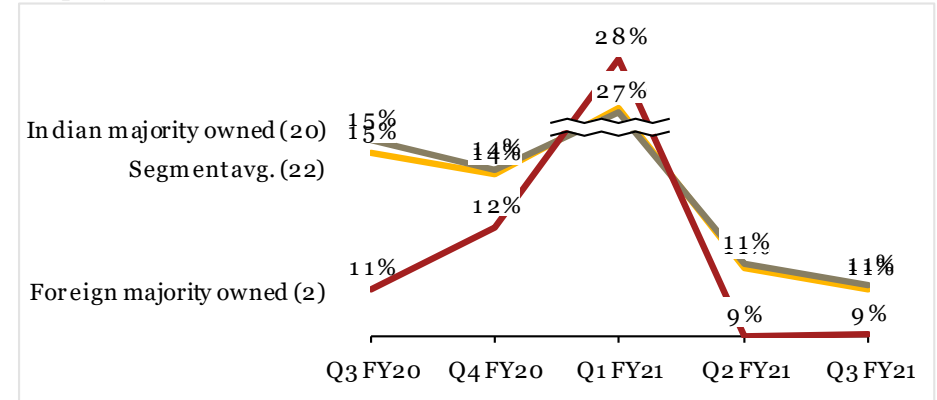


Costs (as % of Net sales)

Material cost

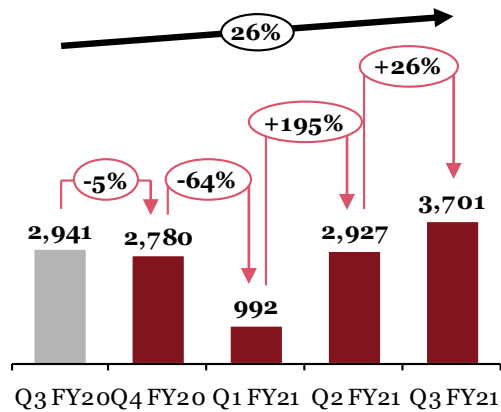


Employee cost

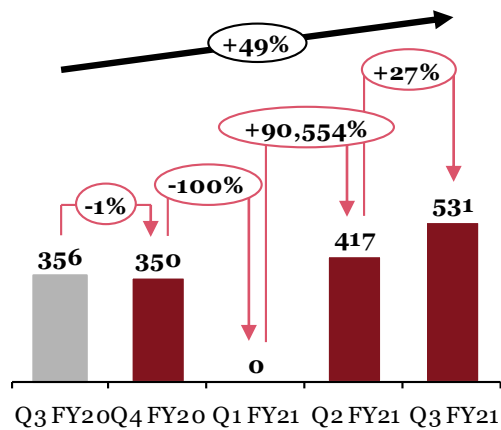


Suspension segment (14 companies)

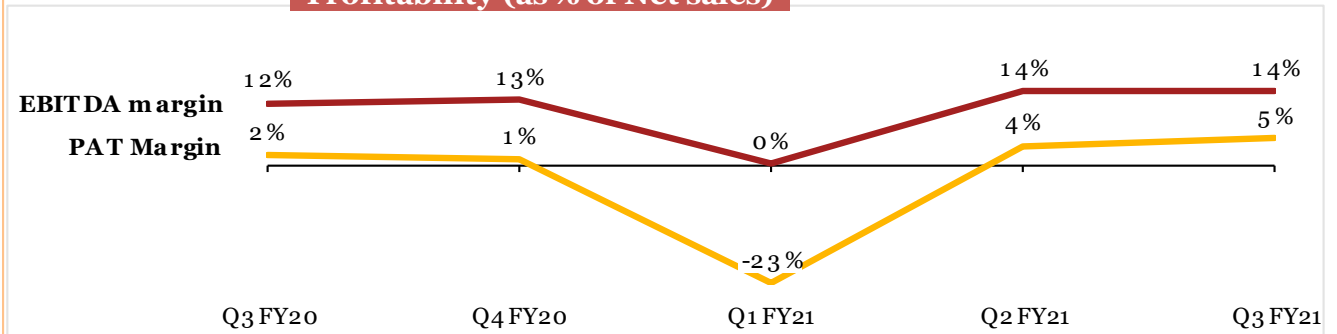
Net Sales (in INR cr.)



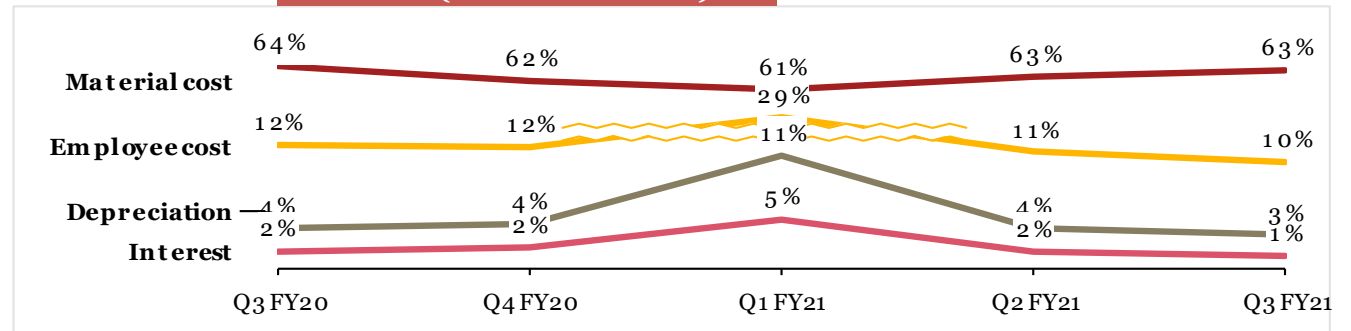
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

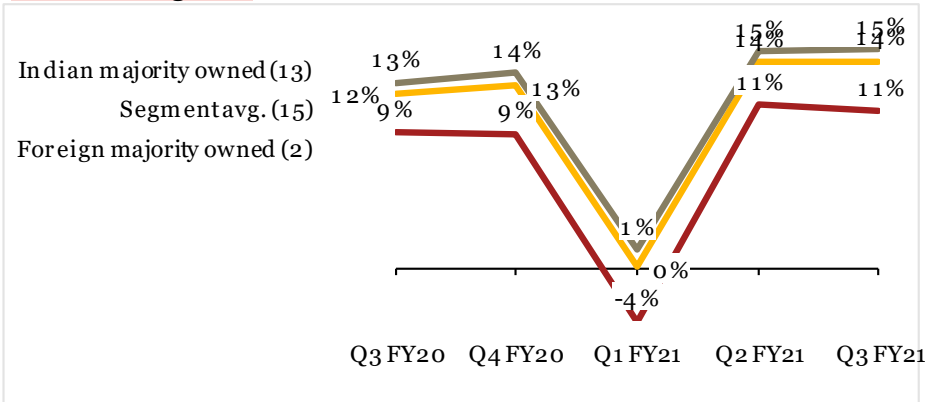


- The Suspension segment saw net sales better pre Covid-19 levels on the back of high volume across all segments, domestically as well as overseas.
- While material costs remained stable, Employee cost, depreciation and interest saw minor dips.

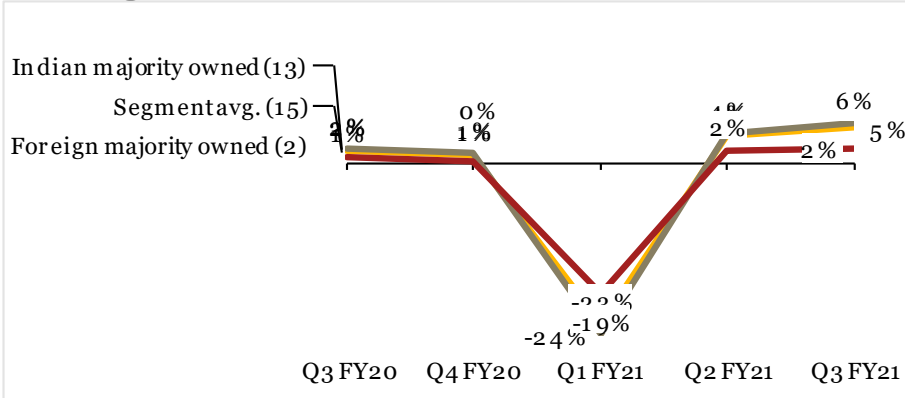
Suspension segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

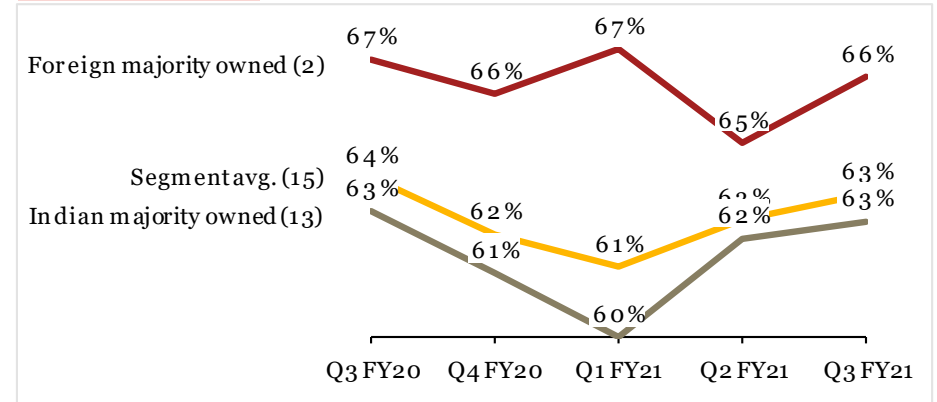


PAT Margin

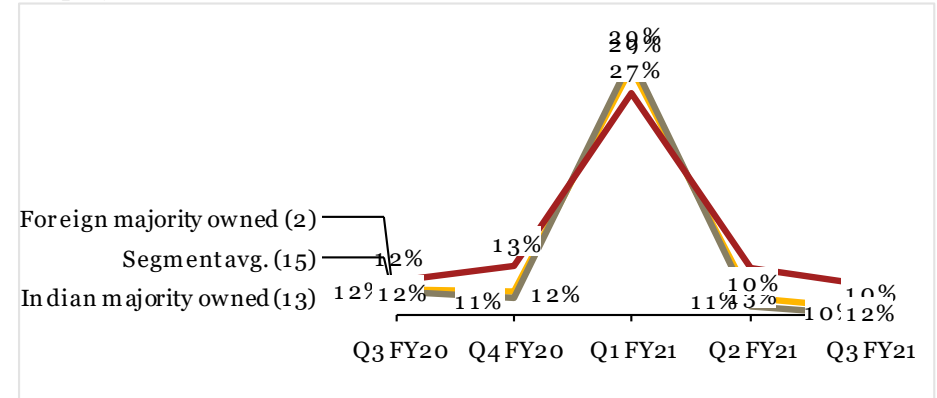


Costs (as % of Net sales)

Material cost

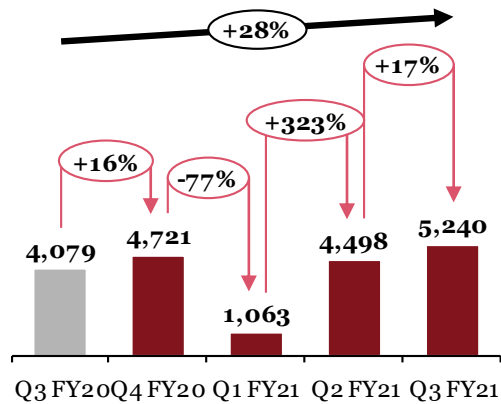


Employee cost

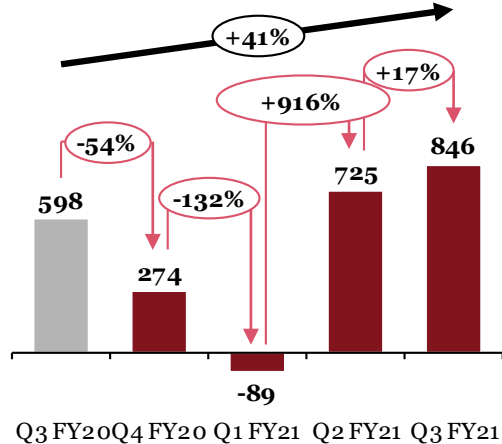


Electrical and Electronics segment (10 companies)

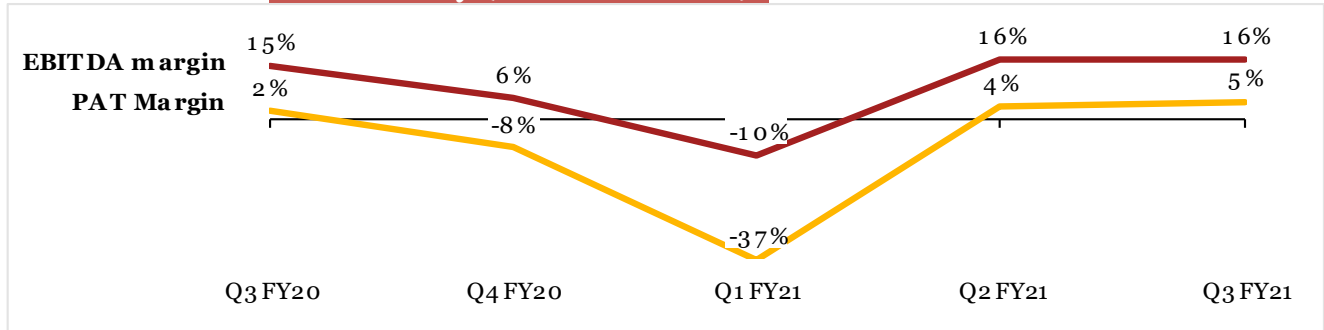
Net Sales (in INR cr.)



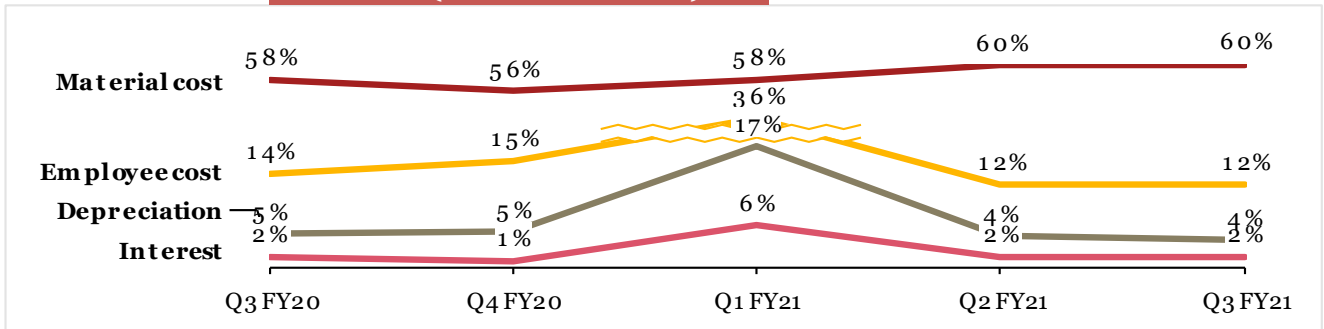
EBITDA (in INR cr.)



Profitability (as % of Net sales)



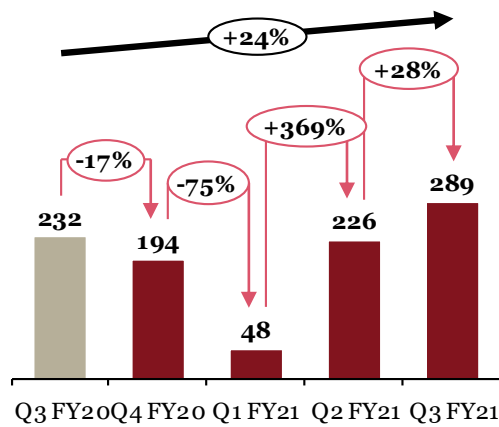
Costs (as % of Net sales)



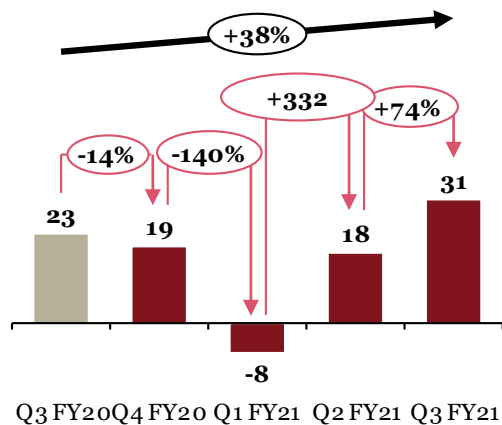
- EBITDA and net sales grew on the back of high auto sales from the Passenger vehicle segment and the 2W segment.
- Although companies tried to reduce fixed costs, key commodity prices continued to rise in the quarter.

Interior segment (3 companies)

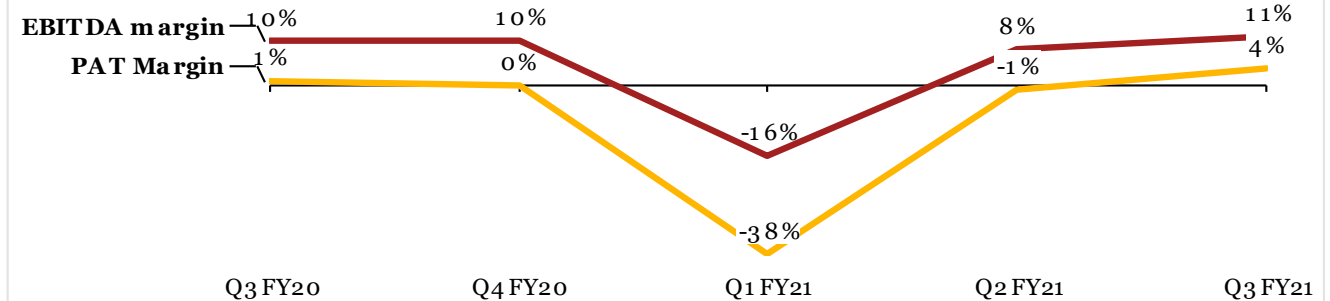
Net Sales (in INR cr.)



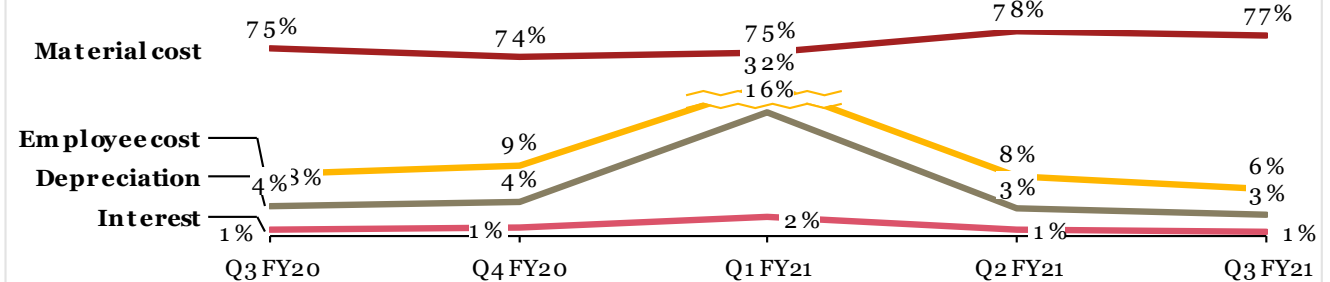
EBITDA (in INR cr.)



Profitability (as % of Net sales)

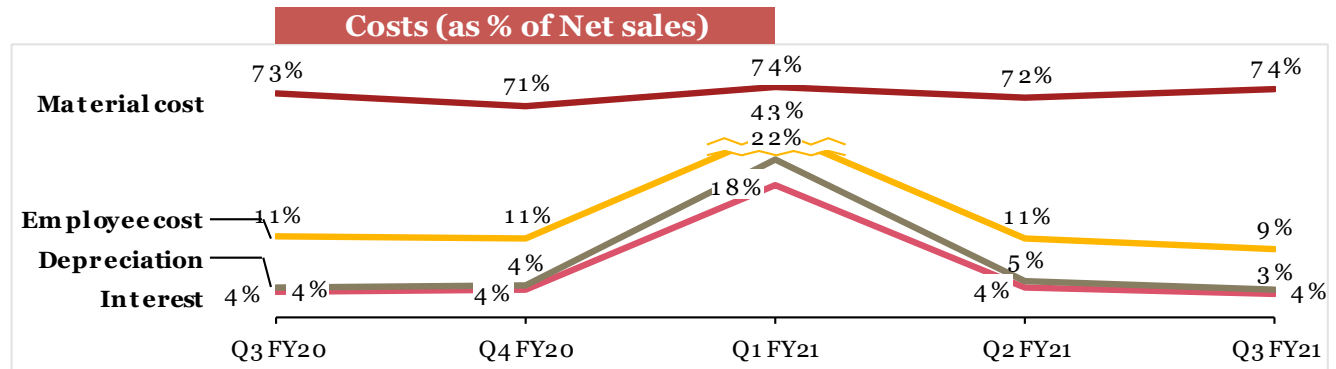
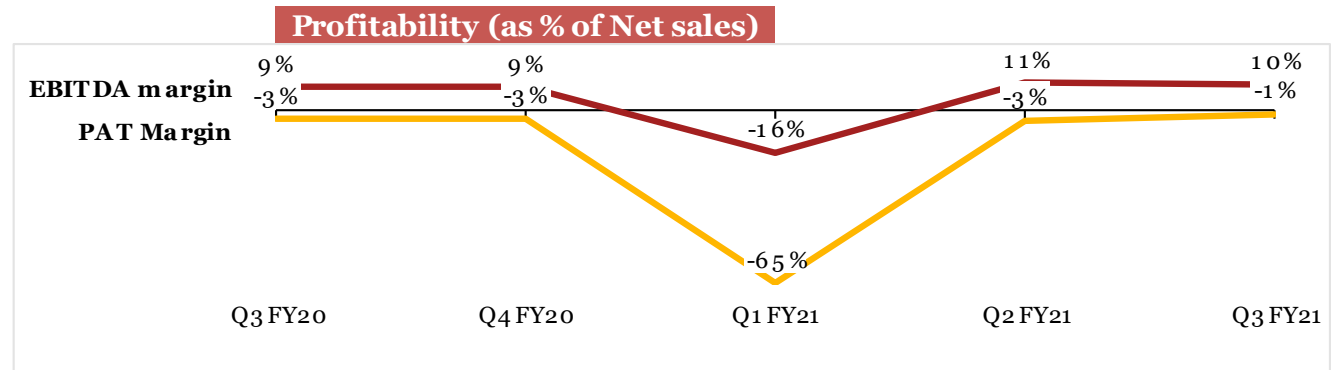
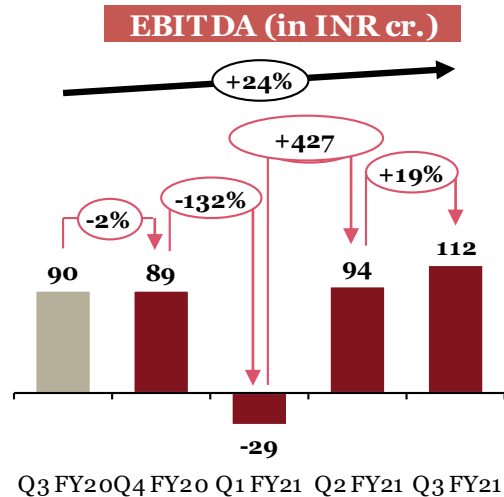
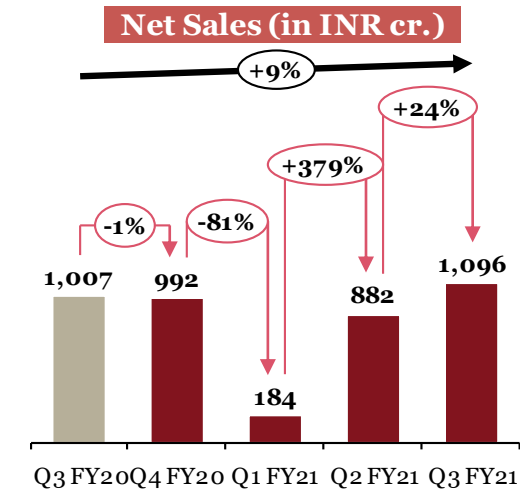


Costs (as % of Net sales)



- While interest depreciation and interest constant, a downward spike in material cost employee cost led to a positive EDITDA.
- The Car Interior Synthetic Leather Market is expected to grow at a high CAGR for the forecast period 2021-2027.

Body and chassis segment (8 companies)



- Body and chassis was the only segment that saw a dip in EBITDA margins.
- Material cost saw a spike due to increased steel prices, while productivity increased as employee costs saw a dip.

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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