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# *ACMA- Financial Analysis*

## *Q3 FY-22*

*Strictly private  
and confidential*

*April 2022*



**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 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	9	23	9	27

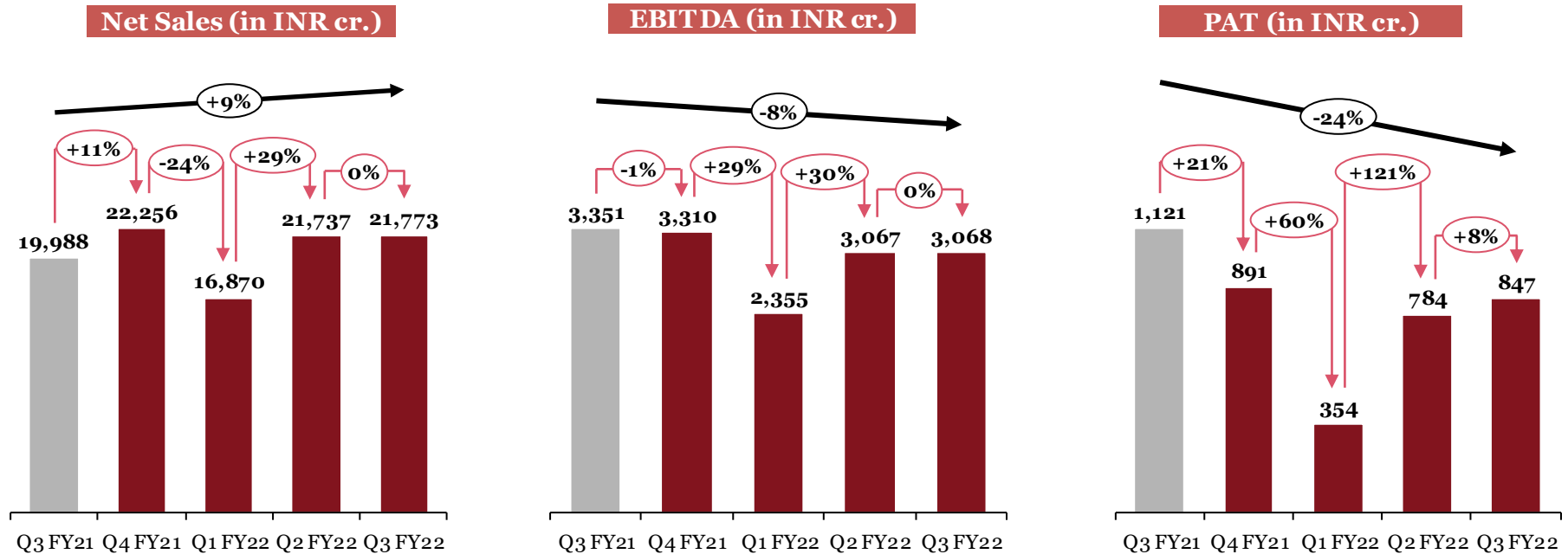
Segment based classification		
Segment	#companies	List of companies
<b>Transmission</b>	<b>12</b>	Automotive Axles, Bharat Gears, Endurance Tech., JTEKT India, LG Balakrishnan, RACL Geartech, Rane (Madras), Setco Automotive, Shivam Autotech, Suprajit Engg., The Hi-Tech Gear, ZF Steering
<b>Engine</b>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



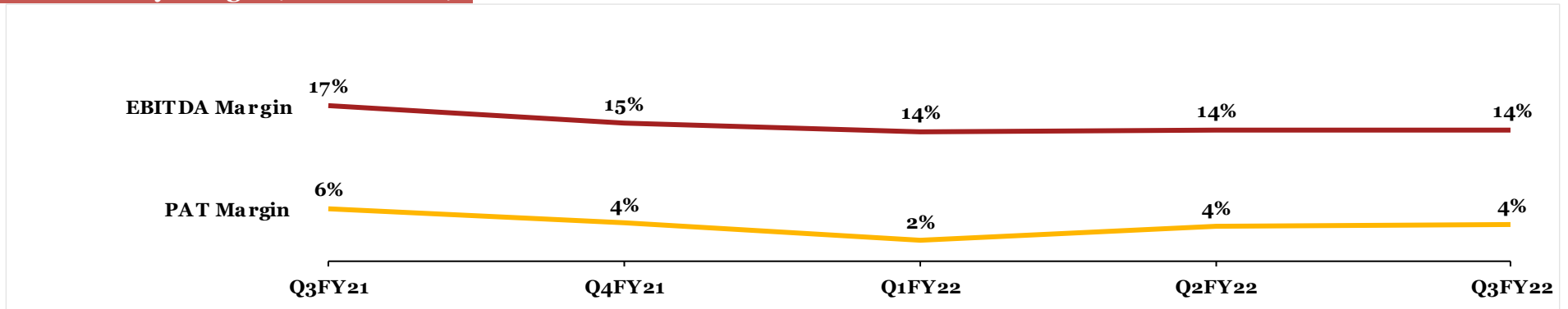
- This quarter includes the months of Oct'21, Nov'21 and Dec'21 during which the Indian economy opened fully to leave behind several restrictions impacting commerce in the previous quarters.
- Net Sales & EBITDA remained flat, highlighting the continuity of healthy demand in the market. Sales volumes in this quarter were 4.6 million units compared to 5.9 million units in Q3 FY 21, indicating overall increase in prices. PAT rose marginally by 8% Q-o-Q owing to stable depreciation as manufacturers didn't see a need to add new capacity.

## 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:  $EBITDA = \text{Total Income} - \text{Total Expenditure} - \text{Net Sales} + \text{Other Income}$

### Profitability margin (% of net sales)



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

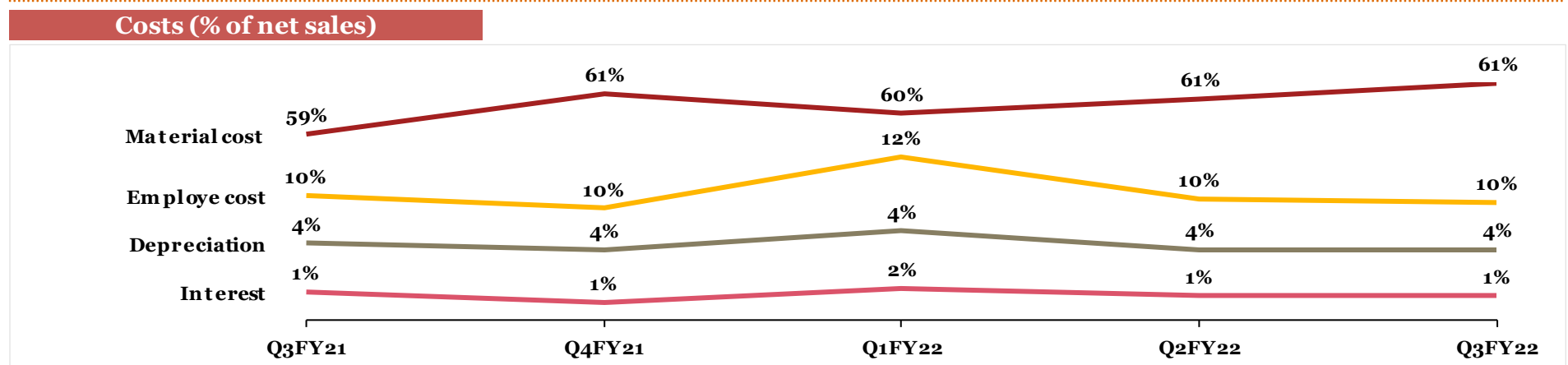
Range	Q3 FY 21 Number of companies	Q3 FY 22 Number of companies
Less than 0%	2	2
0-10%	10	11
10-20%	29	43
more than 20%	27	12

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

Range	Q3 FY 21 Number of companies	Q3 FY 22 Number of companies
less than 0%	10	14
0-5%	31	35
5-10%	18	16
more than 10%	9	3

- EBITDA & PAT margins remained largely stable. This is primarily a result of supply chains returning to pre-covid levels & limited volatility in raw material prices..
- Costs related to employee wages, interest & depreciation also remained largely similar to previous quarter.

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



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

Range	Q3 FY 21	Q3 FY 22
20-50%	26	18
50-70%	30	32
more than 70%	12	18

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

Range	Q3 FY 21	Q3 FY 22
0-10%	24	24
10-20%	37	41
more than 20%	7	3

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

Range	Q3 FY 21	Q3 FY 22
0-2%	40	45
2-5%	22	19
more than 5%	6	4

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

Range	Q3 FY 21	Q3 FY 22
0-2%	7	11
2-5%	44	40
more than 5%	17	17

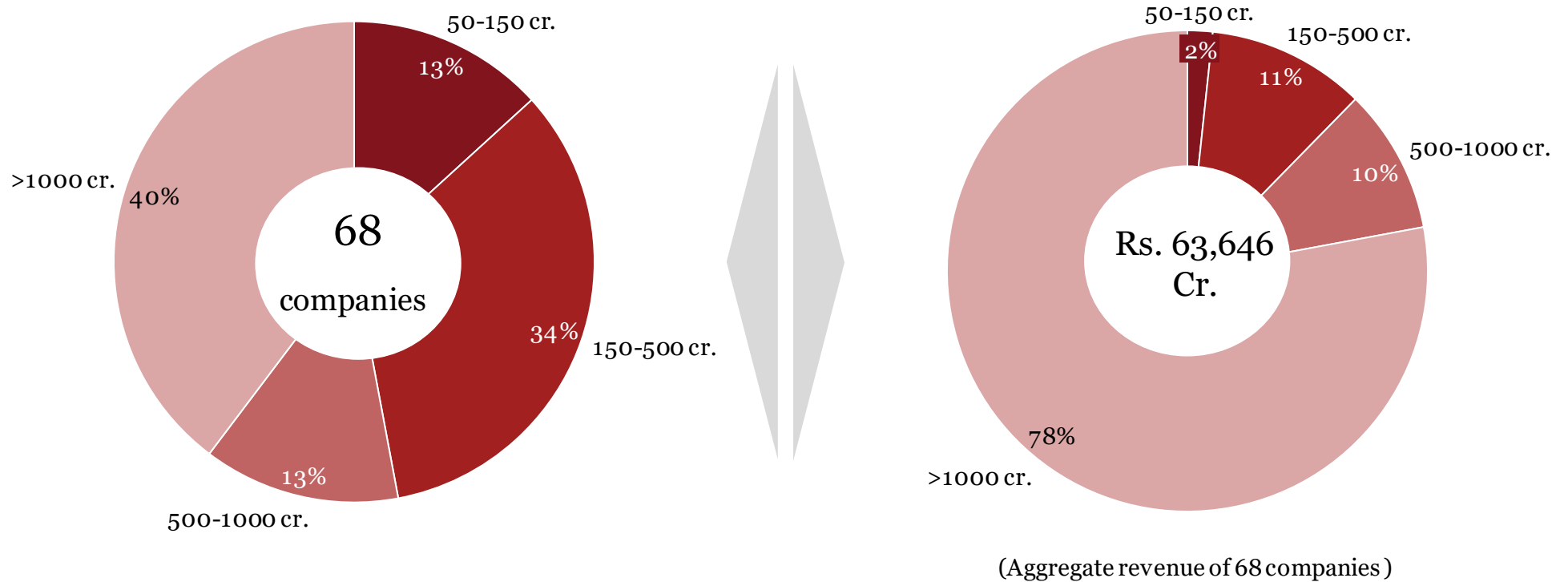
➤ Raw material costs rose slightly on account of rising energy and crude oil prices but were largely controlled through capacity coming online globally post localized covid lockdowns in preceding quarters.



# *Size based analysis*

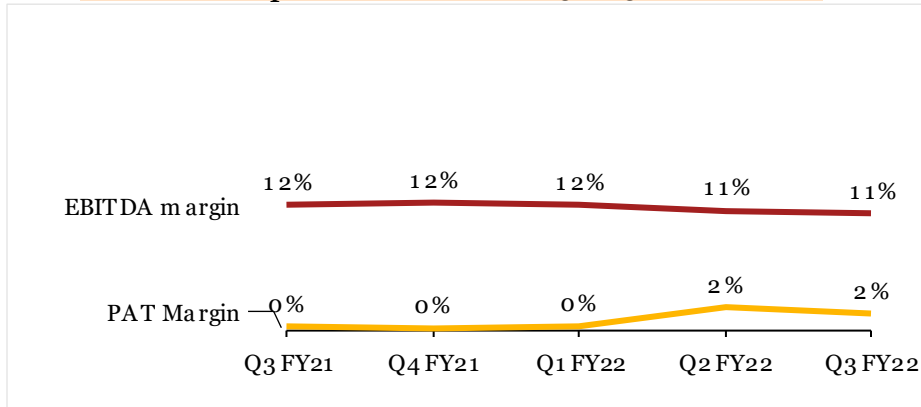
## Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	<b>9</b>	<b>23</b>	<b>9</b>	<b>27</b>

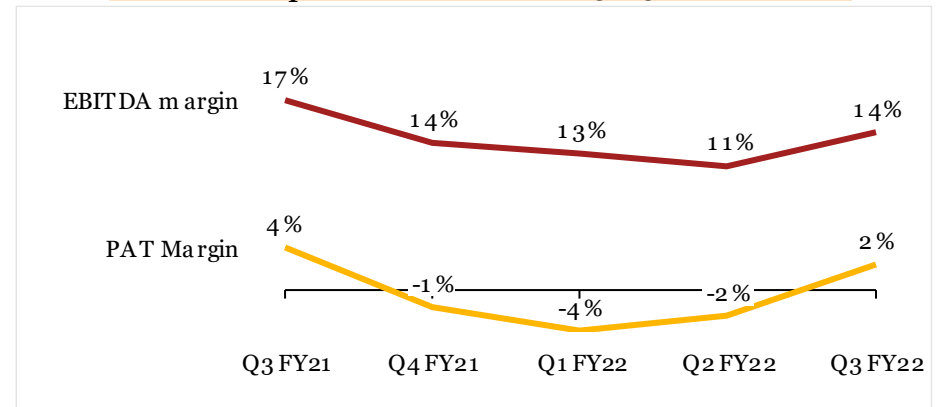


## Trends in profitability (as % of Net sales)

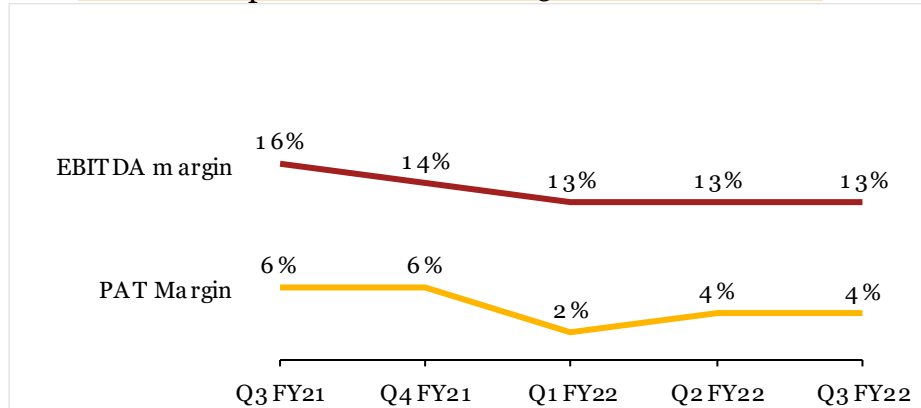
Companies with revenue 50-150 cr.



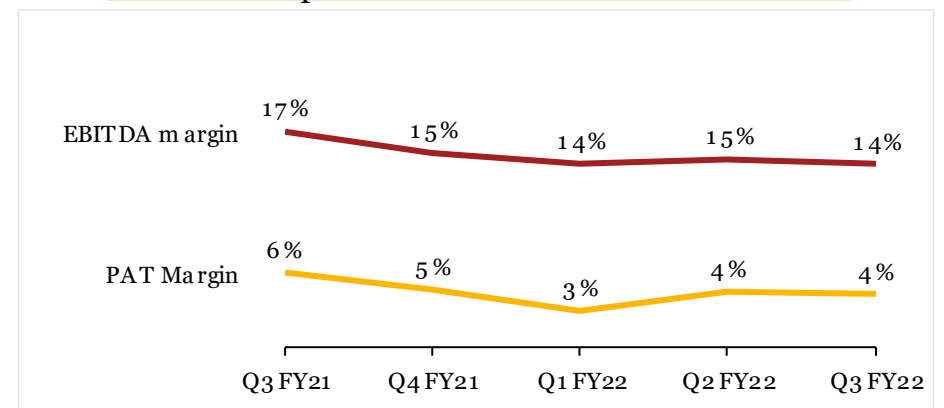
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

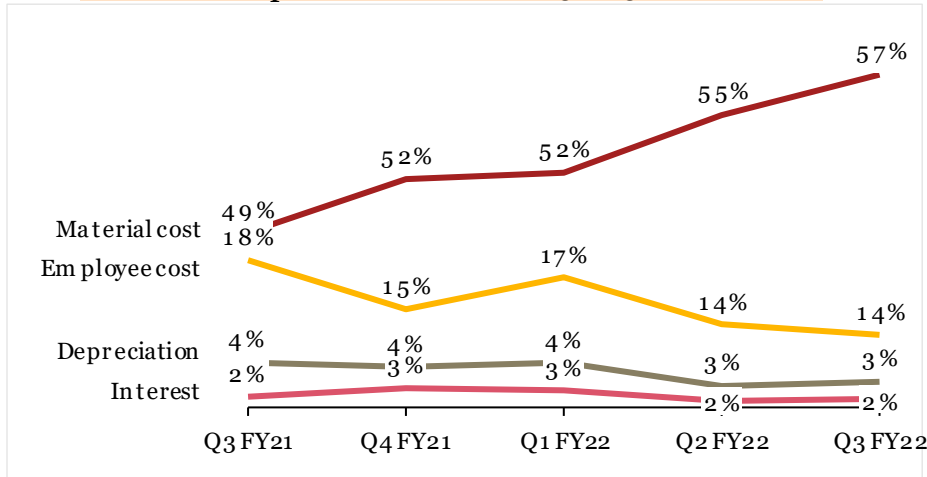


Companies with revenue >1000 cr.

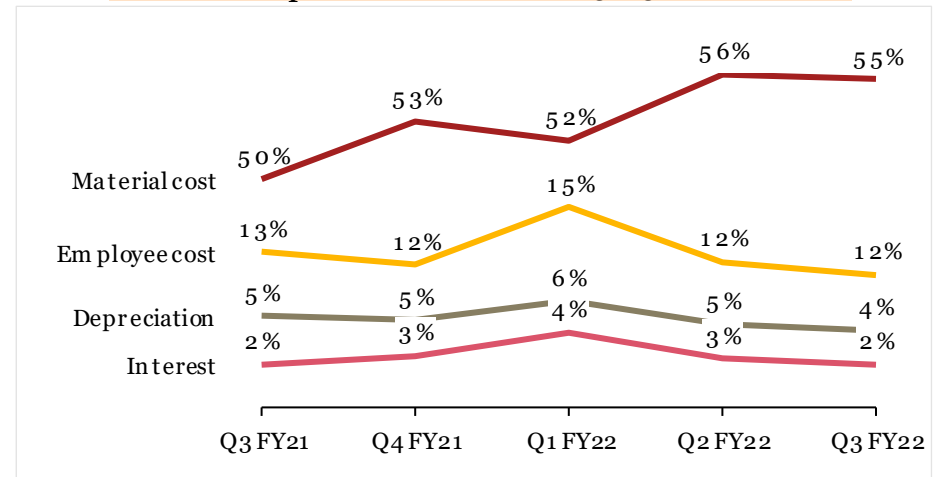


## Trends in costs (as % of Net sales)

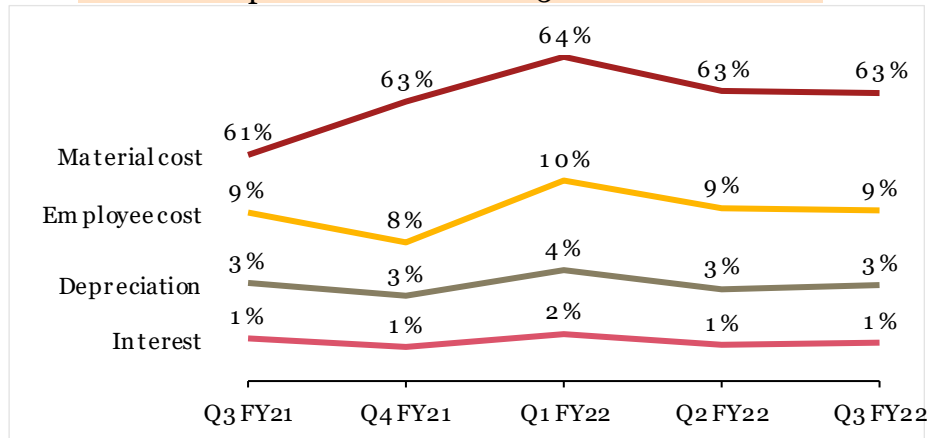
Companies with revenue 50-150 cr.



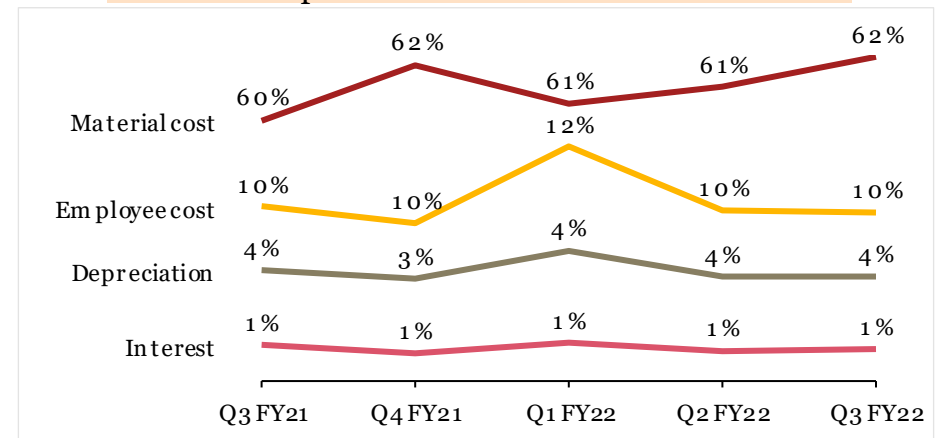
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

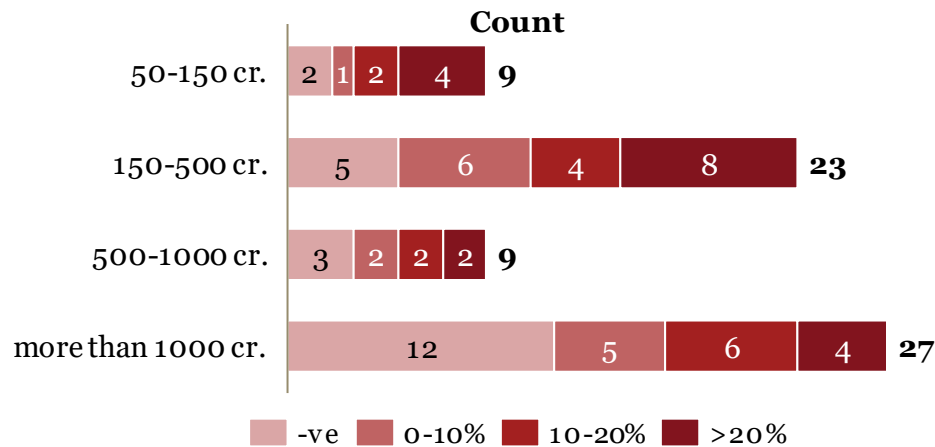


Companies with revenue >1000 cr.

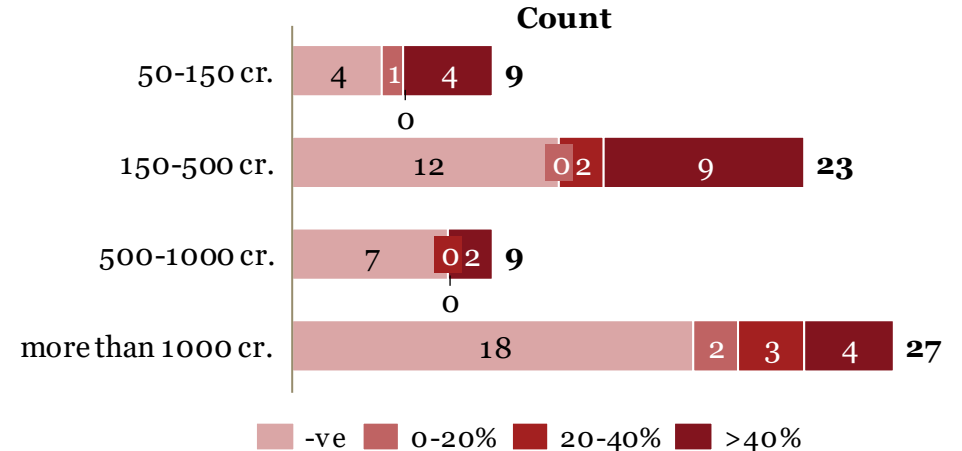


## Count of companies per growth % range : by revenue segment Q3 FY22 vs. Q3 FY21

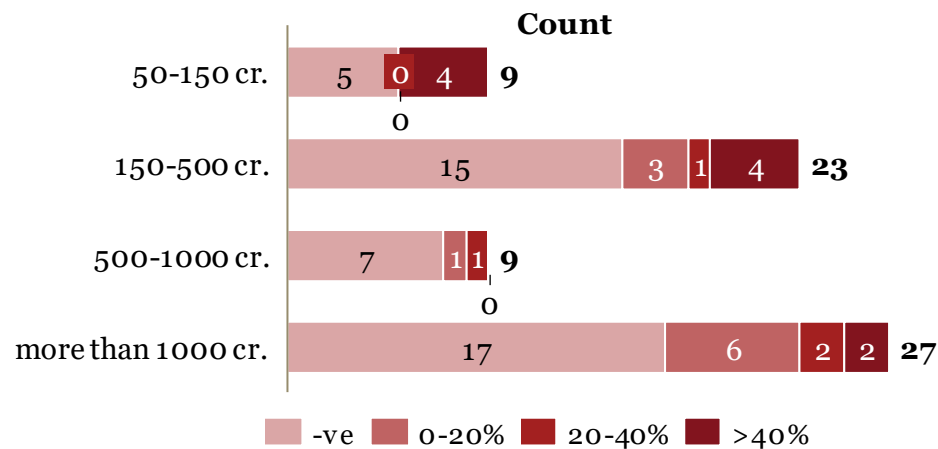
**Count of companies by Y-o-Y Net Sales growth %**



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

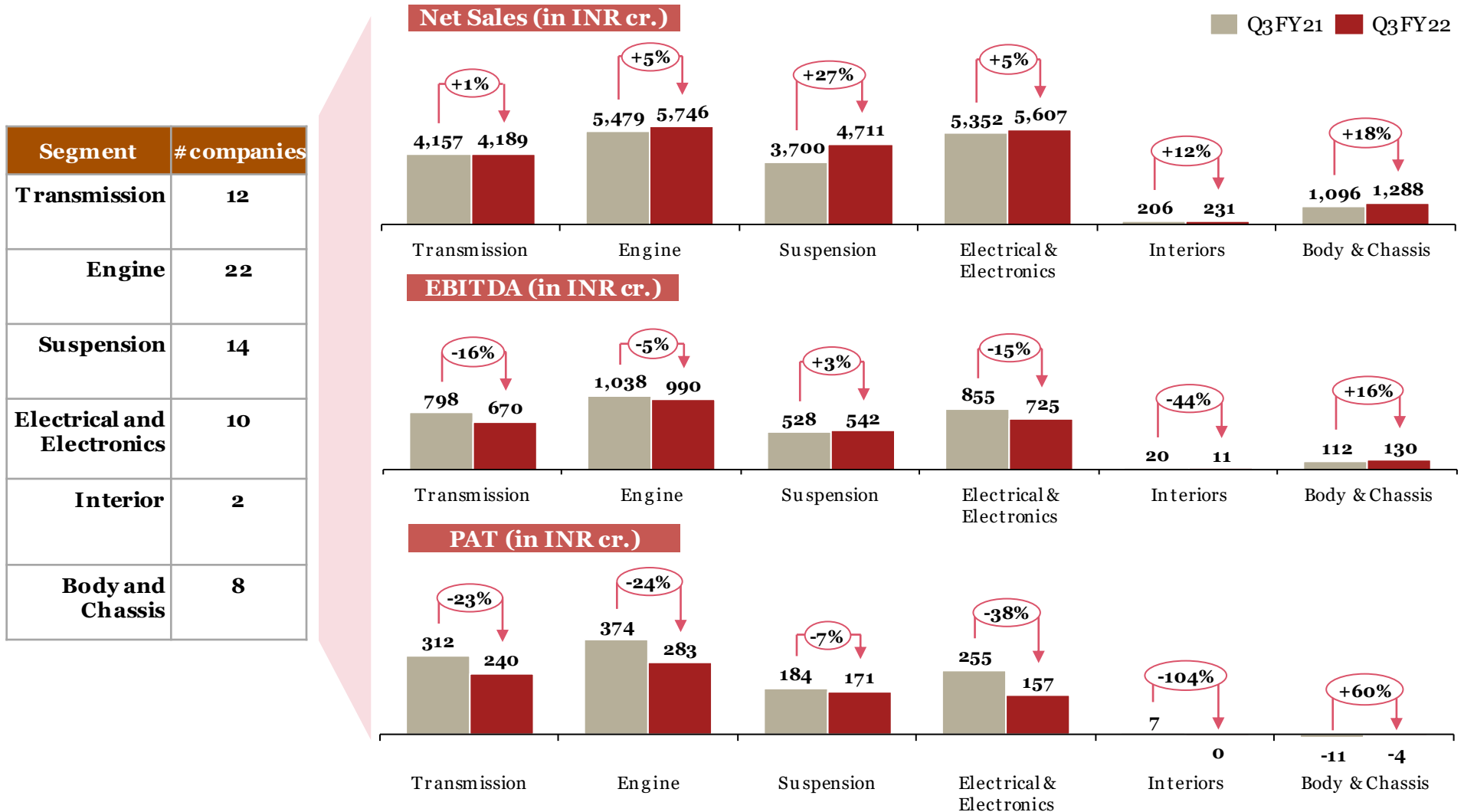


**Count of companies by Y-o-Y EBITDA growth %**



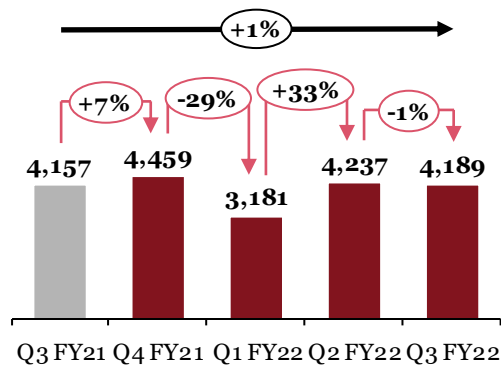
# *Segment analysis*

## Segment-wise analysis of in-scope companies: Q3 FY22 vs. Q3 FY21

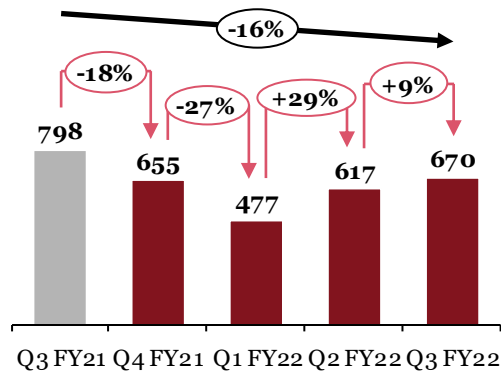


## Transmission segment (12 companies)

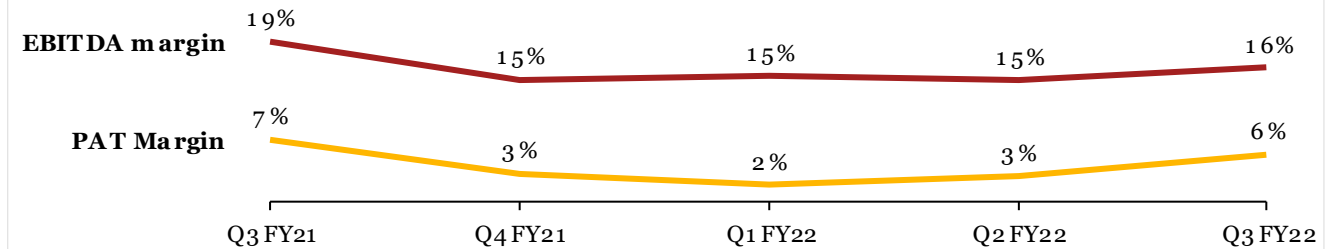
**Net Sales (in INR cr.)**



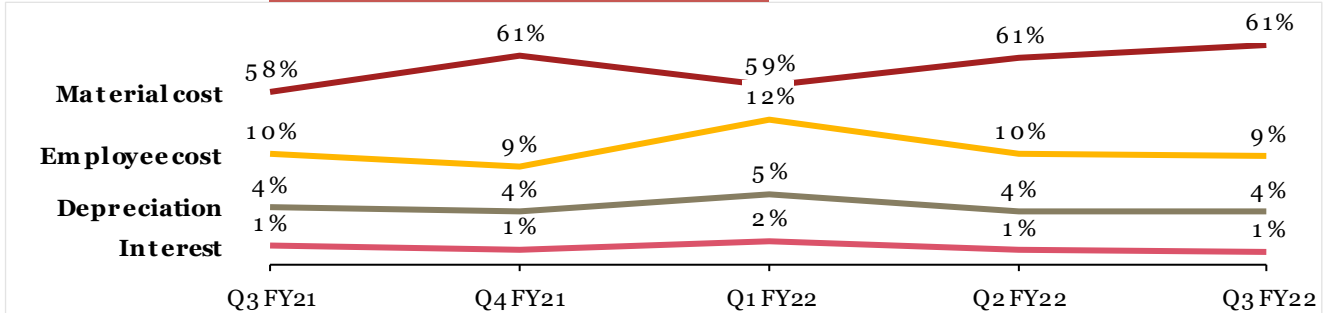
**EBITDA (in INR cr.)**



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



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



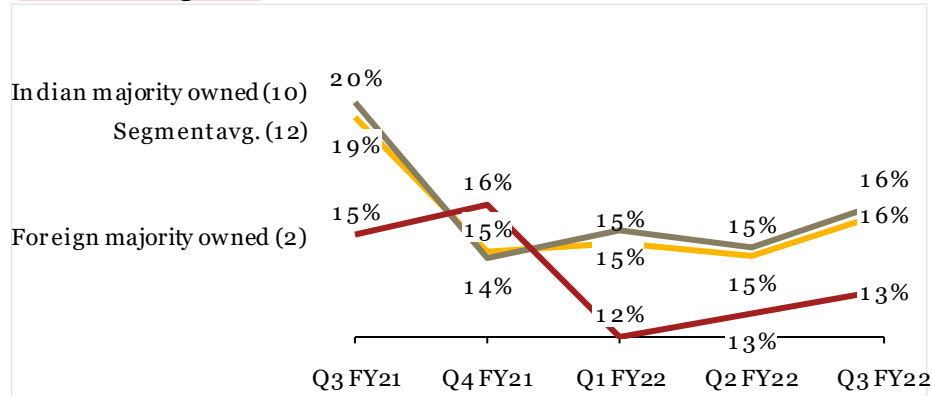
- Shift in preferences and rising adoption of Automatic Transmission in commercial vehicles has been a key growth driver, thus leading to almost no change in Net Sales' performance despite a cut in production volumes.
- A slight drop in employee costs – due to lower healthcare expenditures – led to a rise in EBITDA.



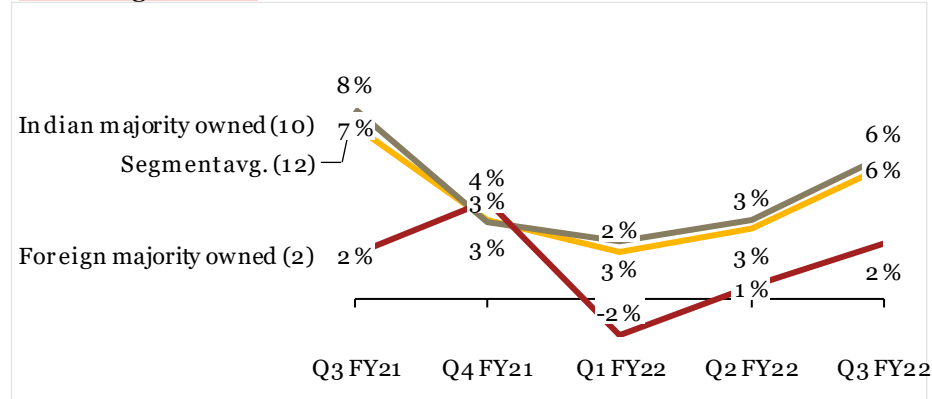
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

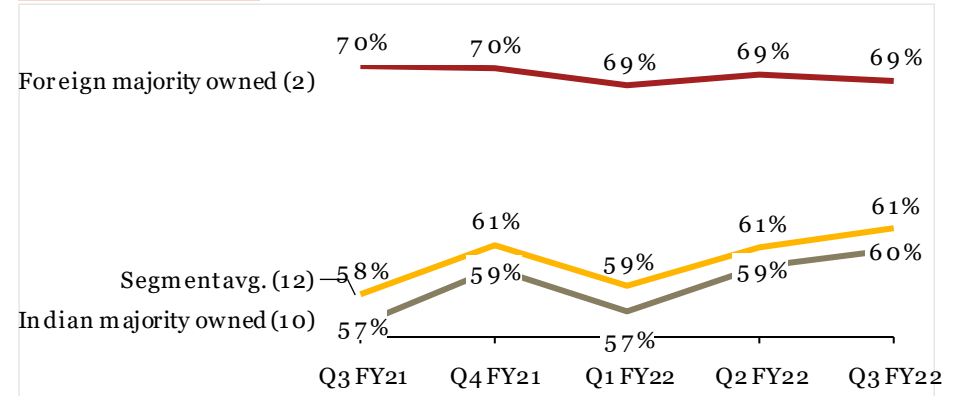


#### PAT Margin

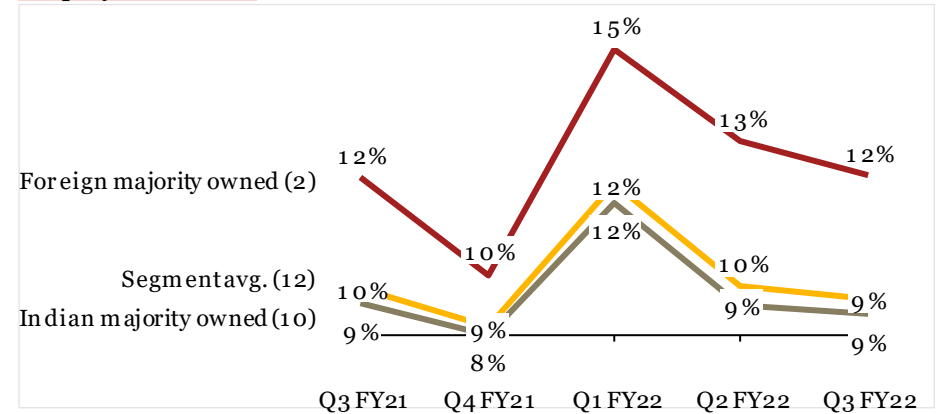


### Costs (as % of Net sales)

#### Material cost

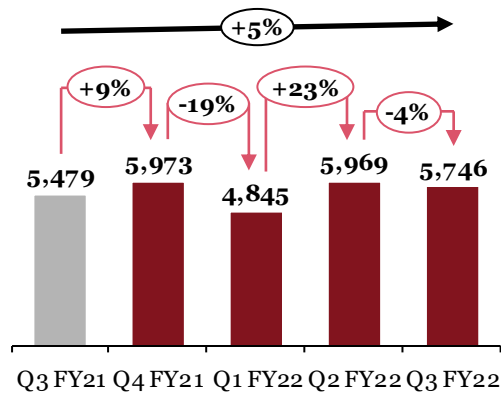


#### Employee cost

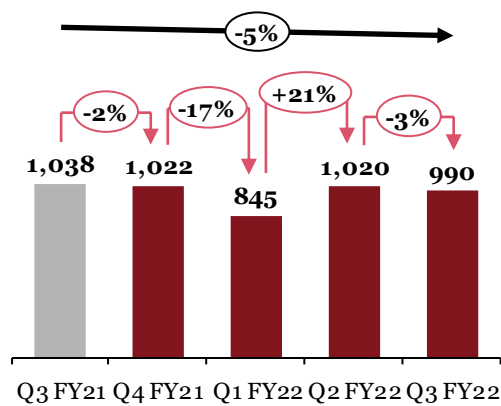


## Engine segment (22 companies)

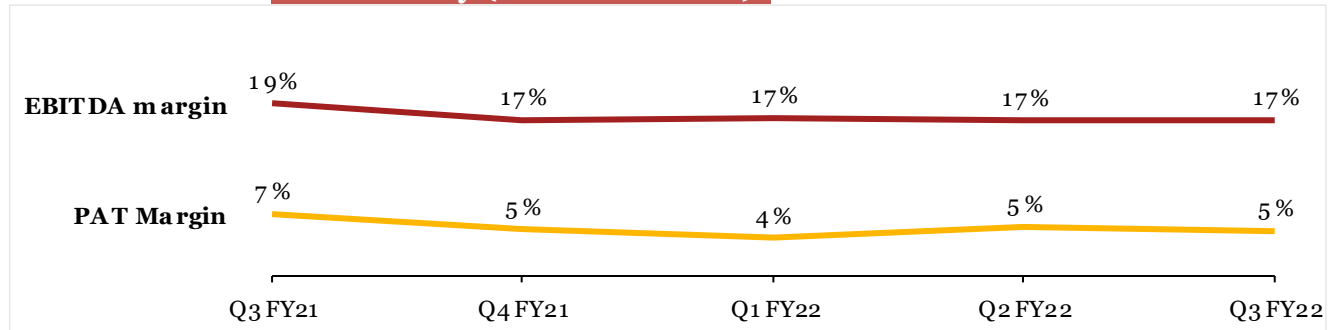
Net Sales (in INR cr.)



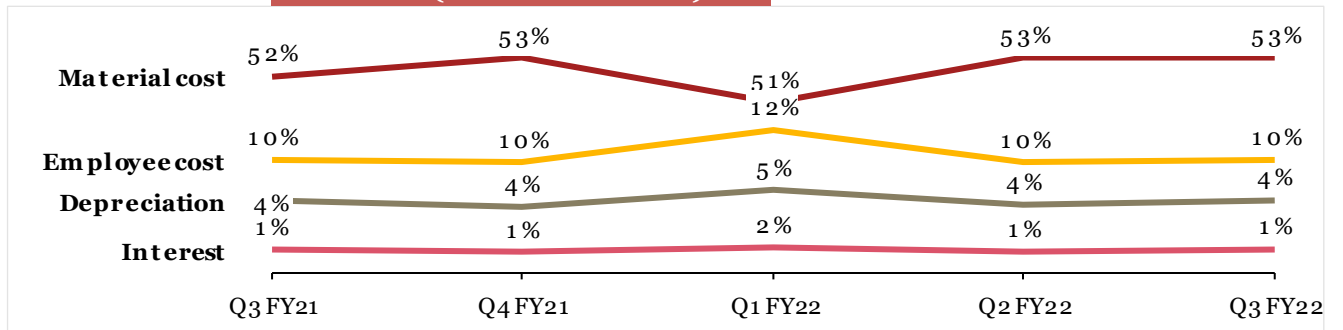
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

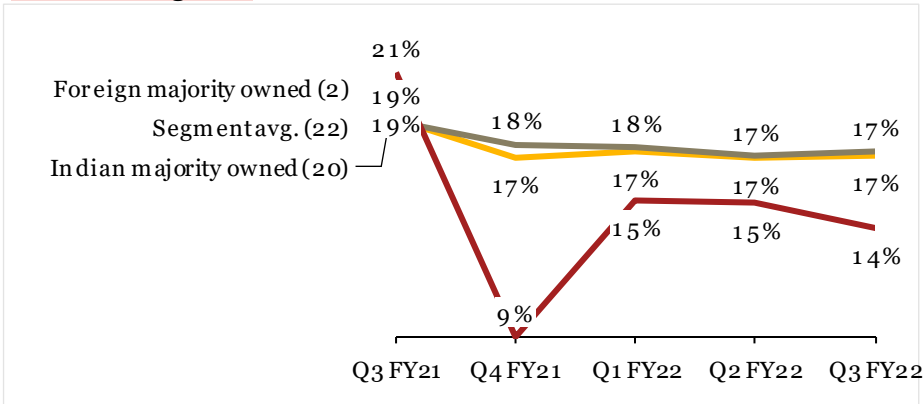


- Development of new technologies – such as Variable Displacement Engines (VDEs) and hybrids – have sparked a recent growth in this segment
- This was offset by a drop in production volumes – caused by the semiconductor shortage crisis – thus leading to a slight drop in both Net Sales and EBITDA.

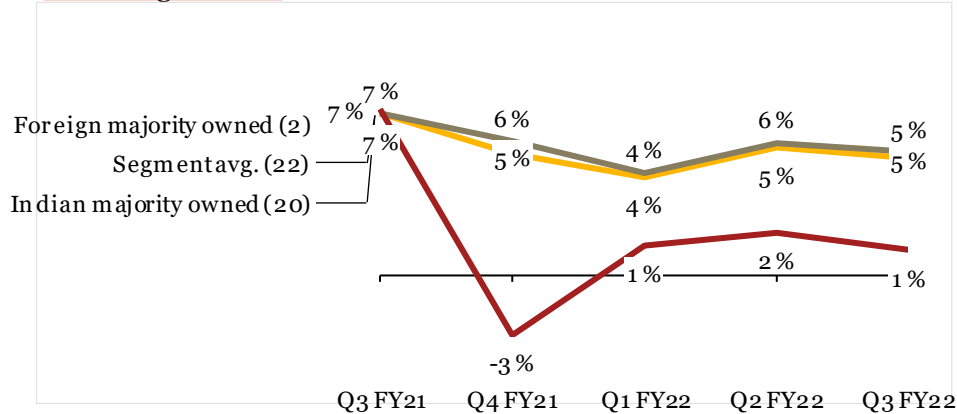
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

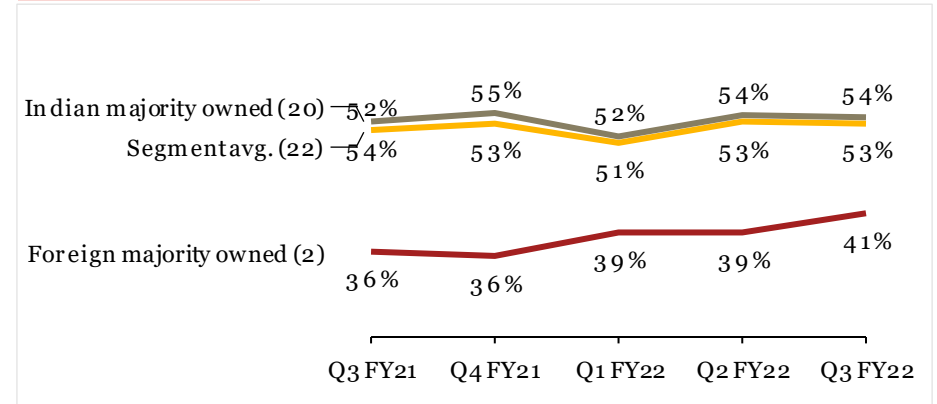


#### PAT Margin

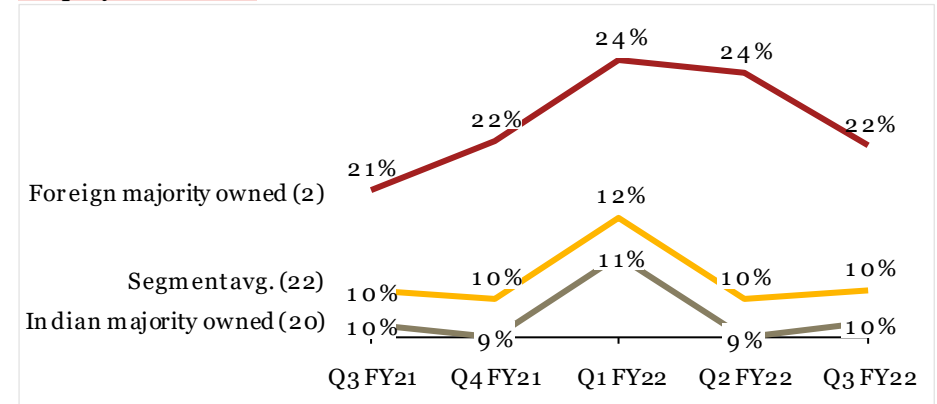


### Costs (as % of Net sales)

#### Material cost

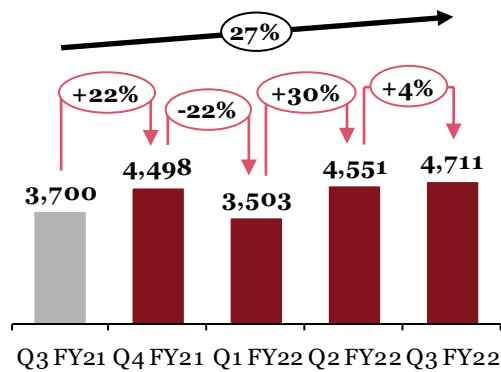


#### Employee cost

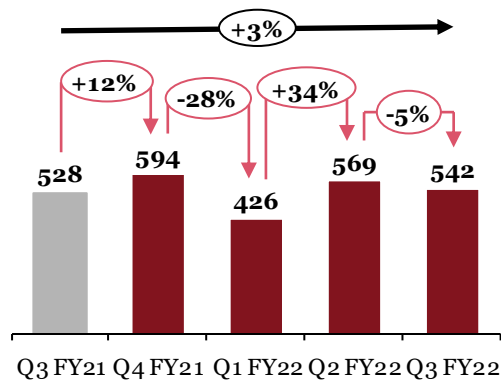


## Suspension segment (14 companies)

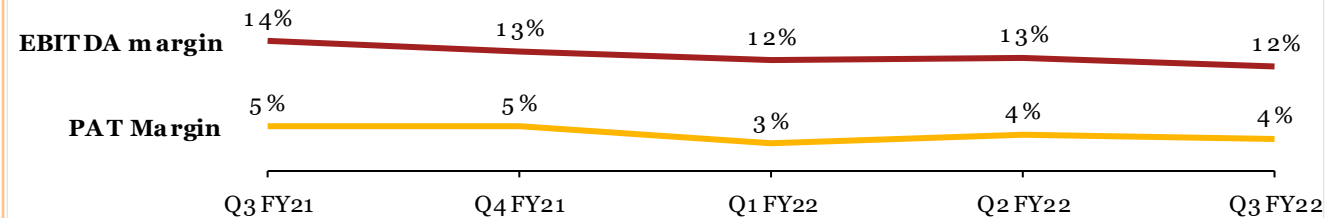
Net Sales (in INR cr.)



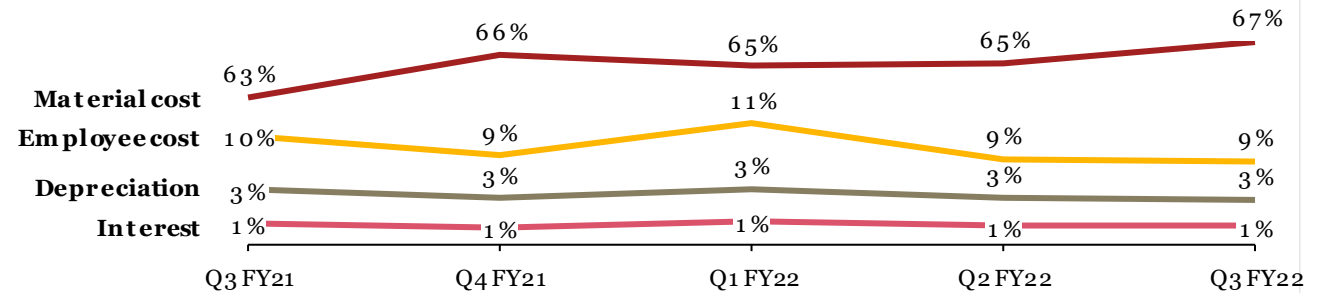
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

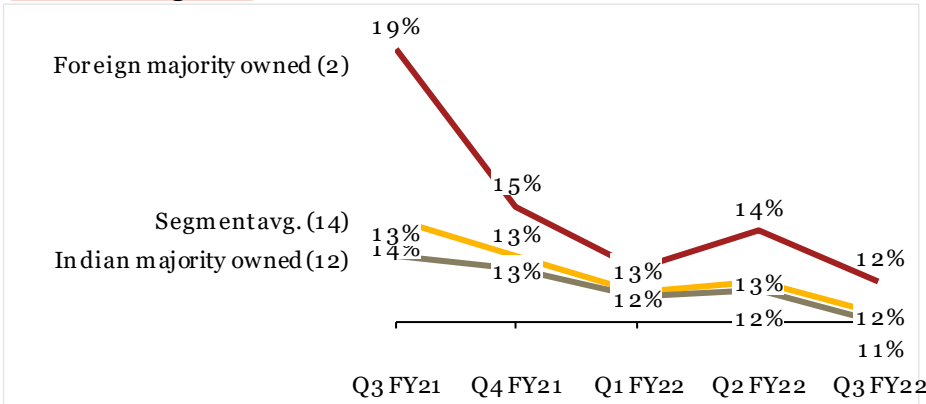


- Net sales increased slightly, backed by an increase in the demand for CVs due to a rise in construction and e-commerce activities in emerging markets.
- However, Q-o-Q EBITDA fell by 5% due to a rise in the cost of procurement of raw materials – particularly steel – caused by production cuts in China.

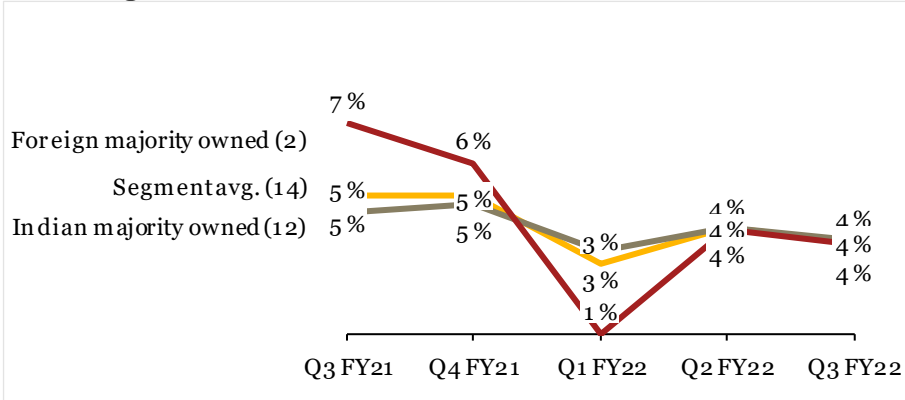
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

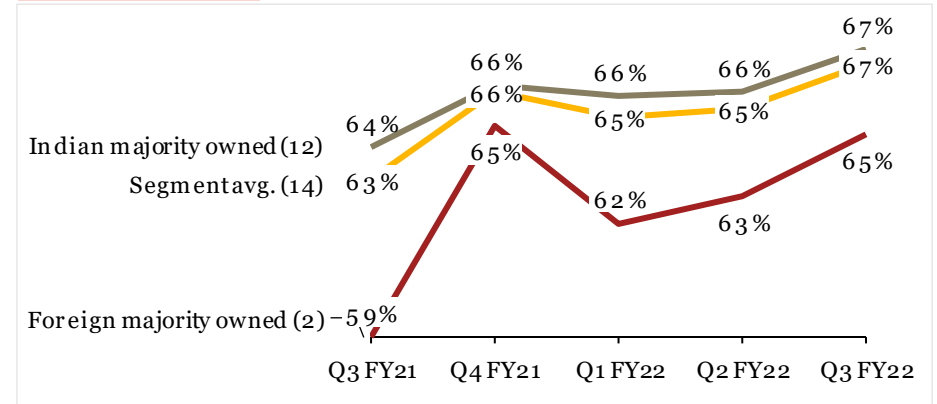


#### PAT Margin

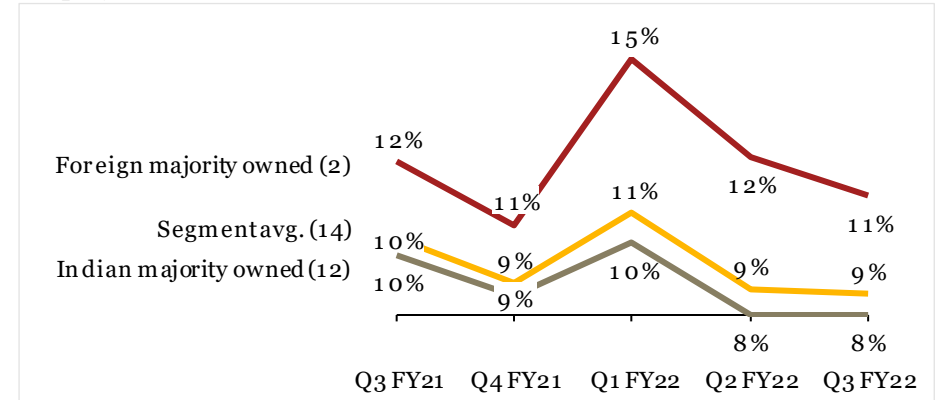


### Costs (as % of Net sales)

#### Material cost

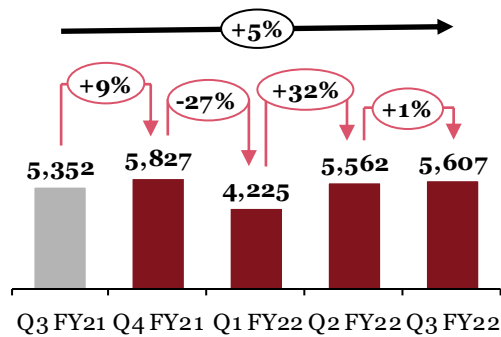


#### Employee cost

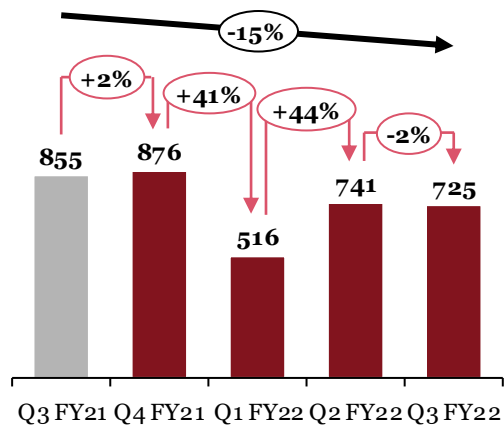


## Electrical and Electronics segment (10 companies)

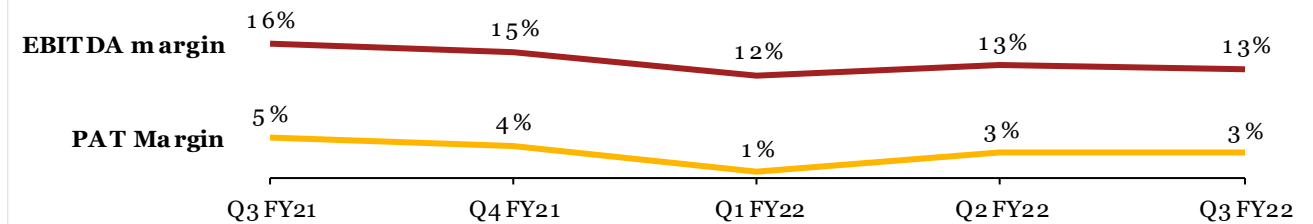
Net Sales (in INR cr.)



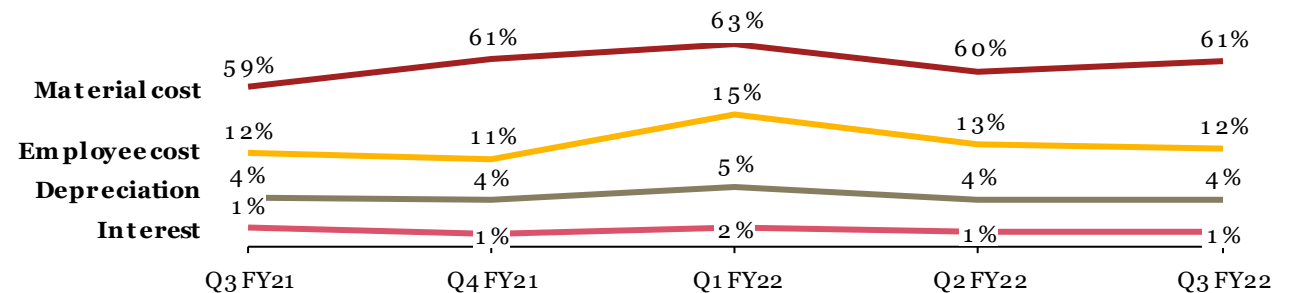
EBITDA (in INR cr.)



Profitability (as % of Net sales)



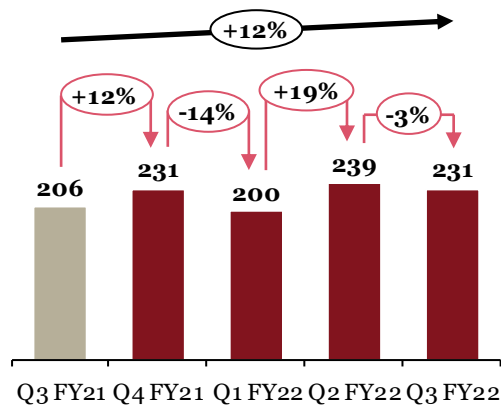
Costs (as % of Net sales)



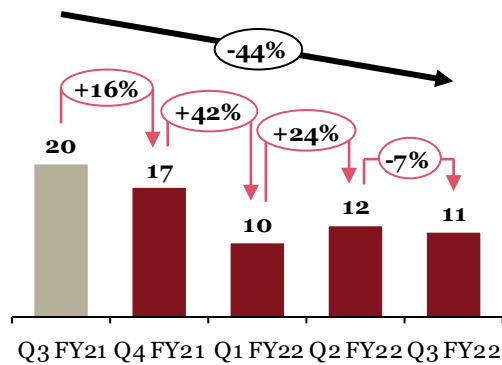
- Incentives towards the segment over the next 5 years under the PLI scheme have provided a boost to this sector
- However, the semiconductor shortage crisis has led to a rise in material costs and lower production volumes, thereby opposing the trend of increasing electrification of cars

## Interior segment (2 companies)

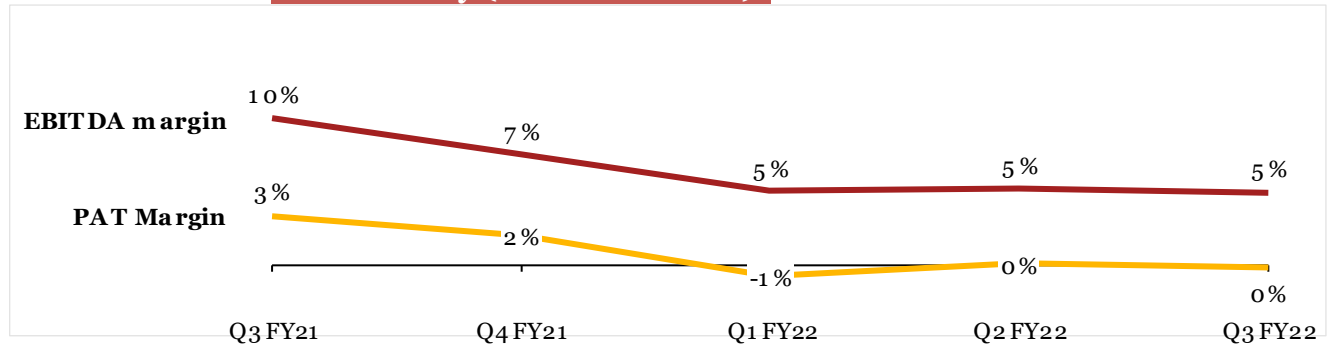
**Net Sales (in INR cr.)**



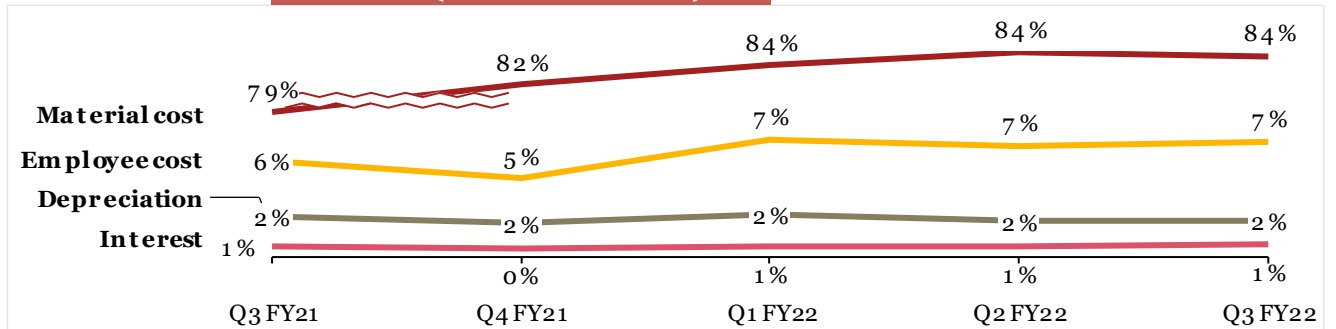
**EBITDA (in INR cr.)**



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



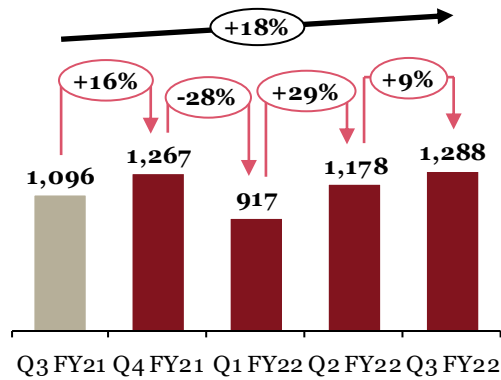
**Costs (as % of Net sales)**



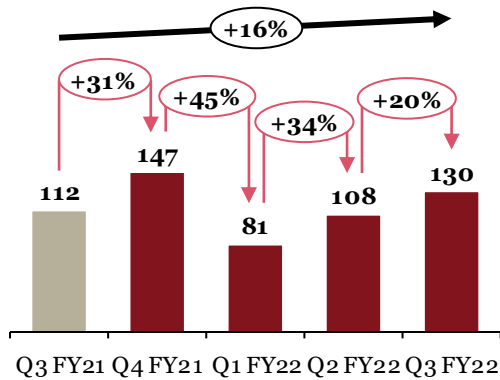
- Introduction of government regulations for safety, carbon emission and lightweight vehicles has increased the demand for lightweight and advanced materials
- However, low production volumes along with sustained high levels of input costs and volatile raw material prices (polymers) have led to a slight dip in both Net Sales and EBITDA

## Body and chassis segment (8 companies)

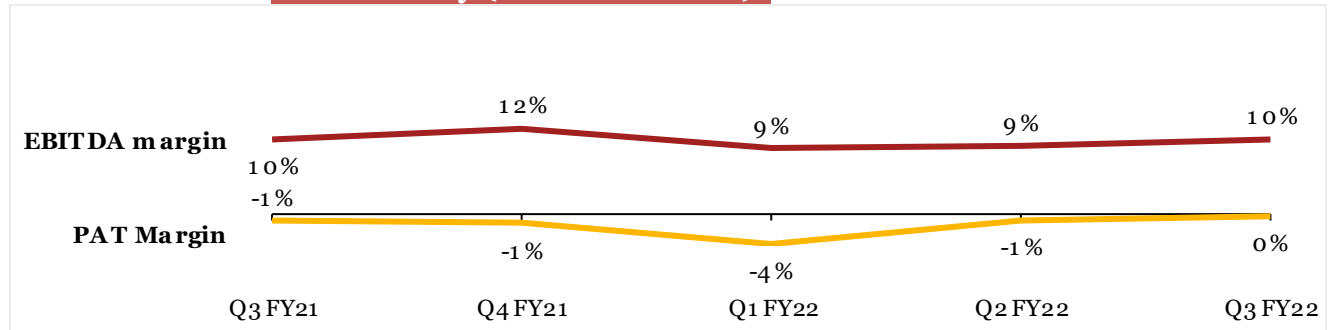
Net Sales (in INR cr.)



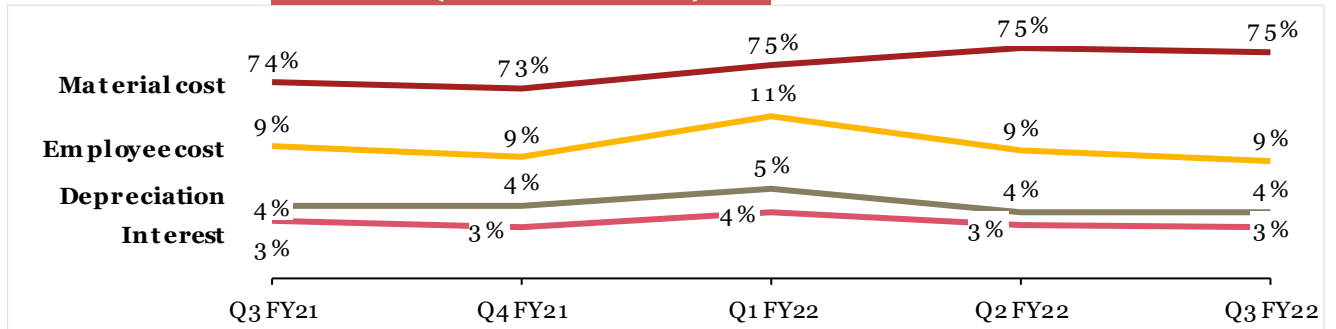
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



➤ Rising demand for fuel-efficient and low emission vehicles has been a driving force in the rise in demand for lightweight composite material chassis.



## Appendices

Ratios Used		
Ratios	Definition	
<b>EBITDA margin</b>	(EBITDA-other income)/Net sales	
<b>PAT margin</b>	(PAT-other income)/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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