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ACMA- Financial Analysis

Q3 FY-18

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and confidential*

26 May 2018



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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

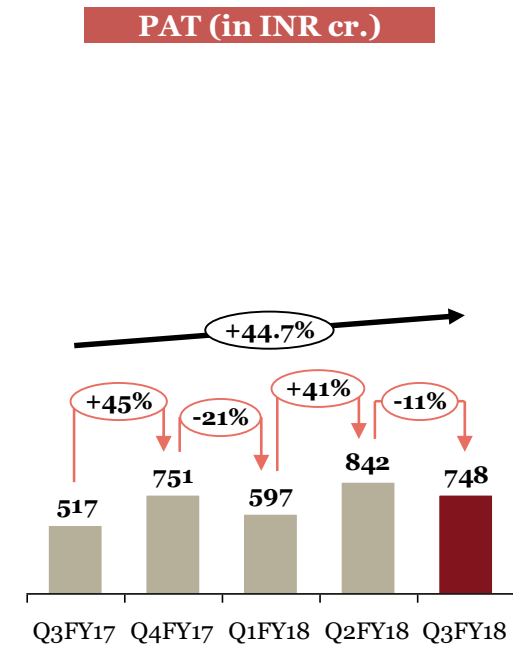
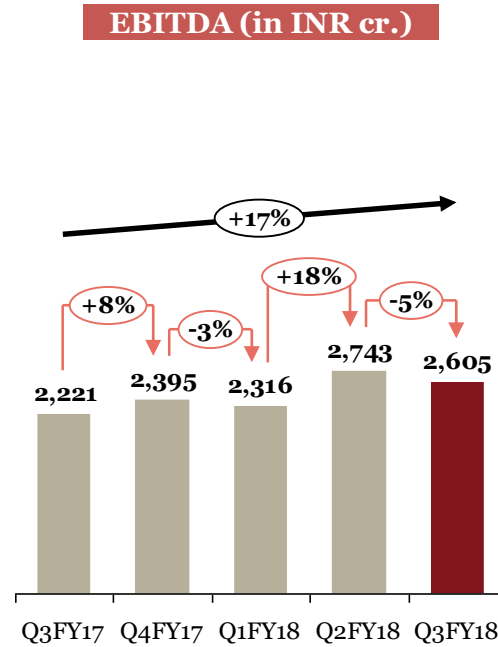
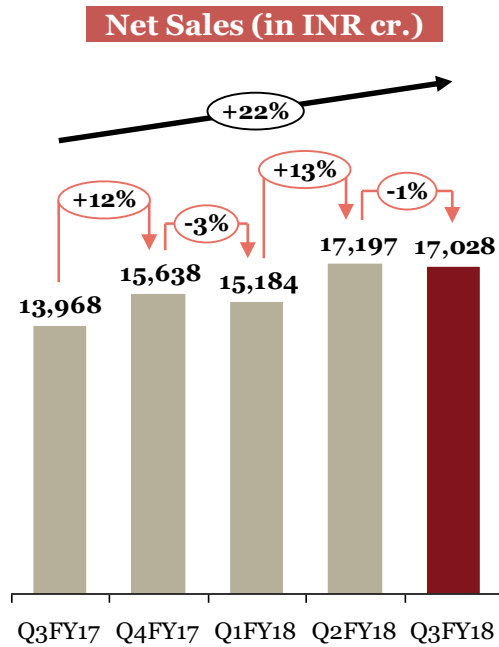
Classification of 73 Auto component companies

Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	13	24	13	23
Segment based classification				
Segment	# companies	List of companies		
Transmission	14	Automotive Axles, Bharat Gears, Endurance Tech., JMT Auto, L G Balakrishnan, RACL Geartech, Rane (Madras), Remsons Inds., Setco Automotive, Shivam Autotech, Sona Koyo Steer., Suprajit Engg., The Hi-Tech Gear, Z F 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	15	Gabriel India,Hind.Composites,Sundaram Brake,Wheels India,Munjal Showa,Jamna Auto Inds.,Steel Str. Wheel,G S Auto Intl.,Simm. Marshall,Spectra Inds.,Talbros Engg.,WABCO India,Rane Brake Lin.,GNA Axles,Enkei Wheels		
Electrical and Electronics	10	Autolite (I), Bhagwati Auto, Fiem Inds., India Nipp.Elec., Lumax Auto Tech., Lumax Inds., Minda Corp, Minda Inds., Motherson Sumi, Subros,		
Interior	3	Bharat Seats, Harita Seating, Swaraj Automot.		
Body and Chassis	9	ANG Inds, 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

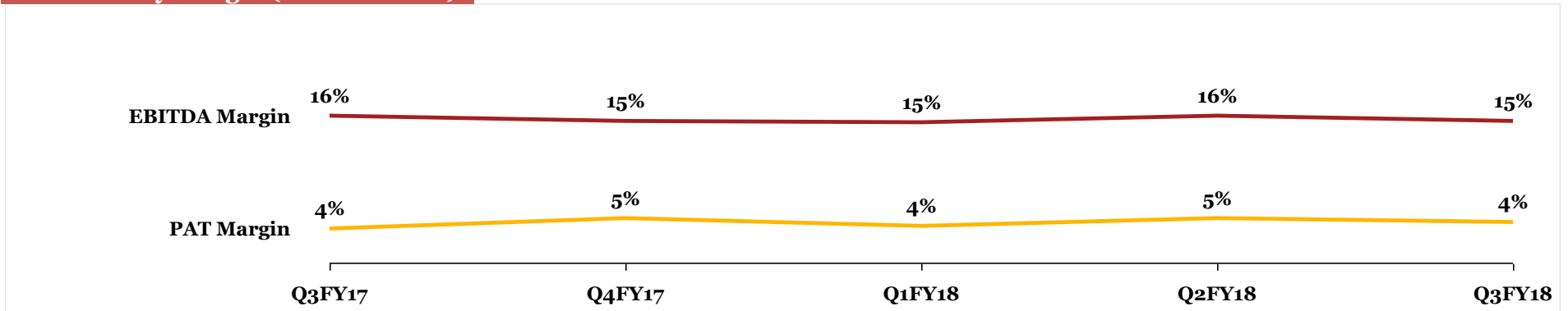
Aggregate financial analysis (73 in-scope companies)



- Q3FY18 saw a drop in Net sales, EBITDA and PAT margins compared to Q2FY17, which can be probably attributed to the cyclical nature of demand. However, comparing the Q3FY18 vs Q3FY17, the PAT and EBITDA margin has grown significantly. Transmission and Suspension segment recorded highest PAT growth % QoQ.

Trends in profitability (as % of Net sales)

Profitability margin (% of net sales)



EBITDA margin distribution of in-scope companies

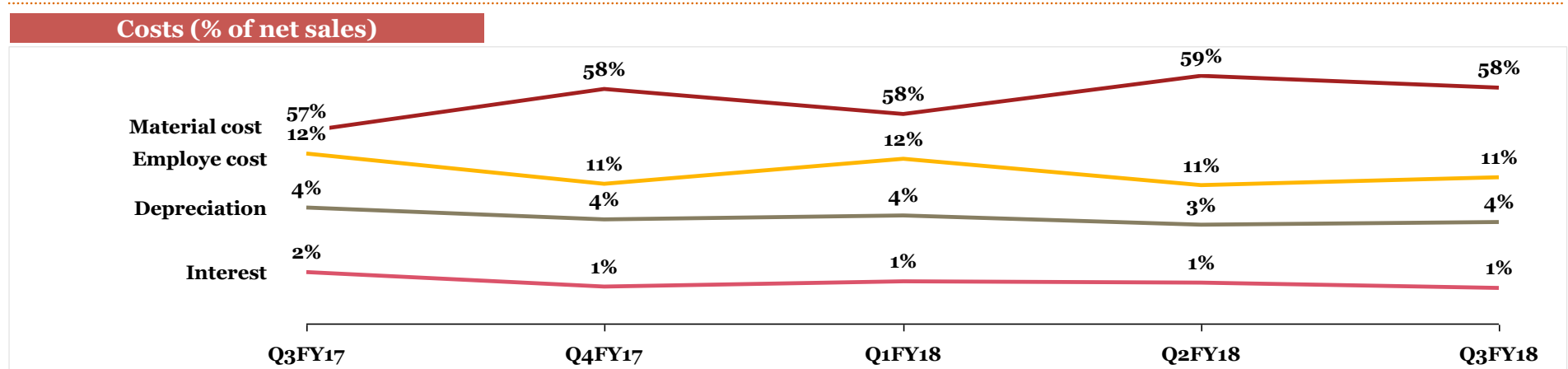
Range	Q3FY 17 Number of companies	Q3FY 18 Number of companies
Less than 0%	4	3
0-10%	13	11
10-20%	34	39
more than 20%	22	20

PAT margin distribution of in-scope companies

Range	Q3FY 17 Number of companies	Q3FY 18 Number of companies
less than 0%	20	13
0-5%	39	37
5-10%	11	19
more than 10%	3	4

- In Q3Fy18, the higher number of companies recorded positive growth in PAT QoQ. The number of companies that recorded 10-20% increase in EITDA and 5-10% increase in PAT increased.

Trends in costs (as % of Net sales)



Material cost/net sales distribution of in-scope companies

Range	Q3FY 17 # companies	Q3FY 18 # companies
20-50%	29	25
50-70%	32	36
more than 70%	12	12

Employee cost/net sales distribution of in-scope companies

Range	Q3FY 17 # companies	Q3FY 18 # companies
0-10%	21	28
10-20%	46	39
more than 20%	6	6

Interest/net sales distribution of in-scope companies

Range	Q3FY 17 # companies	Q3FY 18 # companies
0-2%	44	46
2-5%	18	22
more than 5%	11	5

Depreciation/net sales distribution of in-scope companies

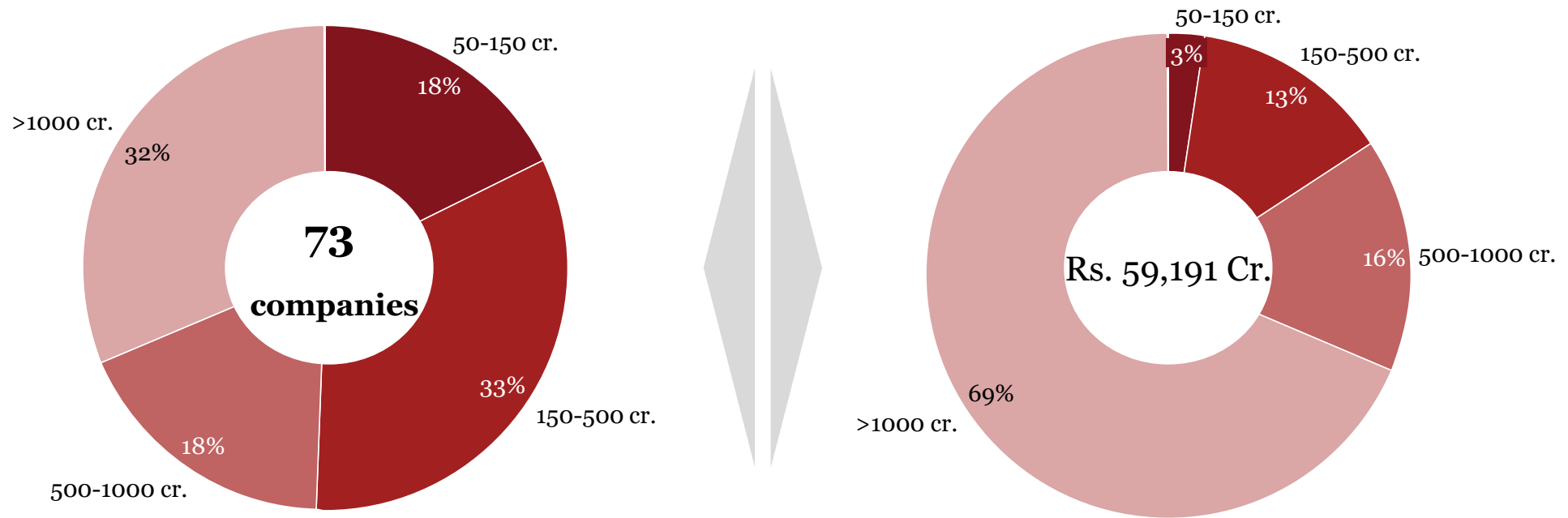
Range	Q3FY 17 # companies	Q3FY 18 # companies
0-2%	7	11
2-5%	45	44
more than 5%	21	18

- In Q3FY18, higher number of companies recorded increase in material cost QoQ. A higher number of companies recorded decrease in employee cost QoQ.

Size based analysis

Revenue based classification

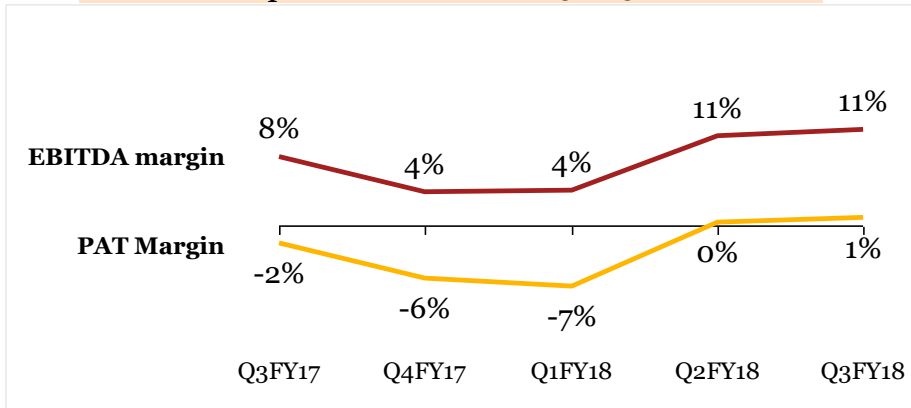
Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	13	24	13	23



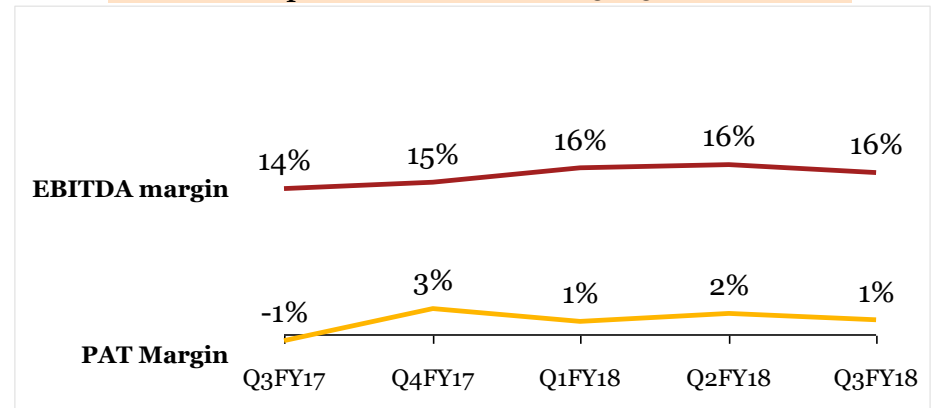
(Aggregate revenue of 73 companies)

Trends in profitability (as % of Net sales)

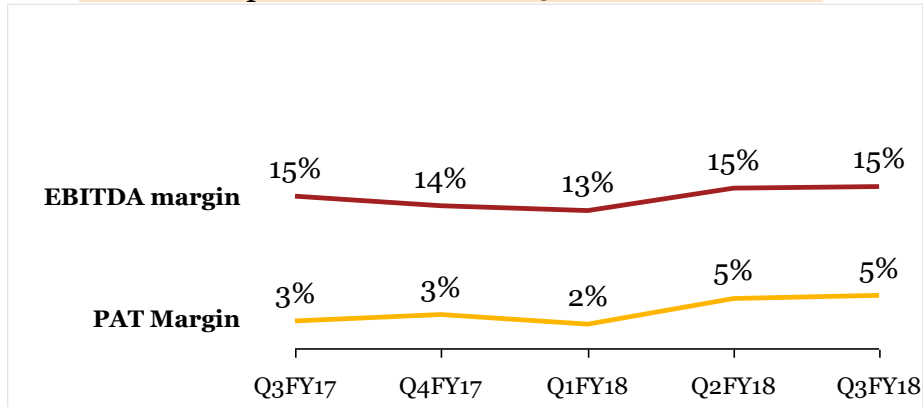
Companies with revenue 50-150 cr.



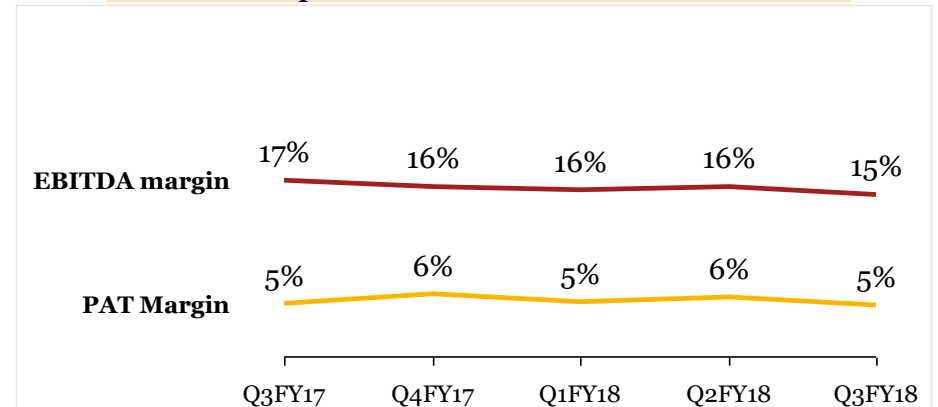
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

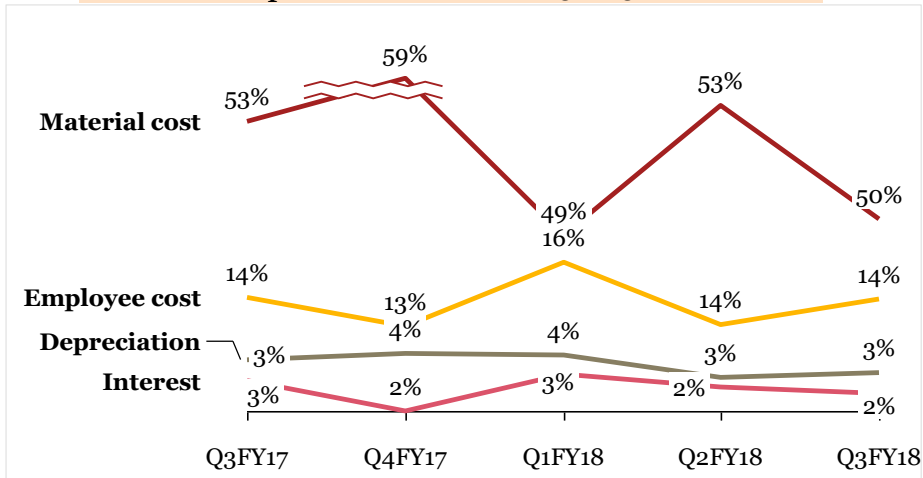


Companies with revenue >1000 cr.

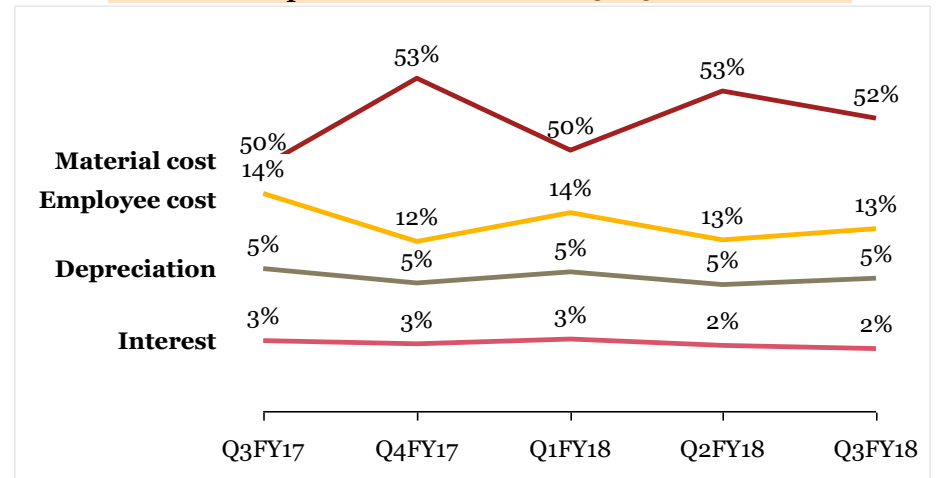


Trends in costs (as % of Net sales)

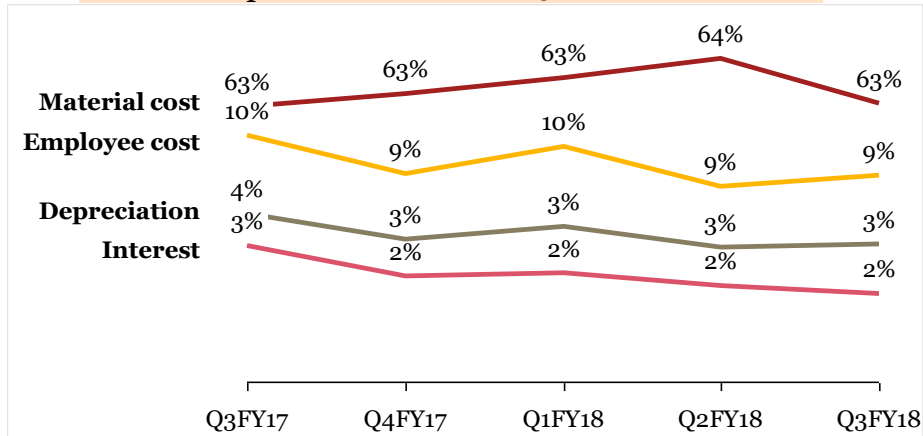
Companies with revenue 50-150 cr.



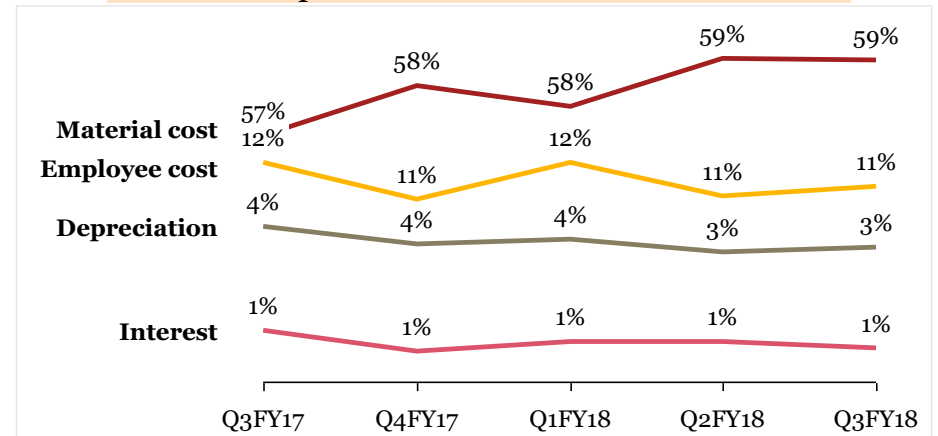
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

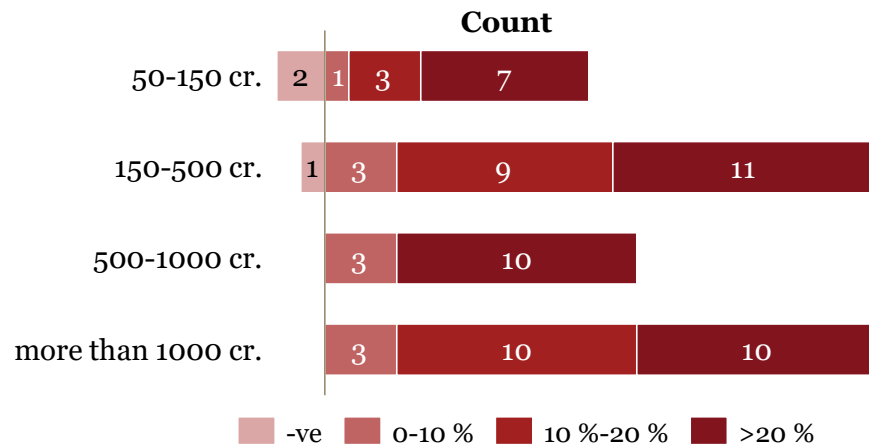


Companies with revenue >1000 cr.

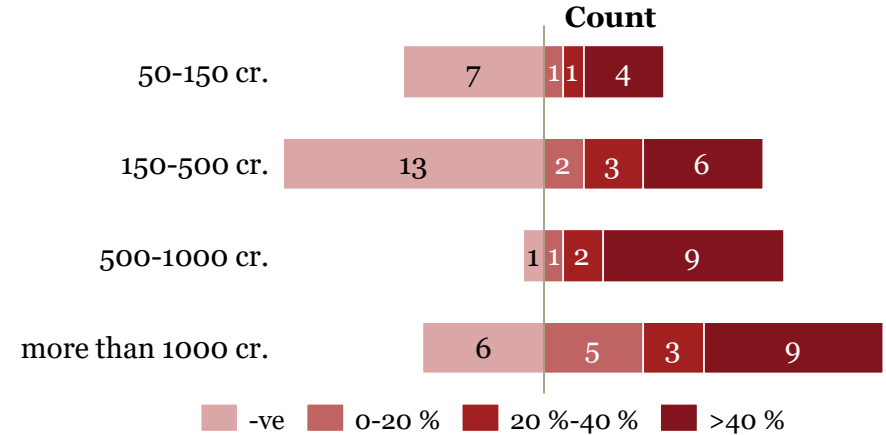


Count of companies per growth % range : by revenue segment Q3FY18 vs. Q3FY17

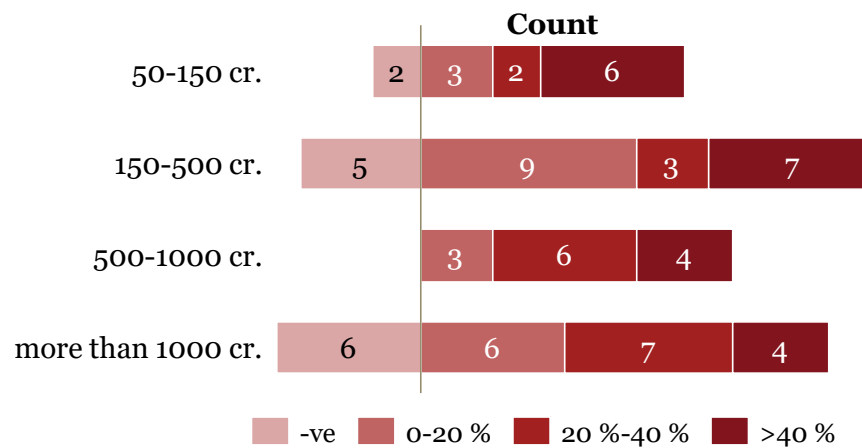
Count of companies by Y-o-Y Net Sales growth %



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

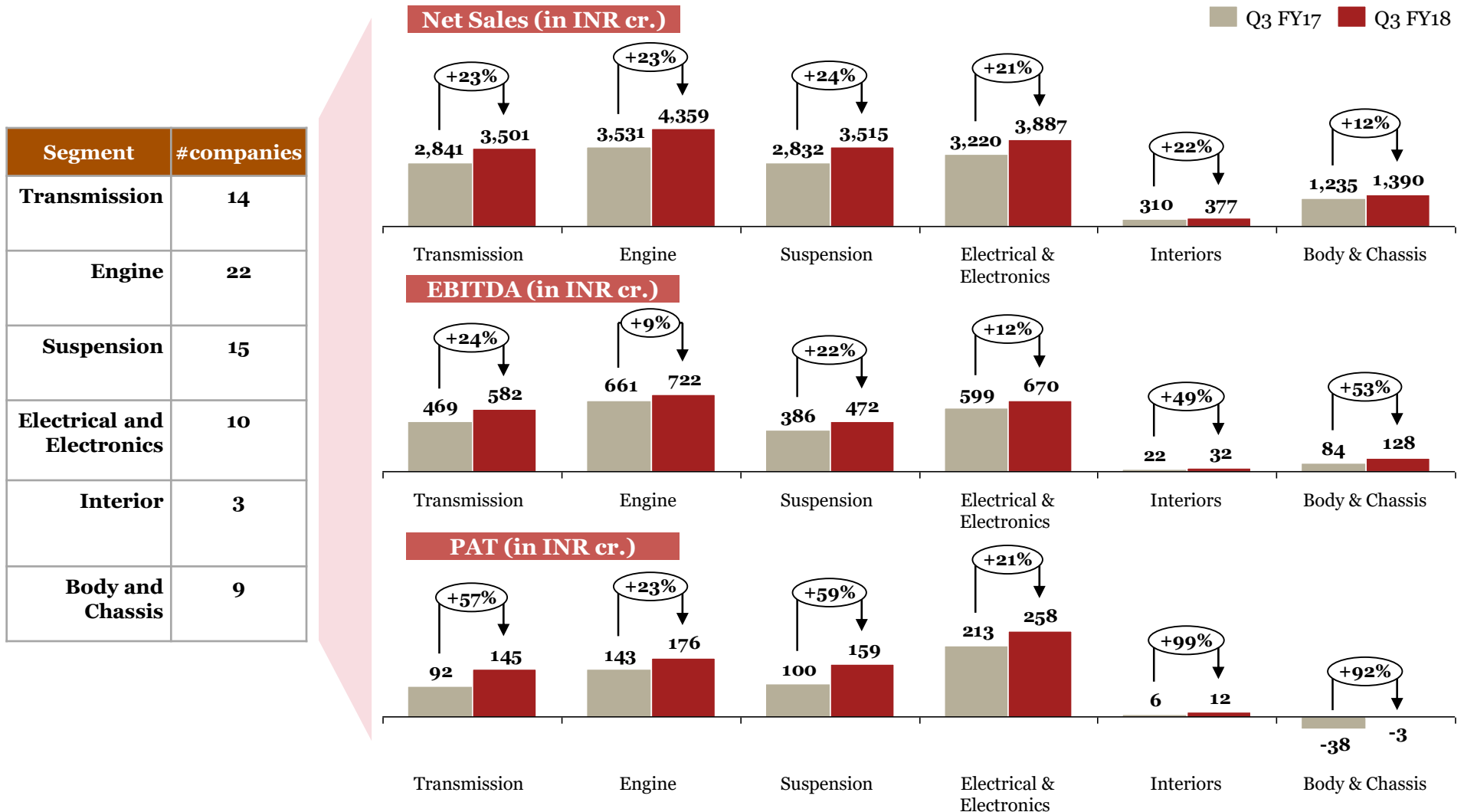


Count of companies by Y-o-Y EBITDA growth %



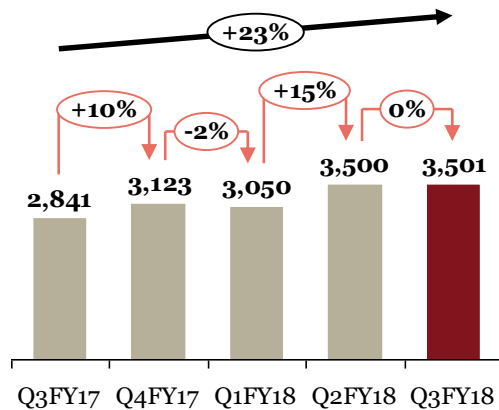
Segment analysis

Segment-wise analysis of in-scope companies: Q1 FY18 vs. Q1FY17

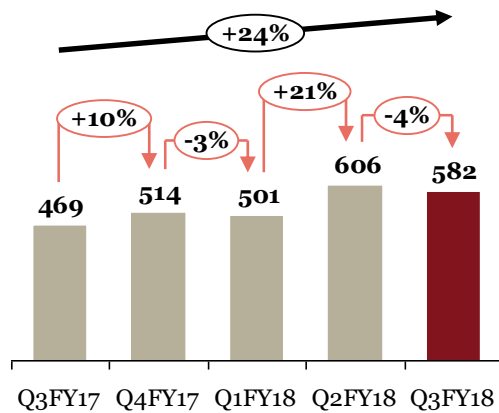


Transmission segment (14 companies)

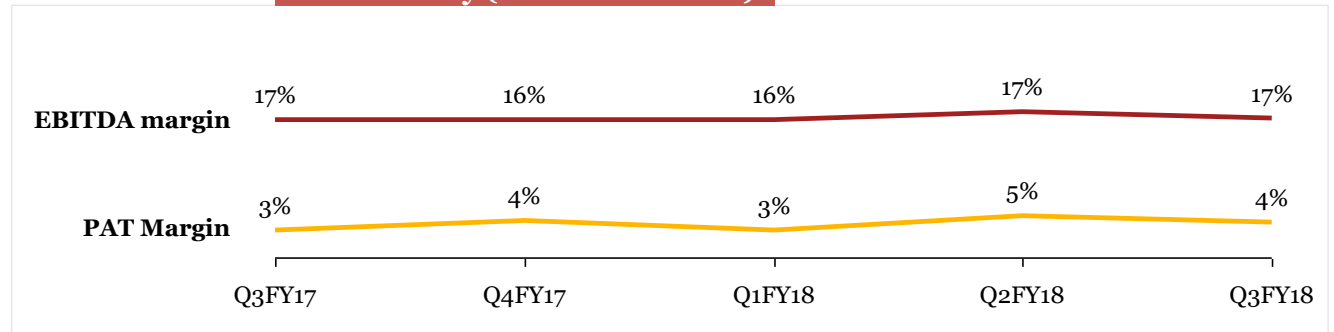
Net Sales (in INR cr.)



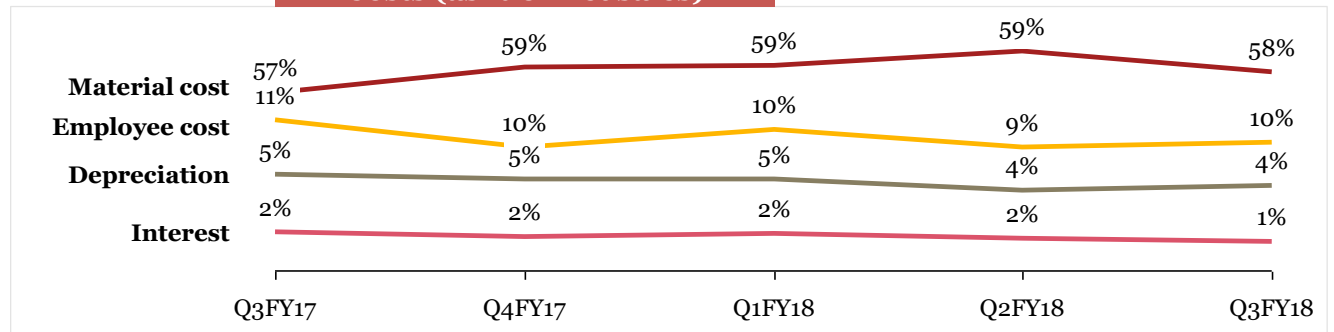
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

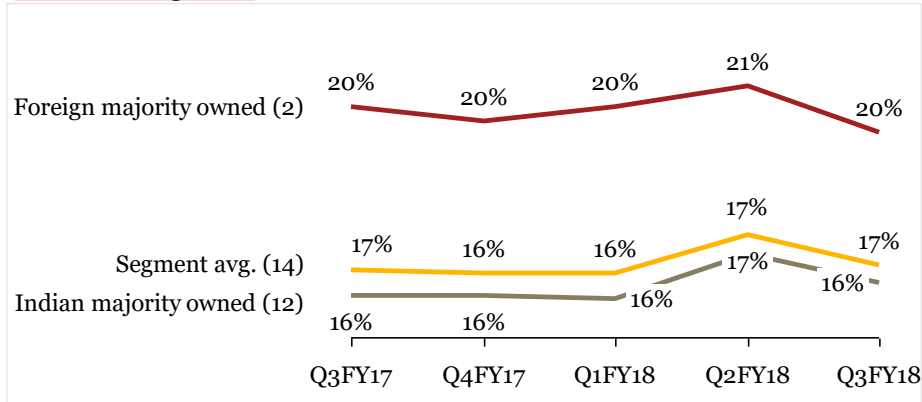


- The foreign majority owned transmission companies recorded higher EBITDA margin compared to their Indian counterparts
- The PAT margin increased marginally in Q3FY18 vs Q3FY17. Except for Material cost, all other costs decreased in Q3FY18 vs Q3FY17

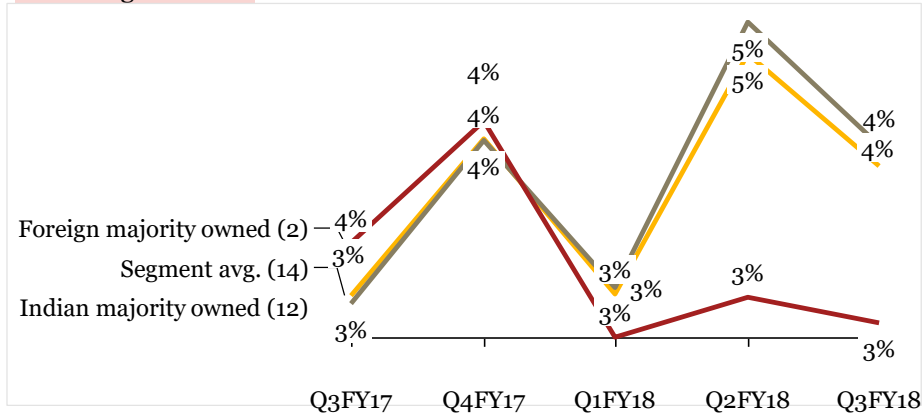
Transmission segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

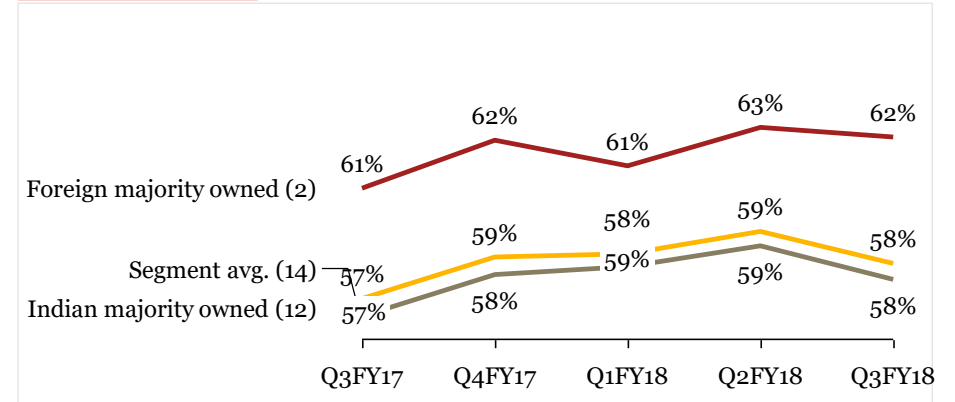


PAT Margin

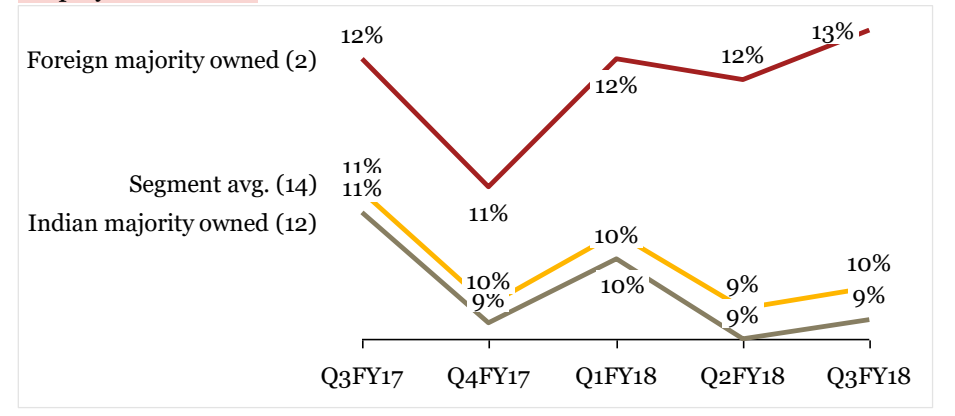


Costs (as % of Net sales)

Material cost

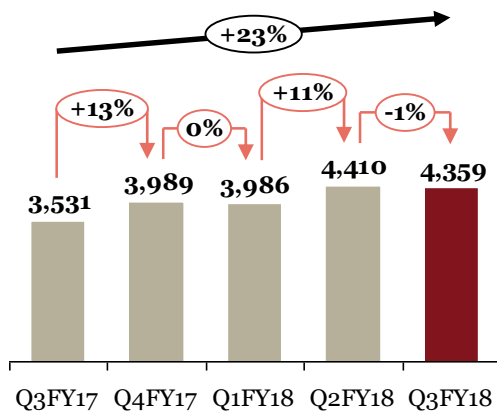


Employee cost

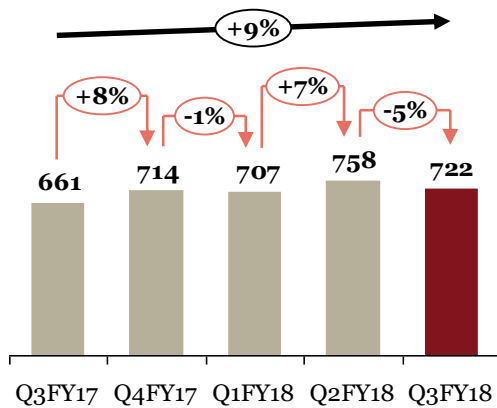


Engine segment (22 companies)

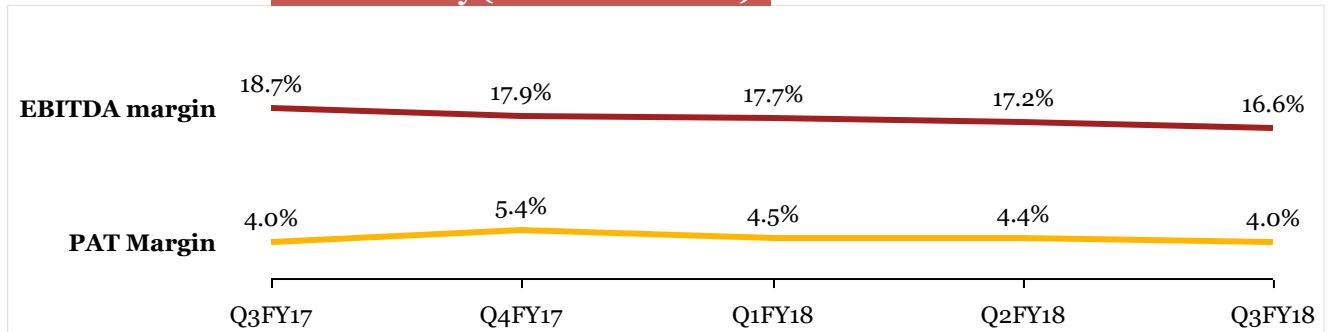
Net Sales (in INR cr.)



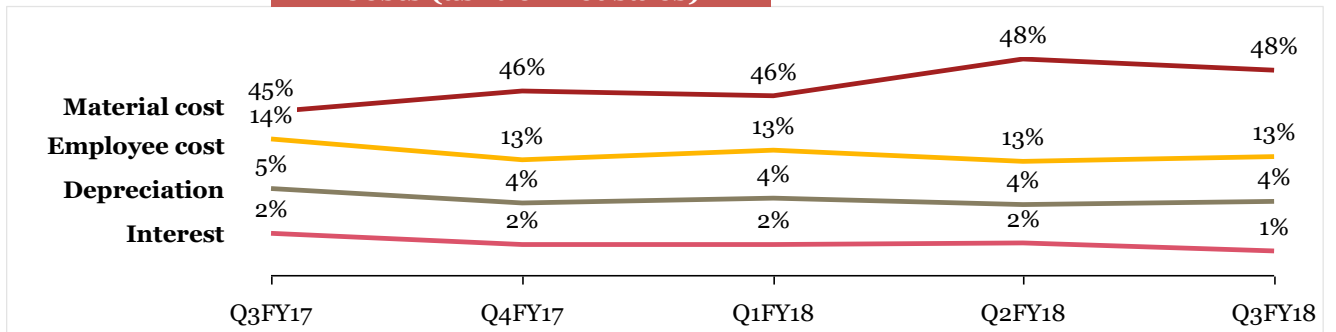
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

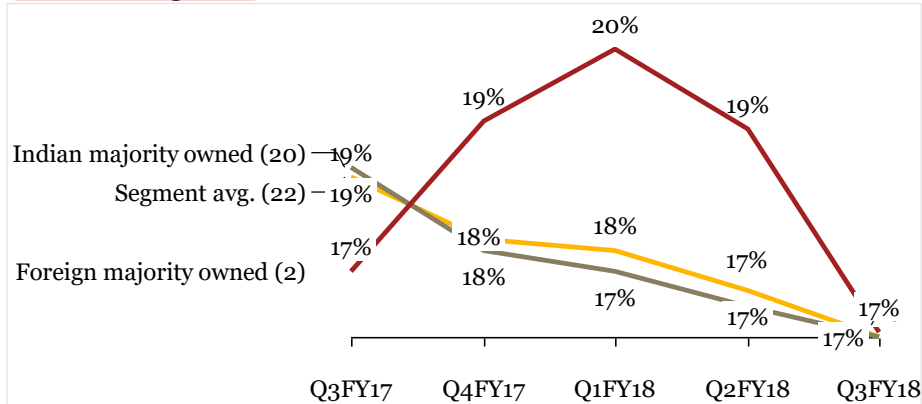


- EBITDA margins decreased QoQ, probably attributable to the increase in material cost
- The employee cost decreased QoQ marginally for Indian and foreign majority owned companies

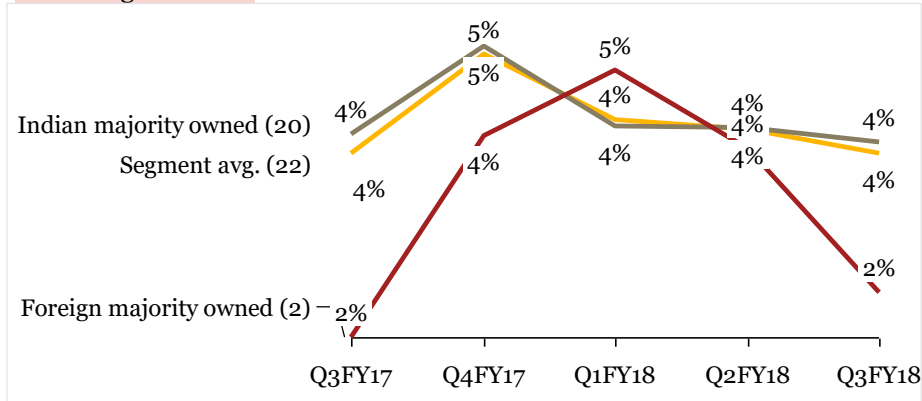
Engine segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

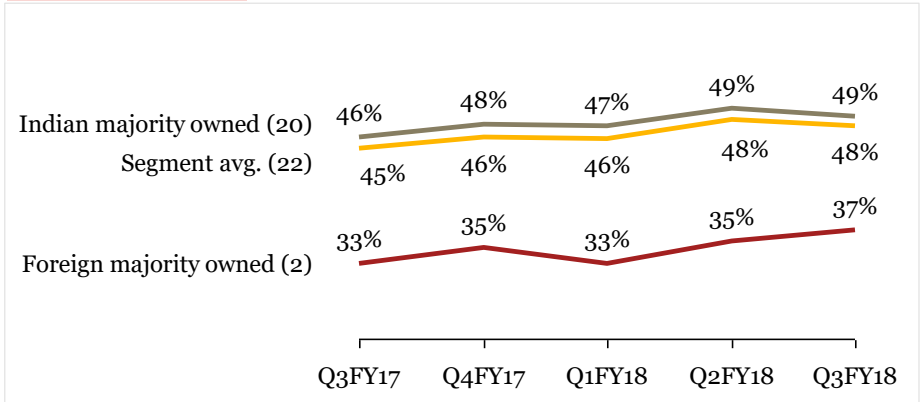


PAT Margin

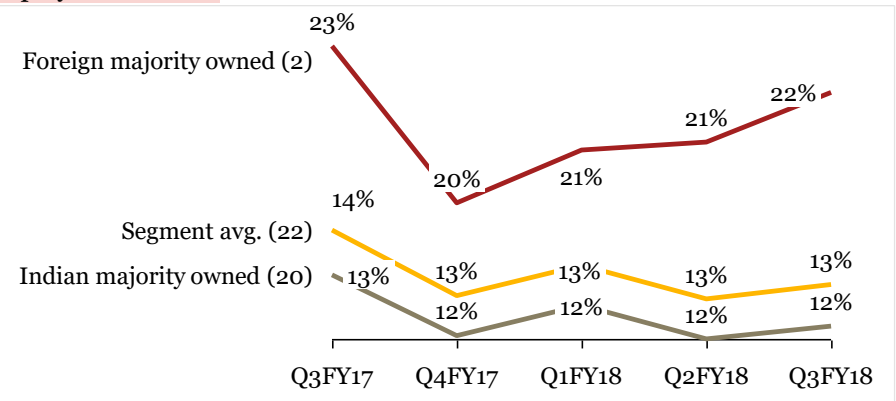


Costs (as % of Net sales)

Material cost

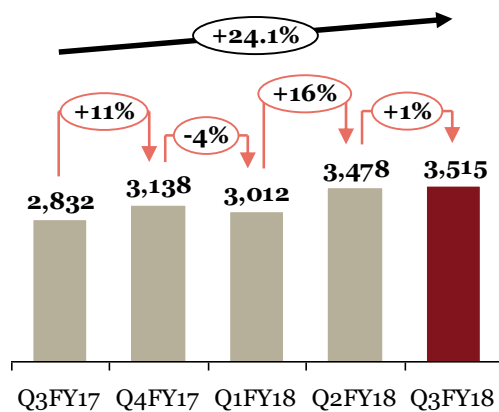


Employee cost

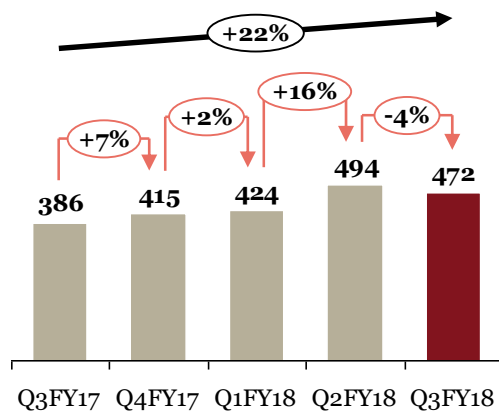


Suspension segment (15 companies)

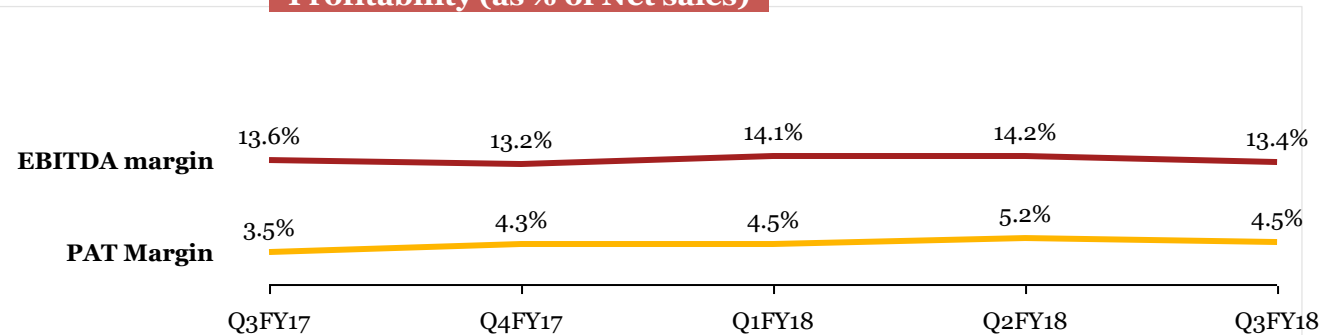
Net Sales (in INR cr.)



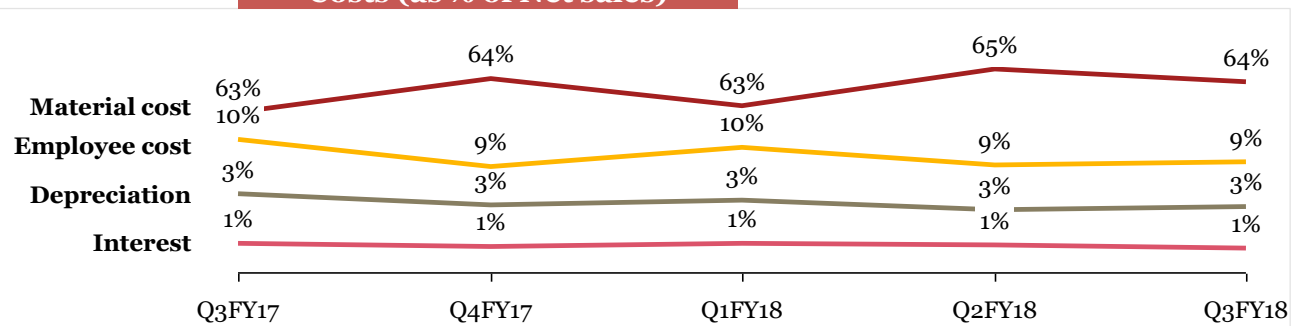
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

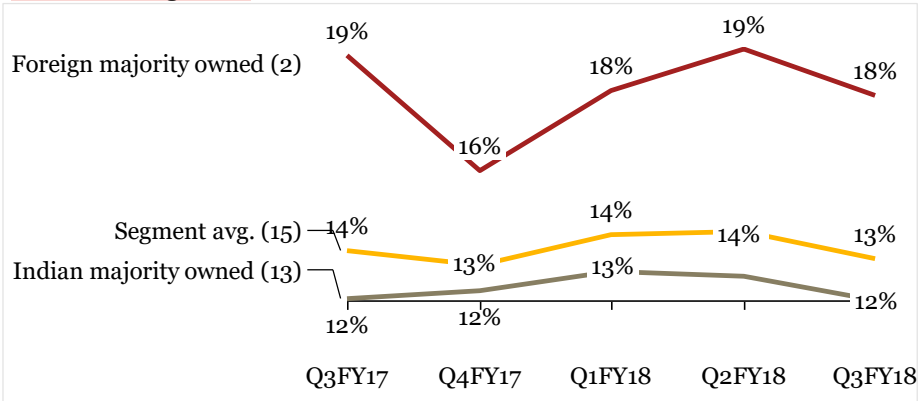


- Decrease in the EBITDA margin QoQ can be possibly attributed to the increase in the material cost
- Over the duration of past 4 quarters, PAT margin increased marginally

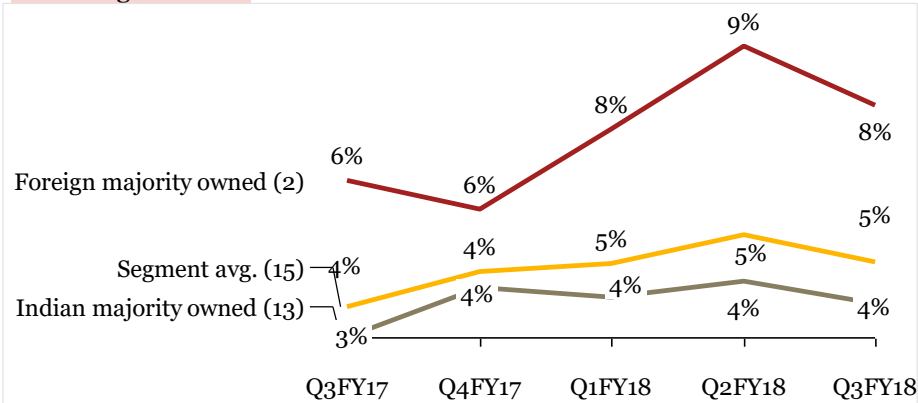
Suspension segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

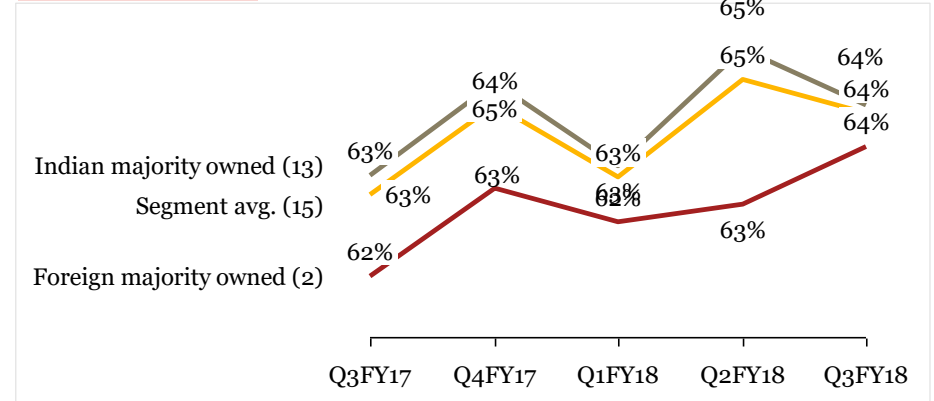


PAT Margin

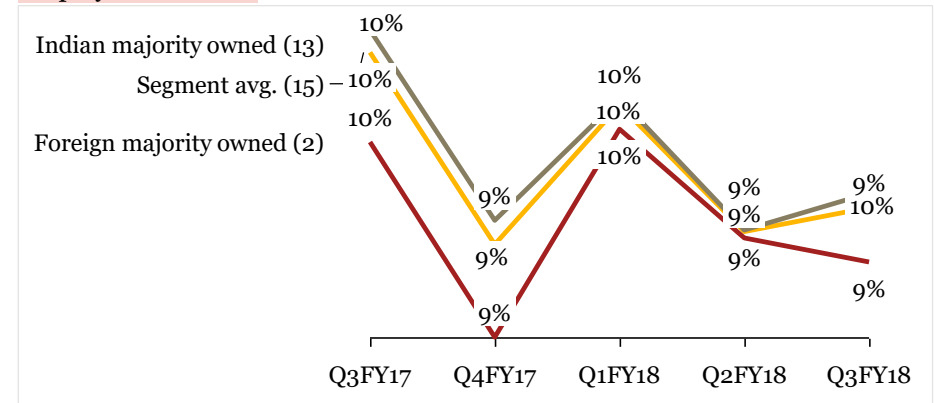


Costs (as % of Net sales)

Material cost

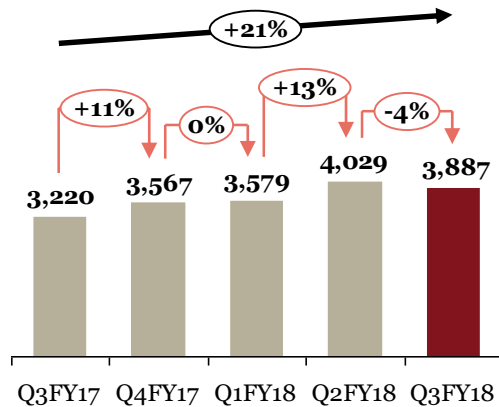


Employee cost

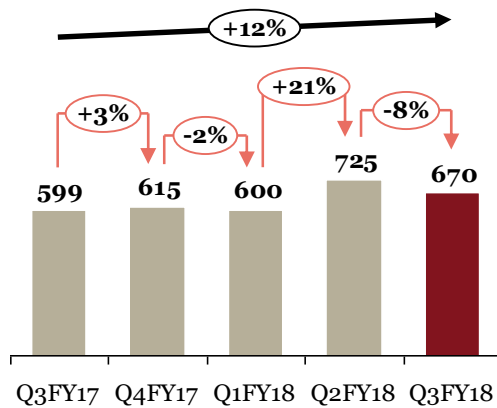


Electrical and Electronics segment (10 companies)

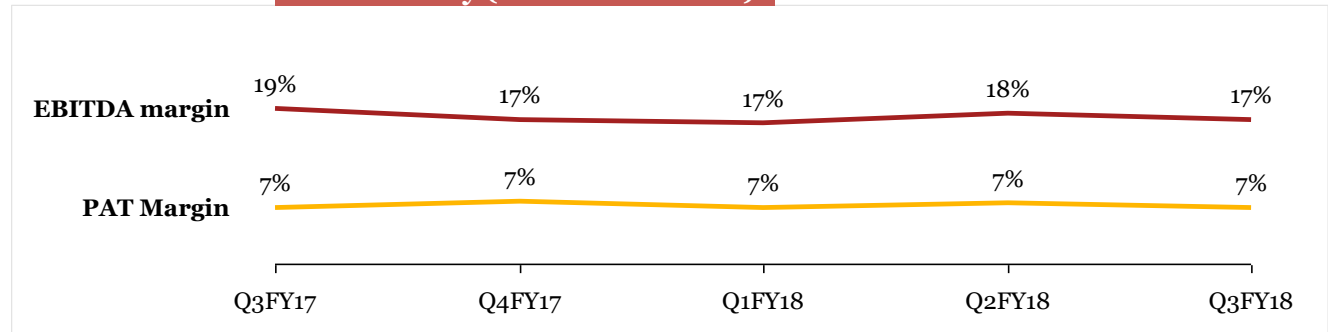
Net Sales (in INR cr.)



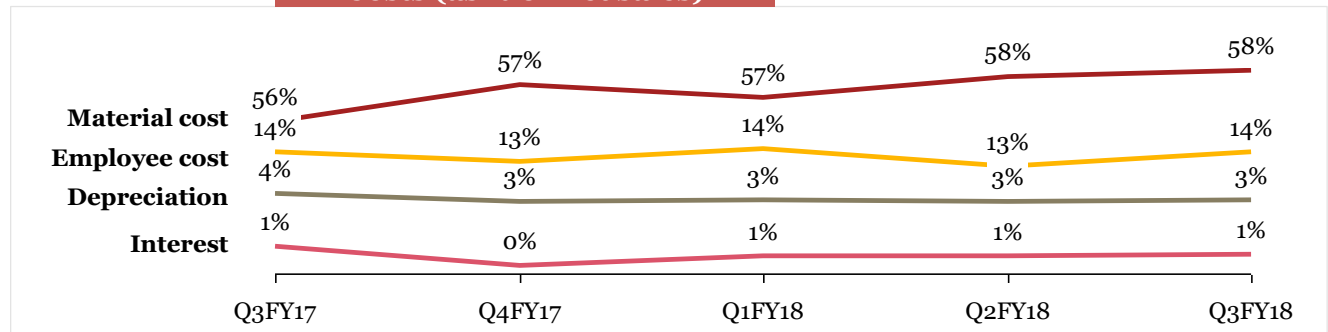
EBITDA (in INR cr.)



Profitability (as % of Net sales)



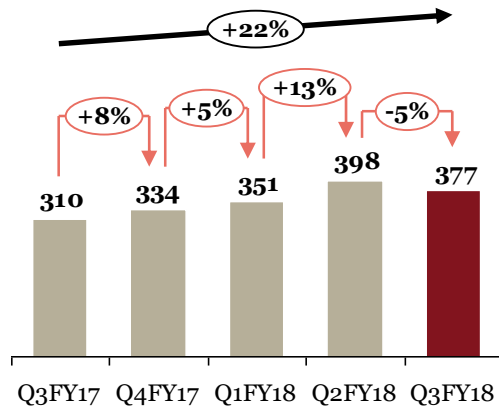
Costs (as % of Net sales)



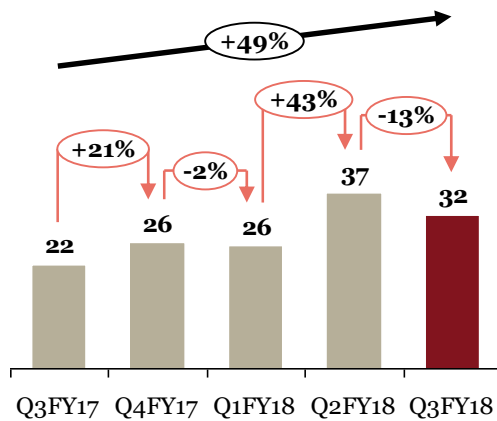
➤ Decrease in the EBITDA margin QoQ can be possibly attributed to the increase in the material cost

Interior segment (3 companies)

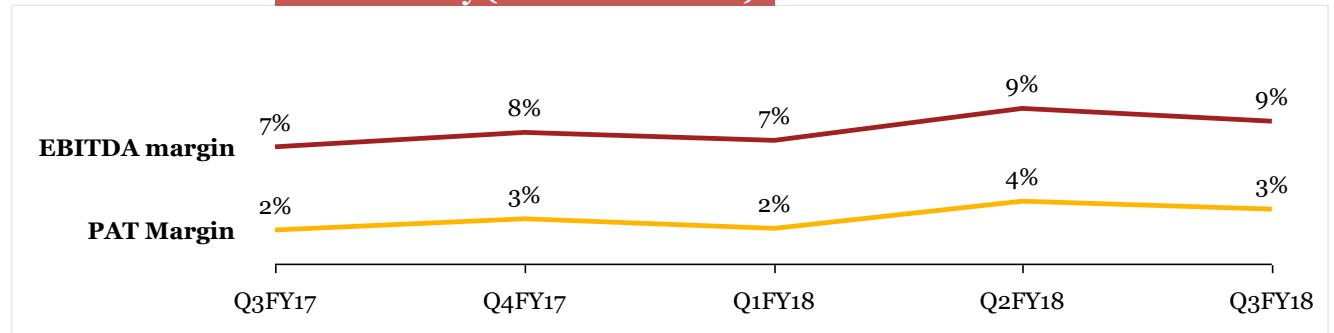
Net Sales (in INR cr.)



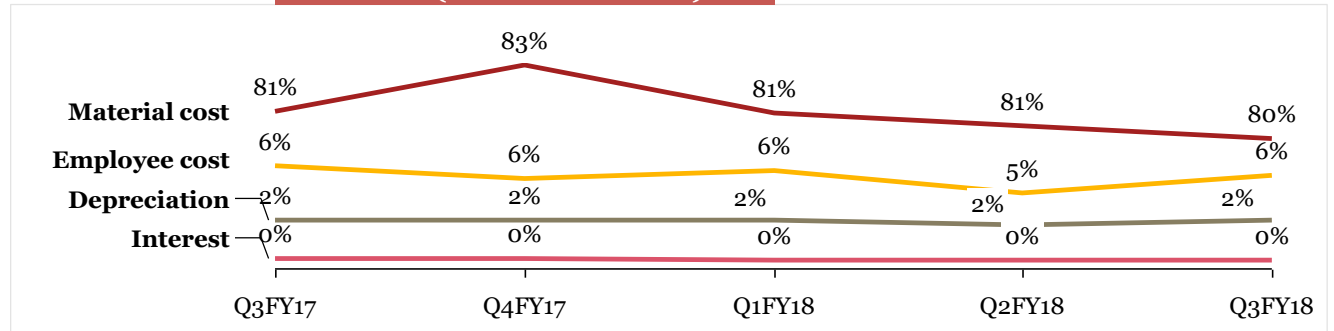
EBITDA (in INR cr.)



Profitability (as % of Net sales)



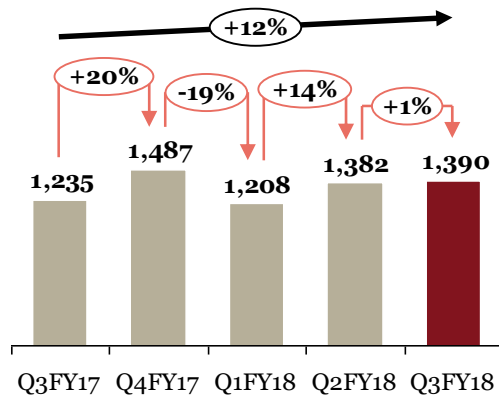
Costs (as % of Net sales)



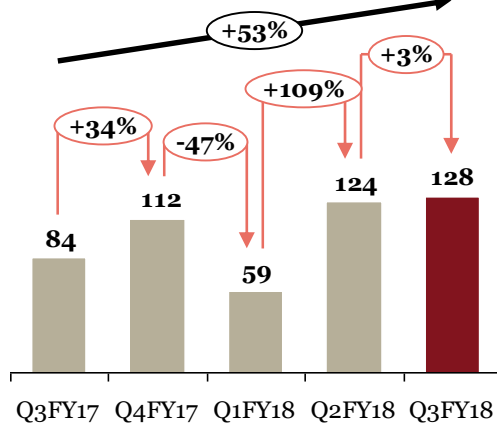
- EBITDA margin increased QoQ, contributed by the decrease in the raw material cost
- As the newer models are introduced in the market and a greater emphasis is given on the interiors, this segment is poised to grow in the foreseeable future.

Body and chassis segment (9 companies)

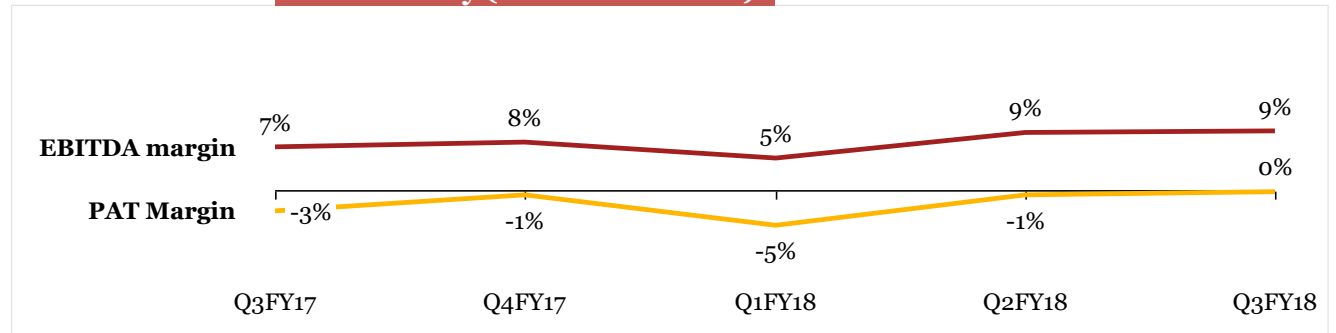
Net Sales (in INR cr.)



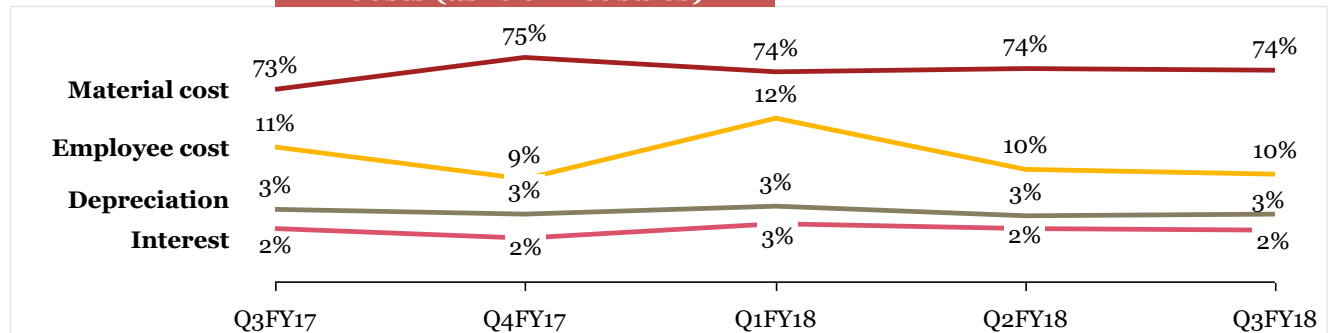
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- The EBITDA margin and PAT margin increased QoQ in Q3FY18
- Raw material increased and employee cost decreased in Q3FY18

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
- Manas Trivedi, ACMA Knowledge Partnership Manager –manas.trivedi@in.pwc.com / +911246266594