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ACMA- Financial Analysis FY 17

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and confidential*

25 January 2018



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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 84 Auto component companies

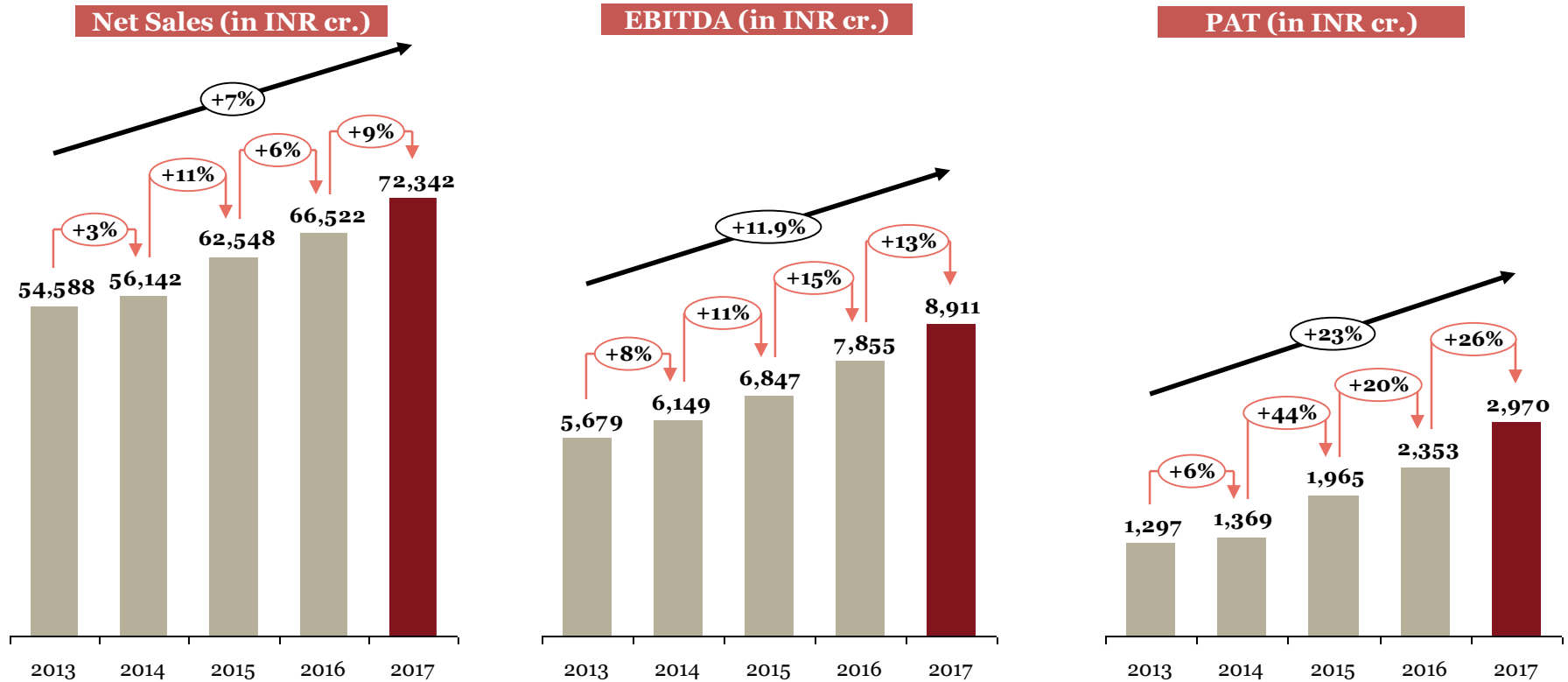
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	12	27	15	30
Segment based classification				
Segment	# companies	List of companies		
Transmission	19	Automotive Axles, Bharat Gears, Endurance Tech., Exedy India, Imperial Auto, JMT Auto, L G Balakrishnan, RACL Geartech, Rane (Madras), Remsons Industries, RSB Transmission, Setco Automotive, Shivam Autotech, Sona Koyo Steering, Suprajit Engineering, The Hi-Tech Gear, Z F Steering, Fairfield Atlas, FCC Clutch		
Suspension	18	Axles India, Gabriel India, Hind Composites, Sundaram Brake, Wheels India, Munjal Showa, Jamna Auto Industries, Steel Str. Wheel, G S Auto Intl., GKN Driveline, Simmonds Marshall, Spectra Industries, Talbros Engineering, WABCO India, Rane Brake Lining, Rane TRW, GNA Axles, Enkei Wheels		
Engine	23	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, Sunbeam Auto, Sundaram Clayton, Sundram Fasteners, Talbros Auto., Triton Valves, Ucal Fuel Sys.		
Body and Chassis	8	Auto Corp.of Goa, Autoline Industries, Automotive Stamp, Jay Bharat Maruti, Jay Ushin, Omax Autos, PPAP Automotive, Rasandik Engineering		
Electrical and Electronics	13	Autolite, Bhagwati Auto, Continental Auto., Fiem Industries, India Nipp.Elec., Lumax Auto Tech., Lumax Industries, Minda Corp, Minda Industries, Motherson Sumi, Pricol Ltd, Subros, Sundaram Auto		
Interior	3	Bharat Seats, Harita Seating, Swaraj Automotive		

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. A few companies such as Bosch India, ANG Inds have been excluded from this study as they have been found to distort the overall analysis

Collective Financial Summary of In-scope Auto-component Manufacturers

Aggregate financial analysis (84 in-scope companies)

84 in-scope companies

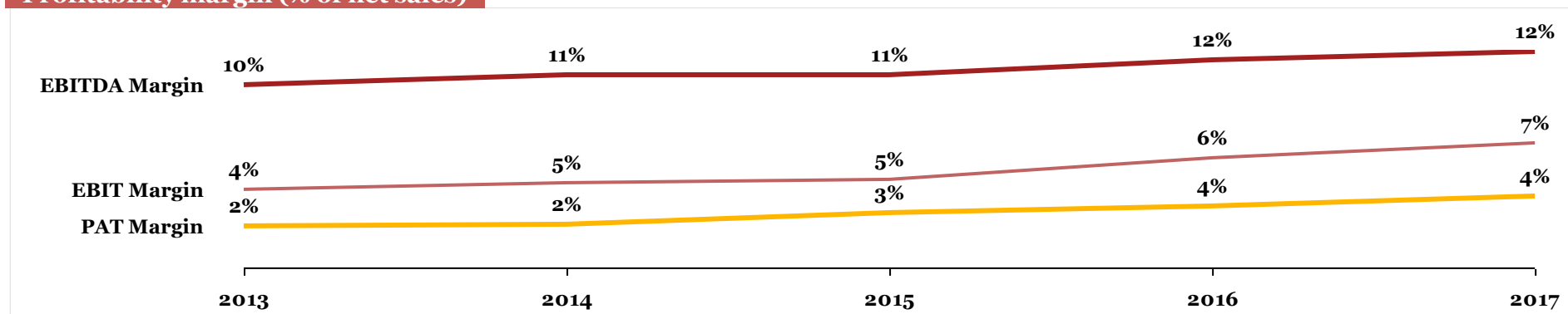


As observed from the above charts, the growth in Net sales is exceeded by the growth in EBITDA and PAT. This seemingly indicates better performance by the auto-component sector in the past 5 FYs.

Trends in profitability (as % of Net sales)

84 in-scope companies

Profitability margin (% of net sales)



PAT margin distribution of in-scope companies

PAT margin % Range	2016 Number of companies	2017 Number of companies
Less than 0	16	15
0-2	22	16
2-5	25	34
5-10	16	14
More than 10	5	5

EBITDA margin distribution of in-scope companies

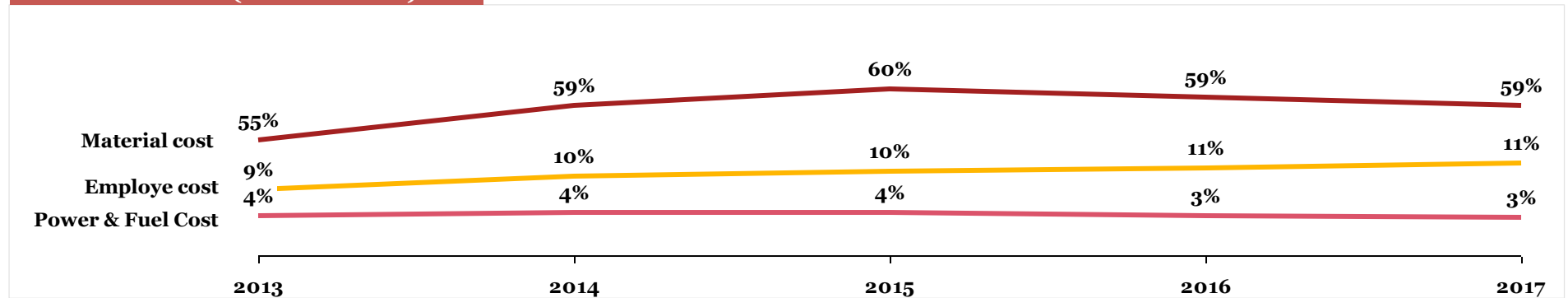
EBITDA margin % Range	2016 Number of companies	2017 Number of companies
Less than 0	3	3
0-5	12	14
5-10	32	26
10-20	30	33
More than 20	7	8

- A gradual rise in the profitability margins is observed between FY 13 and FY 17
- Compared to FY 16, companies having <2% PAT decreased and moved to a higher PAT % bracket

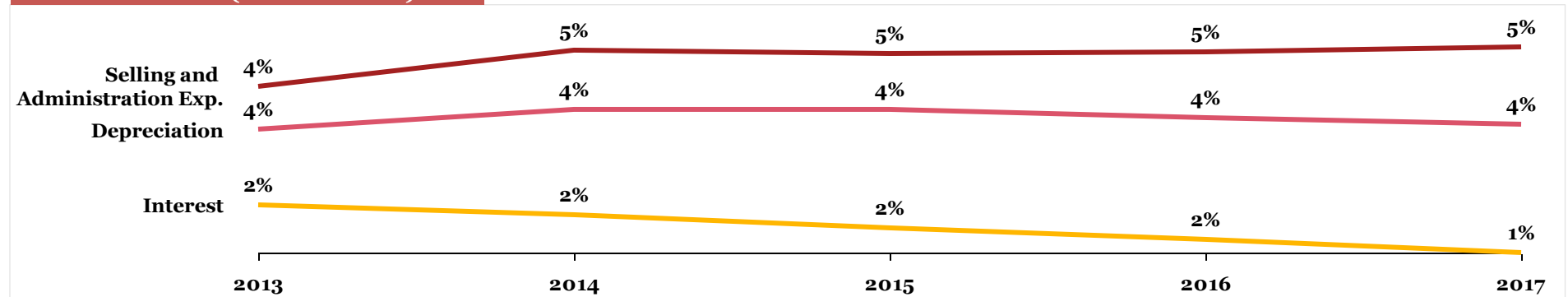
Trends in costs (as % of Net sales)

84 in-scope companies

Direct Costs (% of net sales)



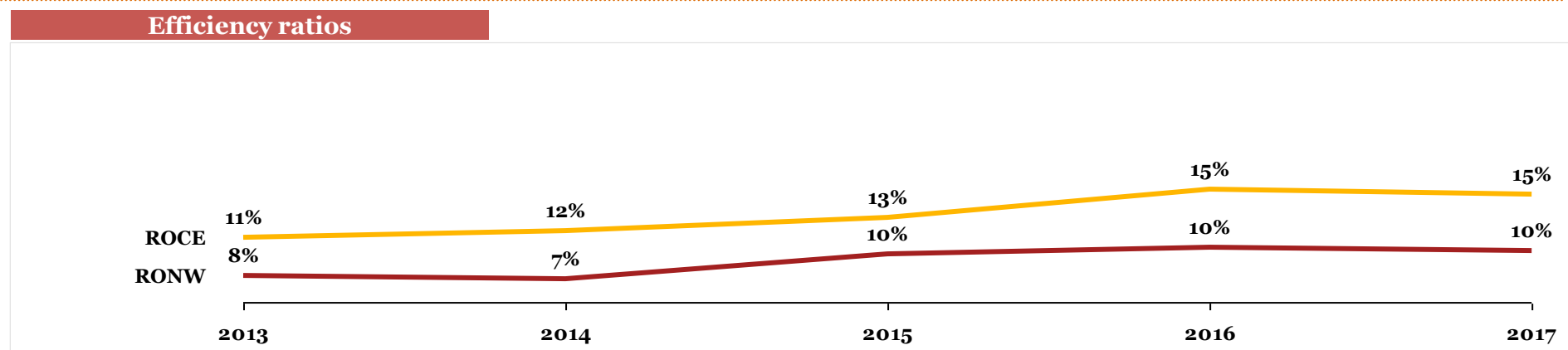
Other Costs (% of net sales)



- The employee cost ratio has increased gradually in the last 5 FYs.
- While the SG&A and depreciation ratios remained constant, the Interest cost ratio has decreased during the in-scope period

Trends in efficiency-1

84 in-scope companies



ROCE distribution of in-scope companies

ROCE % Range	2016 Number of companies	2017 Number of companies
Less than 0	9	10
0-5	14	14
5-10	20	16
10-20	18	18
More than 20	23	26

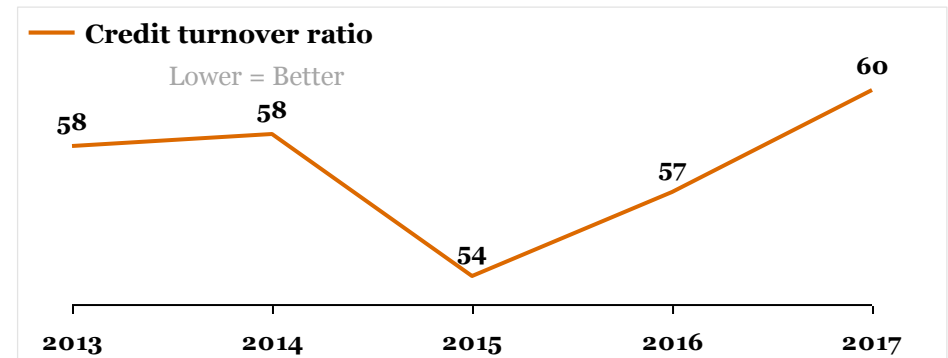
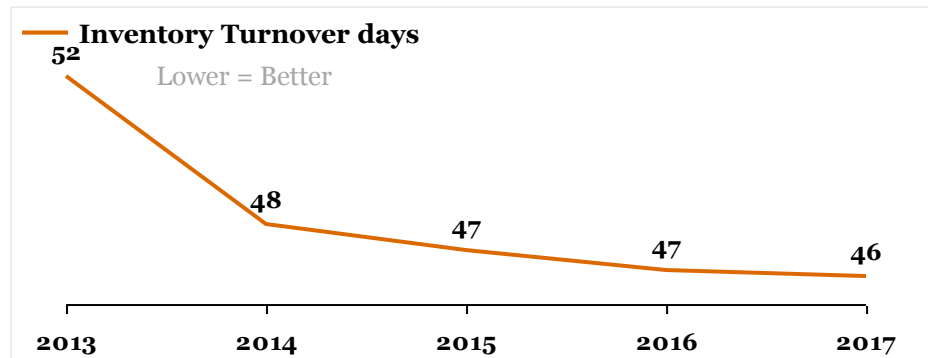
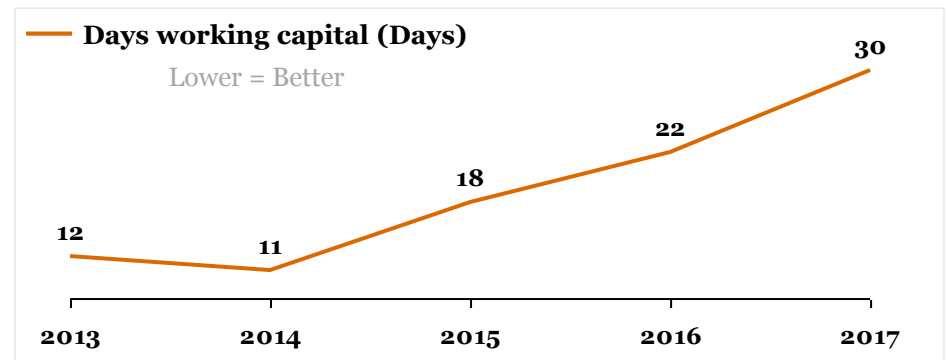
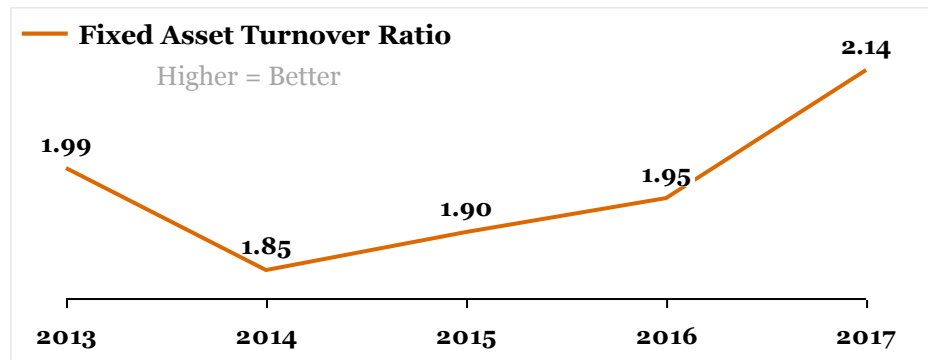
RONW distribution of in-scope companies

RONW % Range	2016 Number of companies	2017 Number of companies
Less than 0	15	13
0-5	15	14
5-10	23	25
10-20	6	3
More than 20	25	29

- Compared to FY 16, a higher number of companies registered more than 20% ROCE, similarly for RONW
- A steady increase in the average ROCE and RONW can be observed from FY 13 to FY 17

Trends in efficiency-2

84 in-scope companies



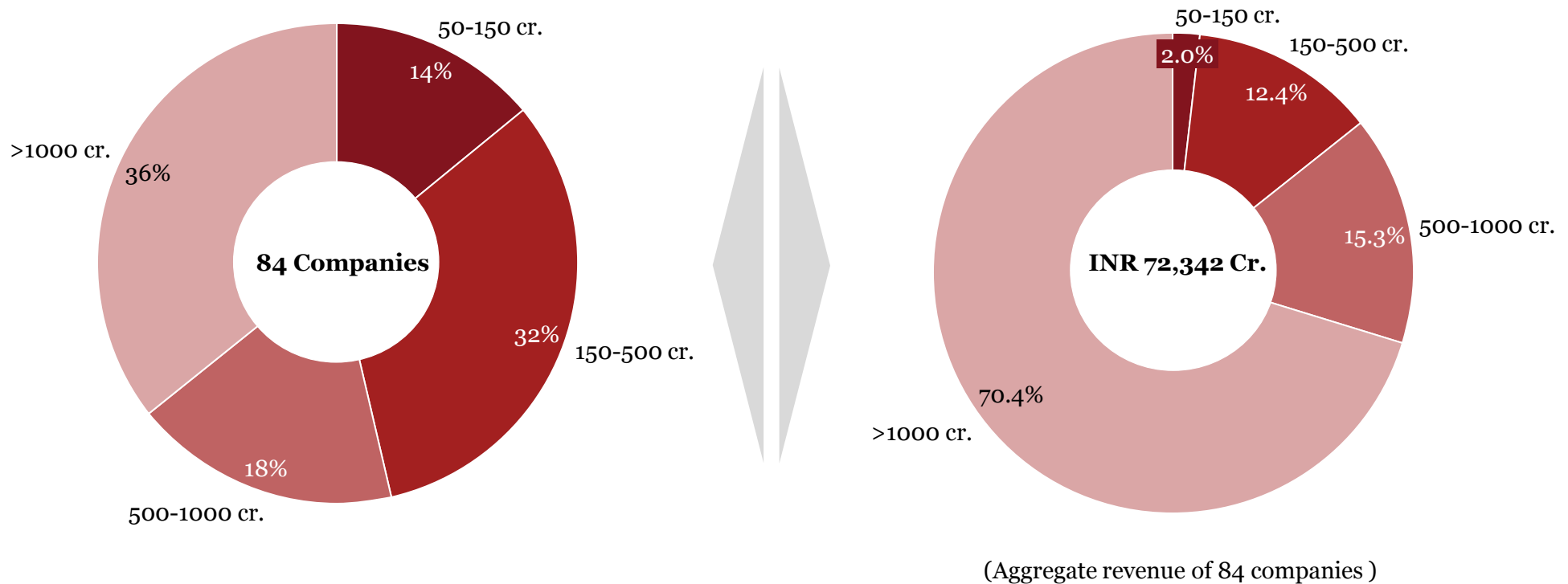
- The increase in the average FATO over the years indicates an improvement in fixed asset usage by the auto-component sector
- However, an increase in the average days working capital indicates inefficiency in converting working capital to sales

Size based analysis

Revenue based classification

Revenue based classification (n=84)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
12	27	15	30

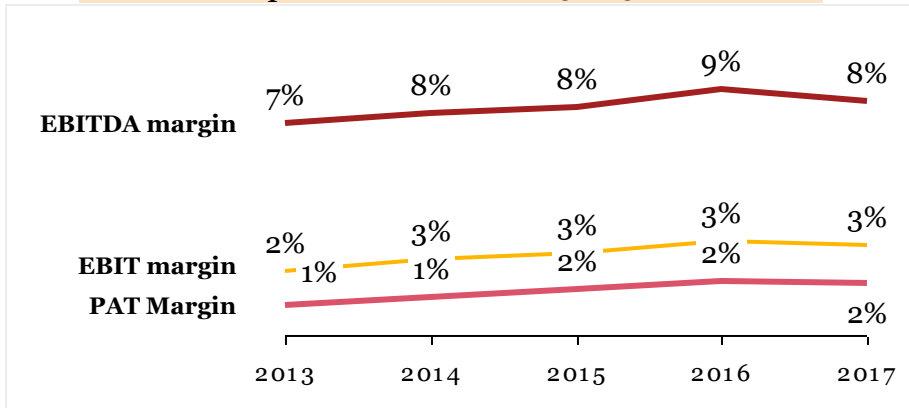
Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	12	27	15	30



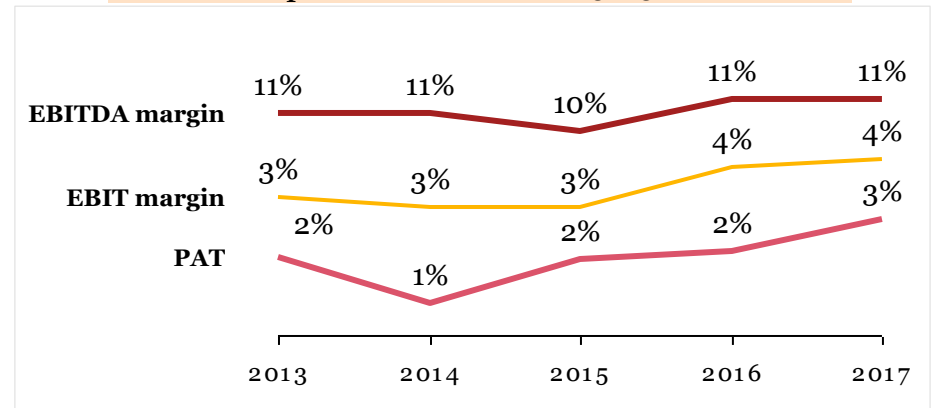
Trends in profitability (as % of Net sales)

Revenue based classification (n=84)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
12	27	15	30

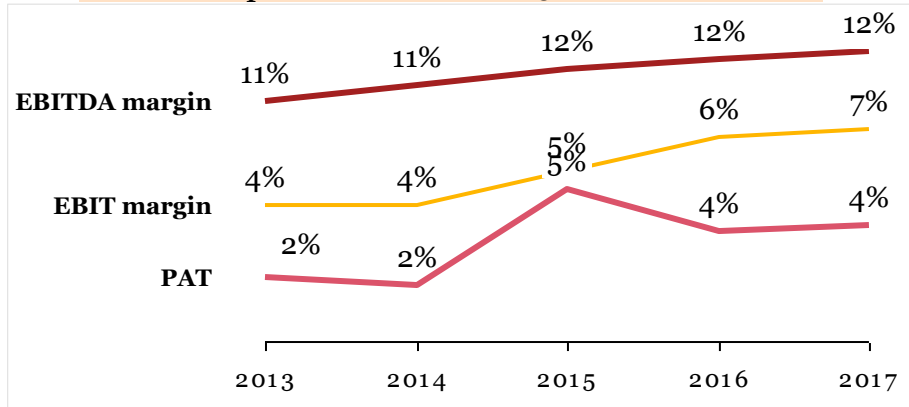
Companies with revenue 50-150 cr.



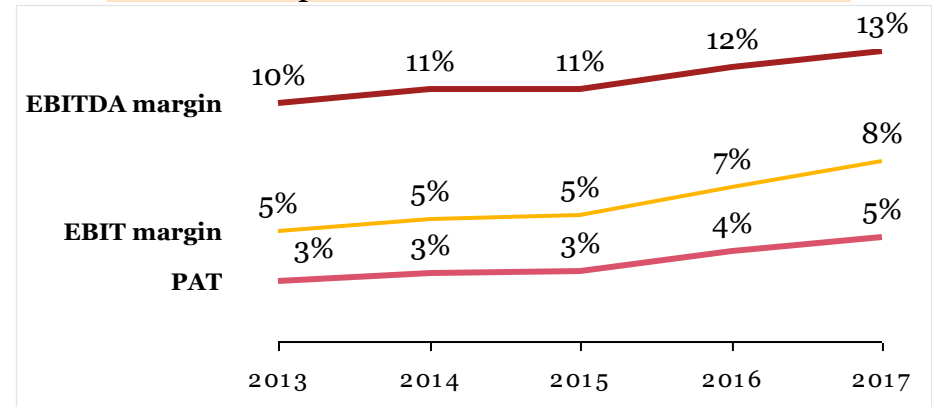
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



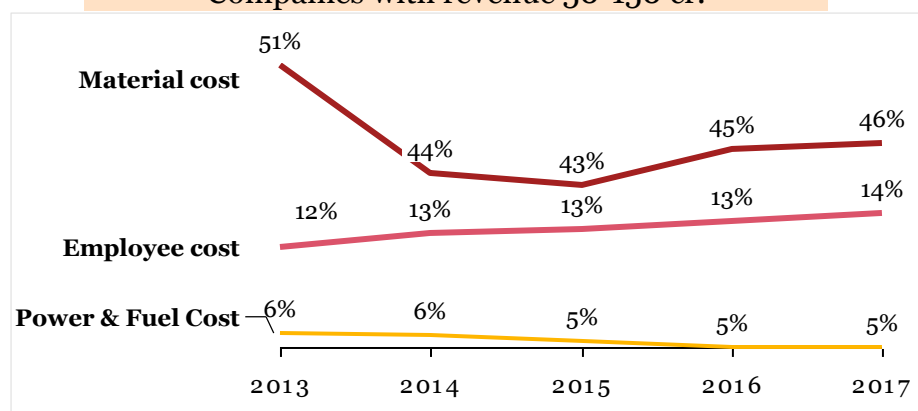
Companies with revenue >1000 cr.



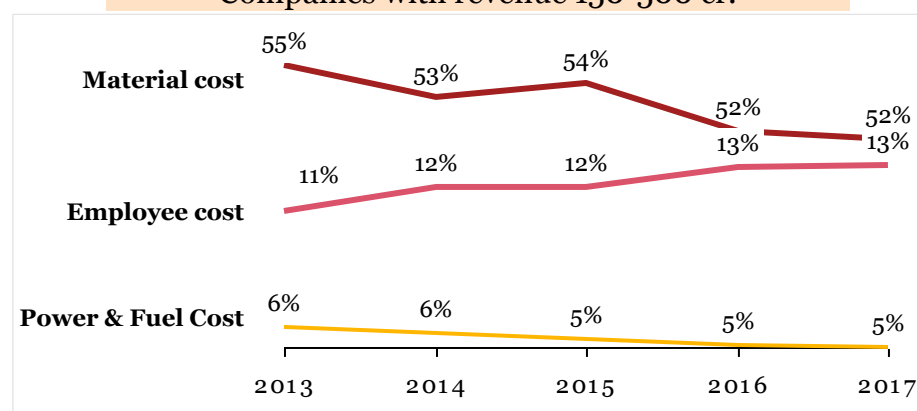
Trends in direct costs (as % of Net sales)

Revenue based classification (n=84)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
12	27	15	30

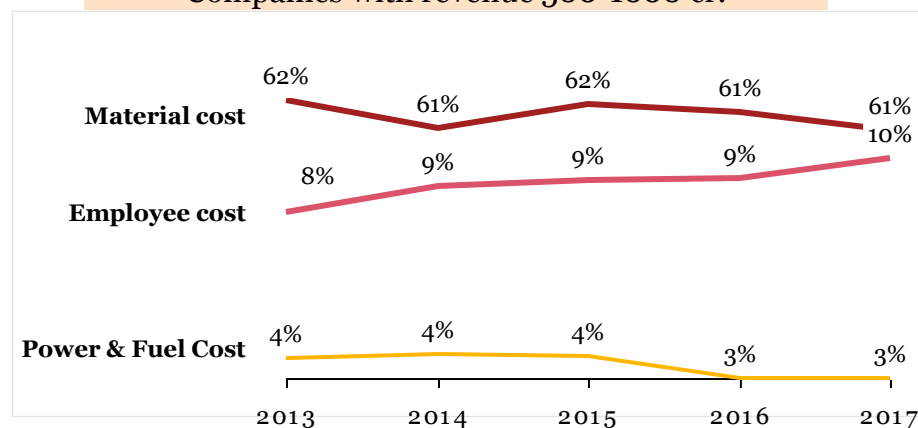
Companies with revenue 50-150 cr.



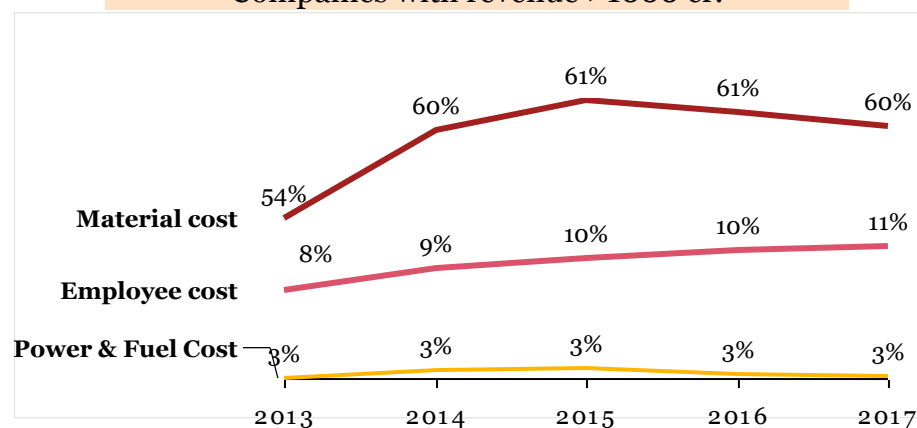
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



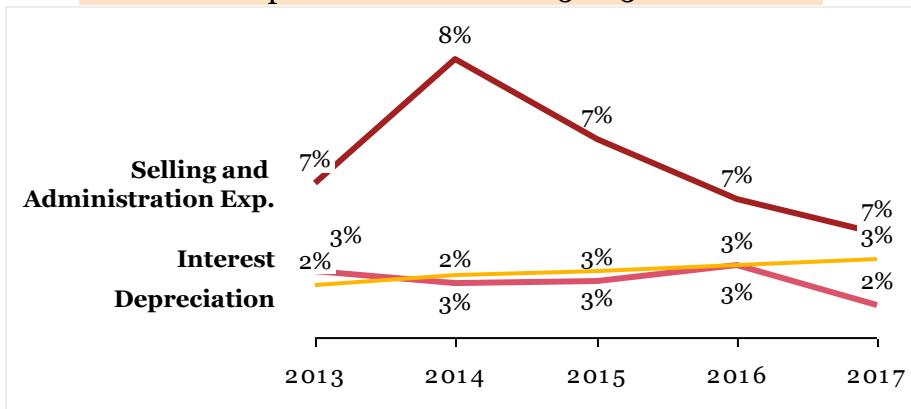
Companies with revenue >1000 cr.



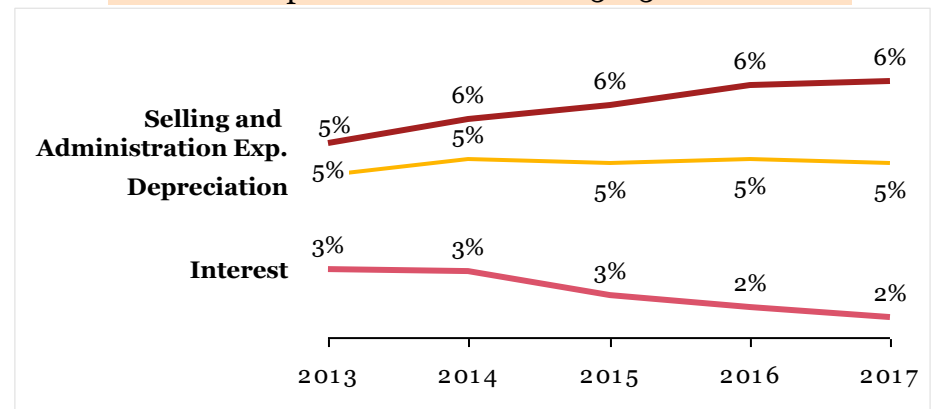
Trends in other costs (as % of Net sales)

Revenue based classification (n=84)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
12	27	15	30

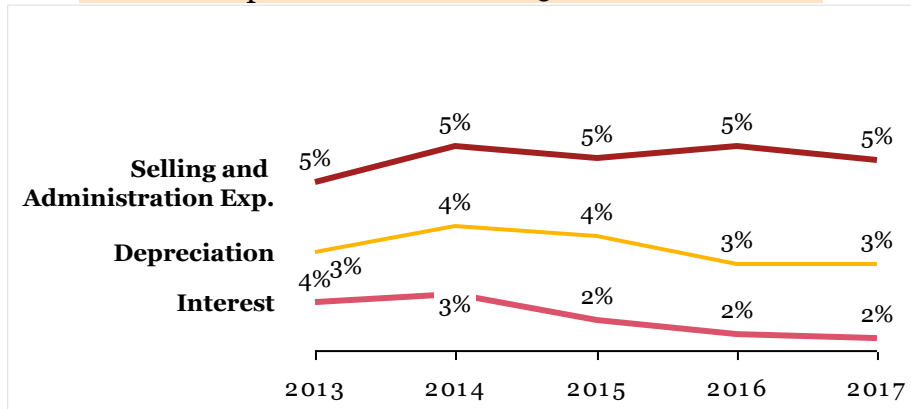
Companies with revenue 50-150 cr.



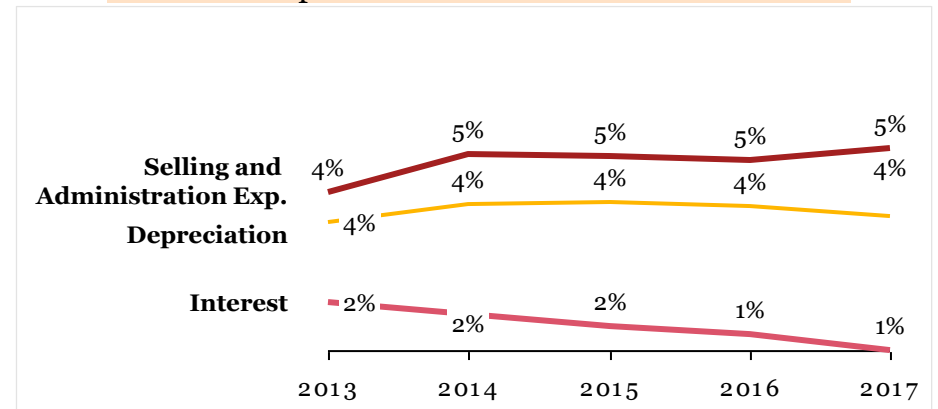
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



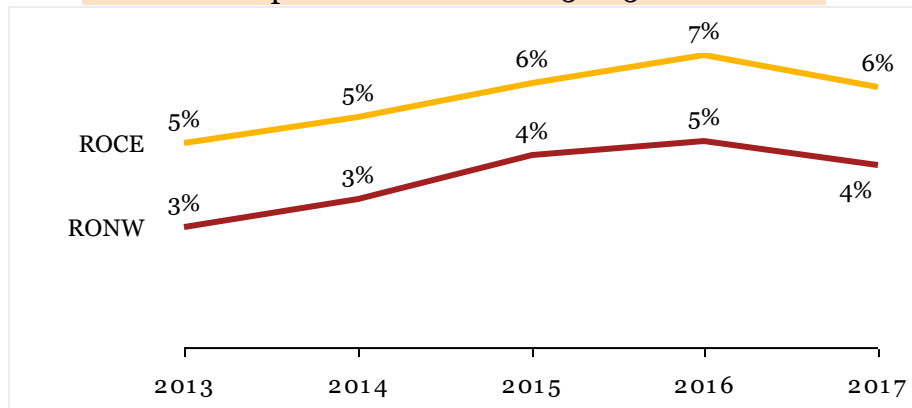
Companies with revenue >1000 cr.



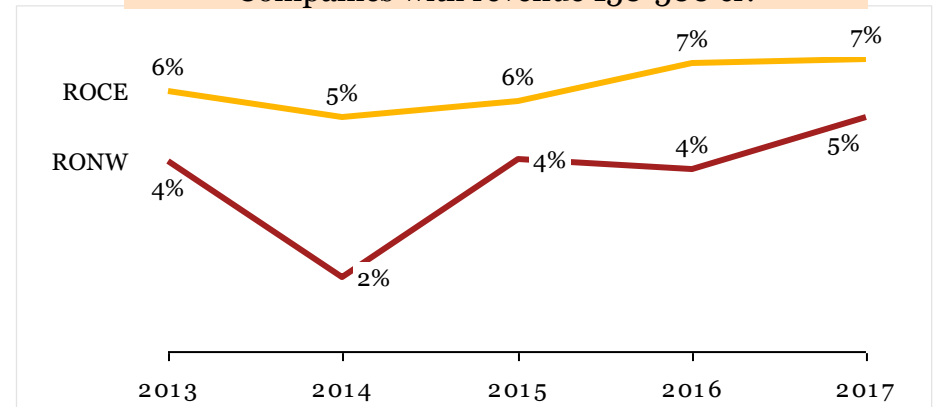
Trends in efficiency-1

Revenue based classification (n=84)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
12	27	15	30

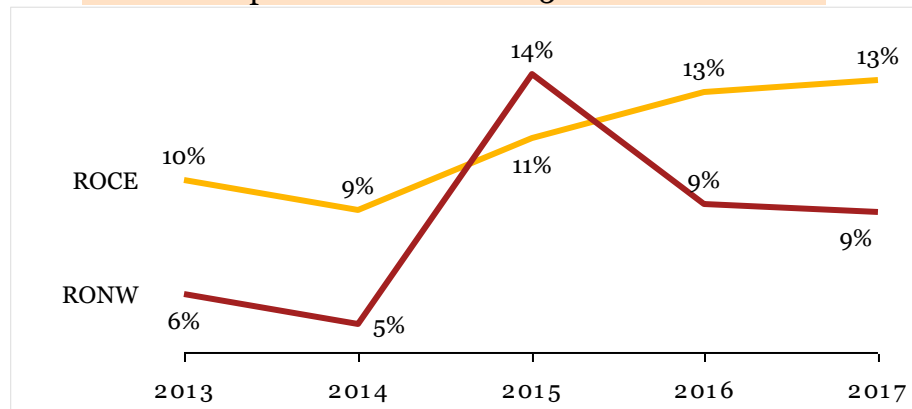
Companies with revenue 50-150 cr.



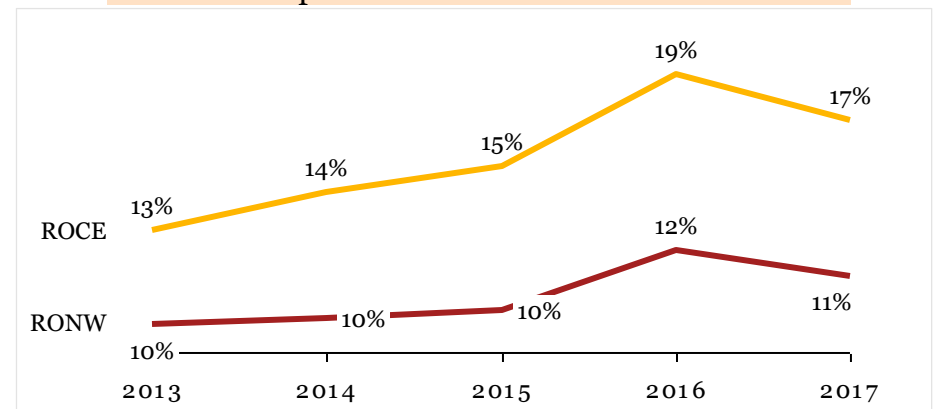
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



Companies with revenue >1000 cr.

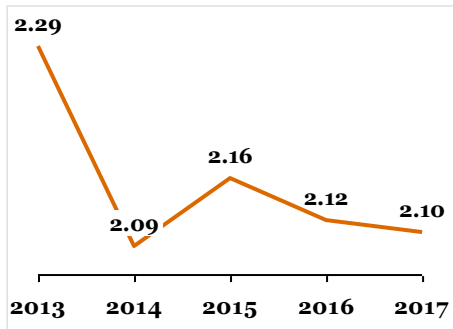


Trends in efficiency-2

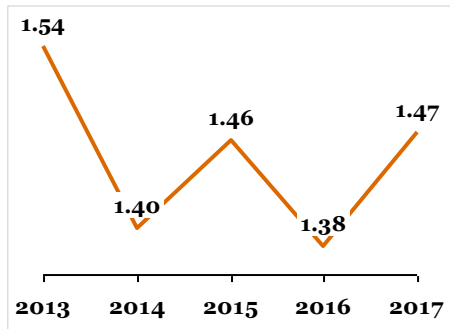
Revenue based classification (n=84)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
12	27	15	30

Fixed asset turnover ratio (FATO)

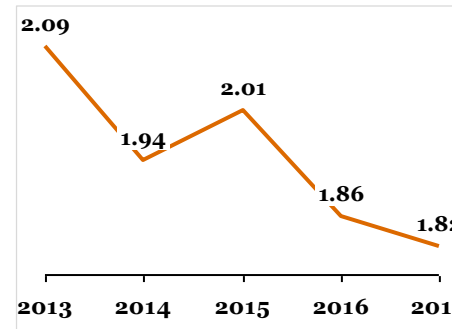
Companies: 50-150 cr.



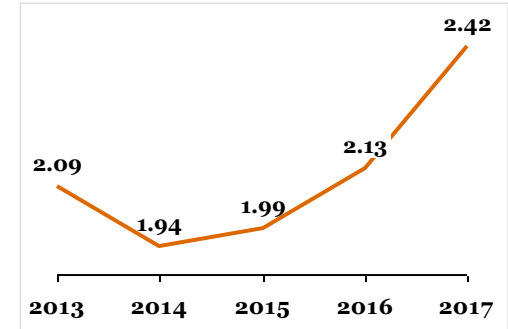
Companies: 150-500 cr.



Companies: 500-1000 cr.

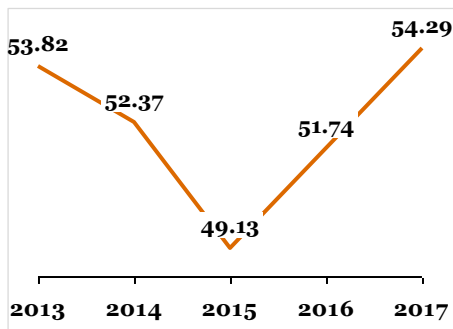


Companies: more than 1000 cr.

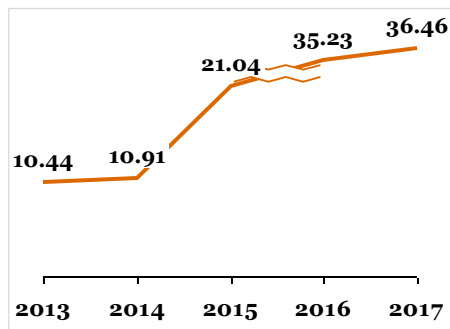


Working capital days (days)

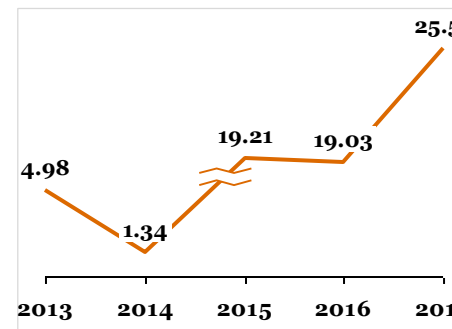
Companies: 50-150 cr.



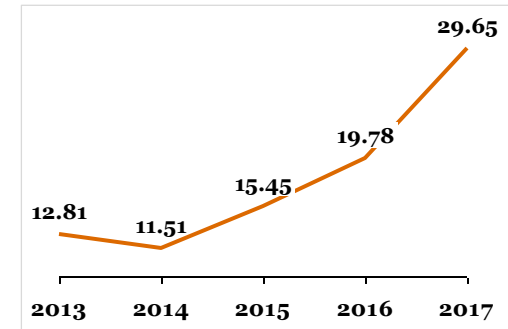
Companies: 150-500 cr.



Companies: 500-1000 cr.



Companies: more than 1000 cr.

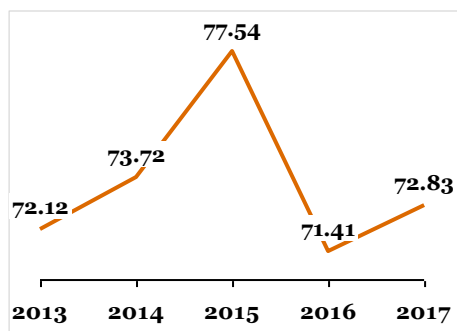


Trends in efficiency-2

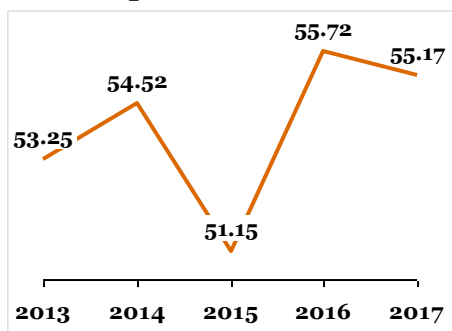
Revenue based classification (n=84)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
12	27	15	30

Inventory Turnover (days)

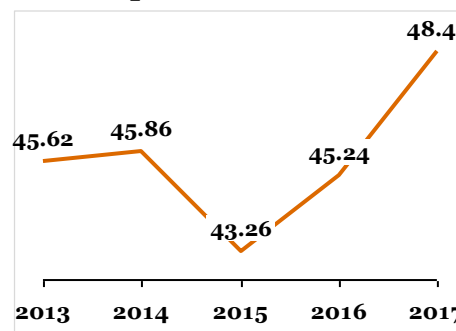
Companies: 50-150 cr.



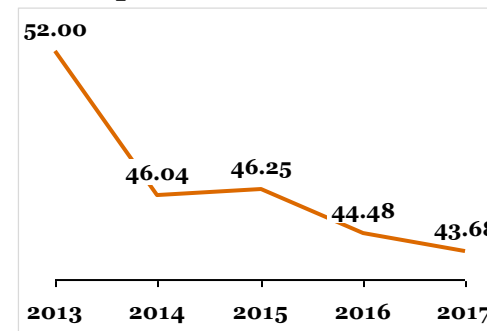
Companies: 150-500 cr.



Companies: 500-1000 cr.

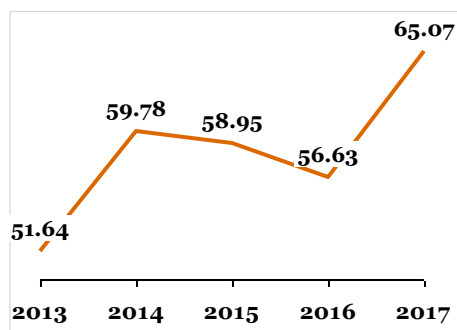


Companies: more than 1000 cr.

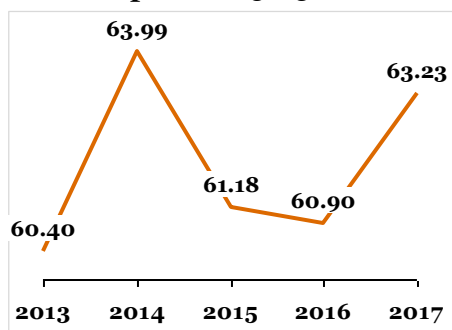


Credit turnover (days)

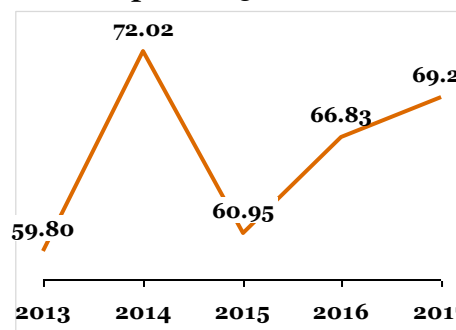
Companies: 50-150 cr.



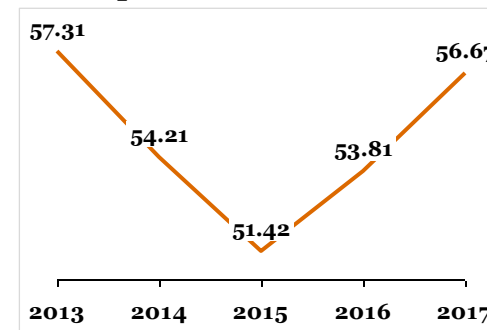
Companies: 150-500 cr.



Companies: 500-1000 cr.



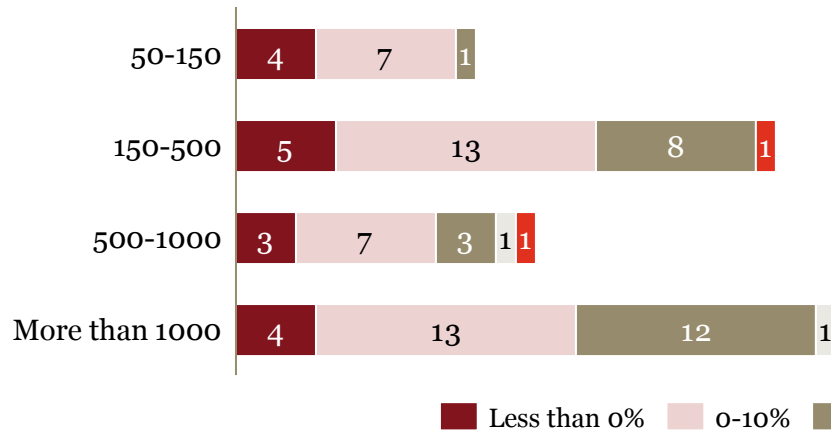
Companies: more than 1000 cr.



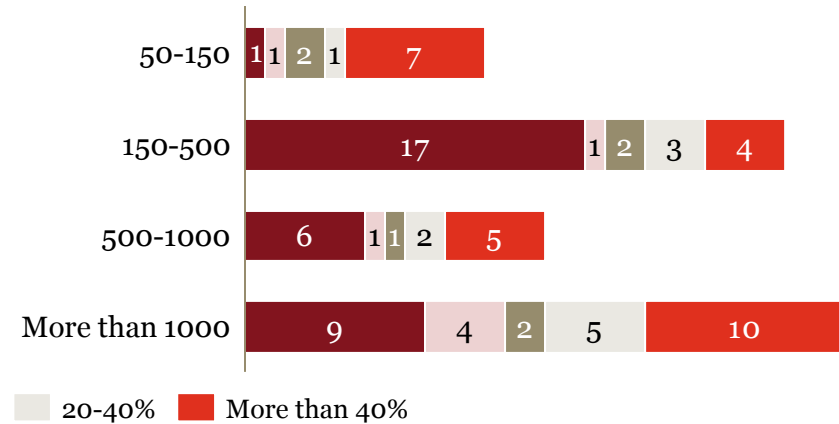
Revenue segment X growth % of in scope companies: FY16 vs. FY17

Revenue based classification (n=84)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
12	27	15	30

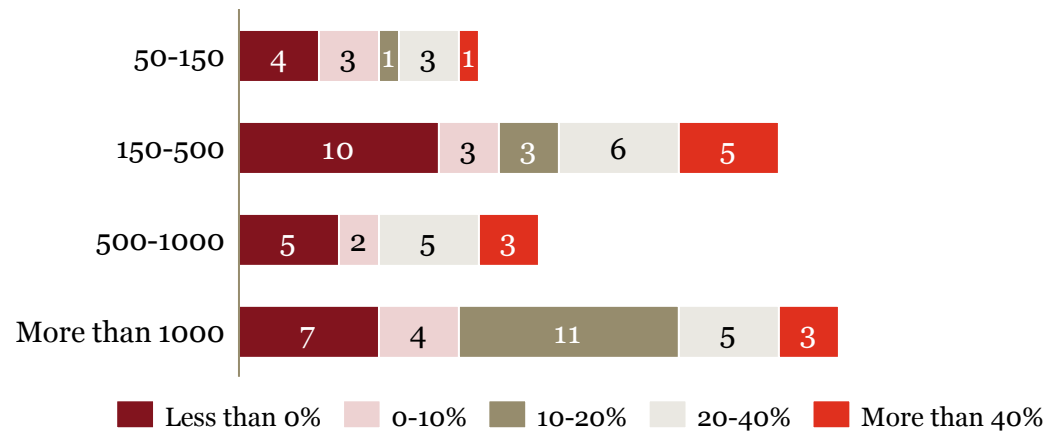
Count of companies by Y-o-Y Net Sales growth %



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

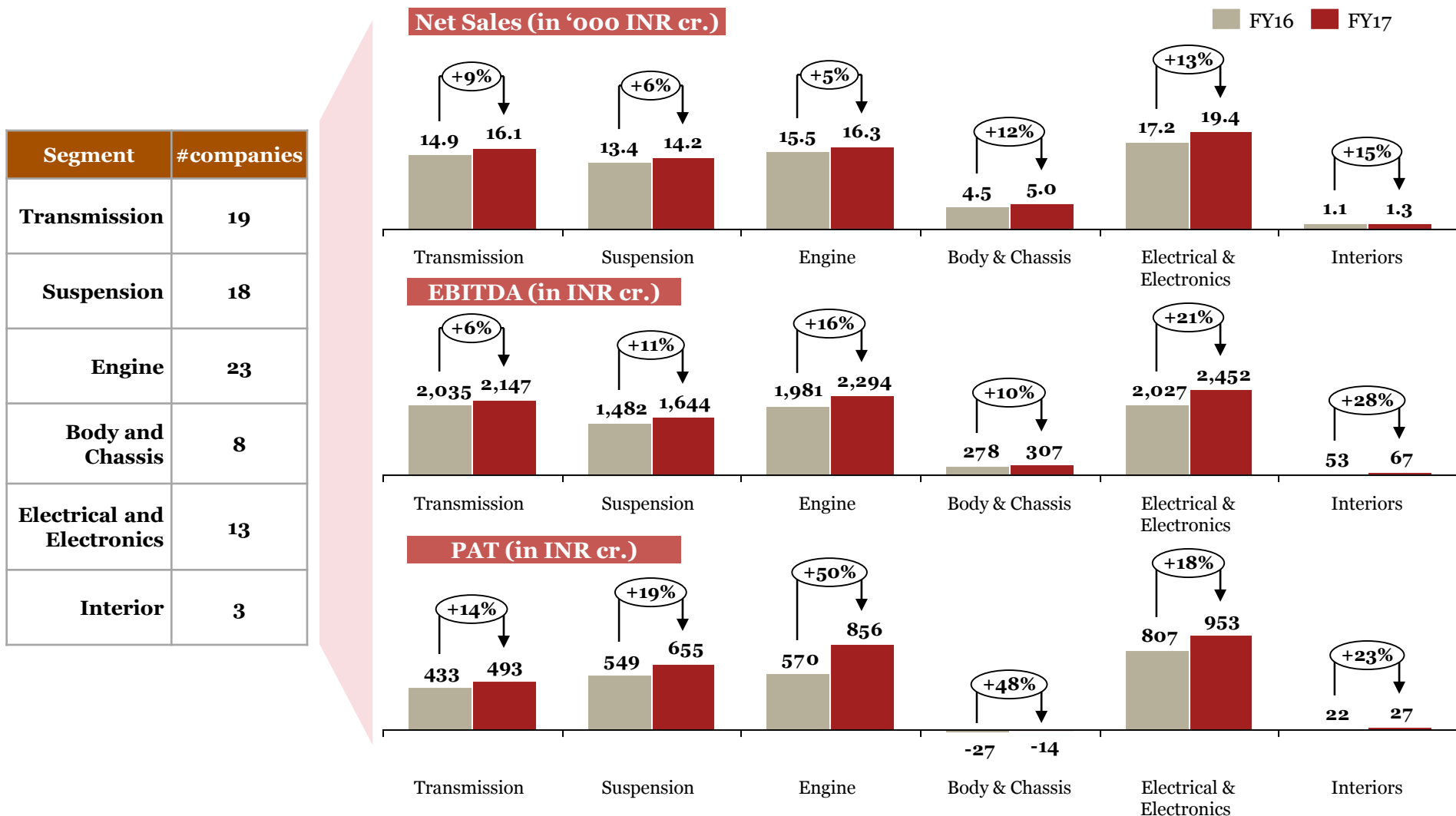


Count of companies by Y-o-Y EBITDA growth %



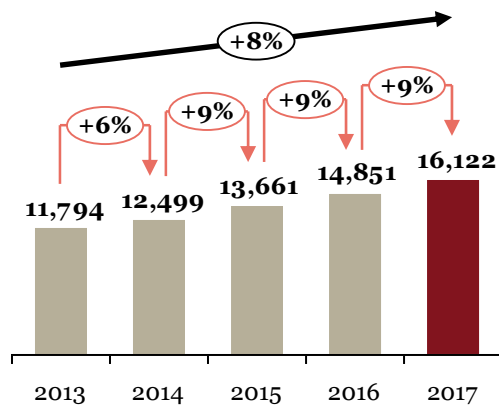
Segment based analysis

Segment-wise analysis of in-scope companies: FY16 vs. FY17

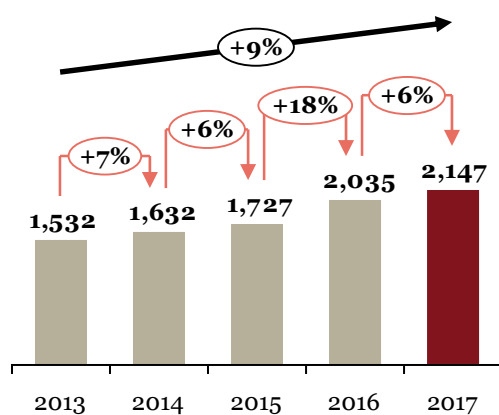


Transmission segment (19 companies)

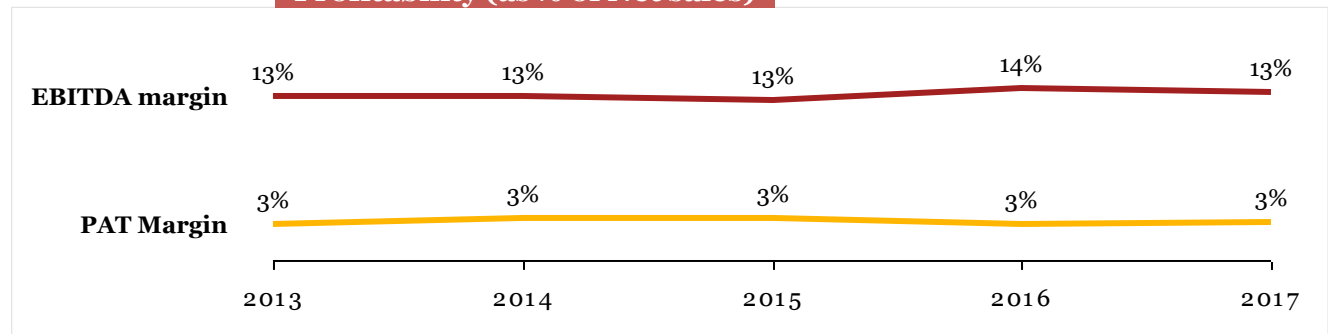
Net Sales (in INR cr.)



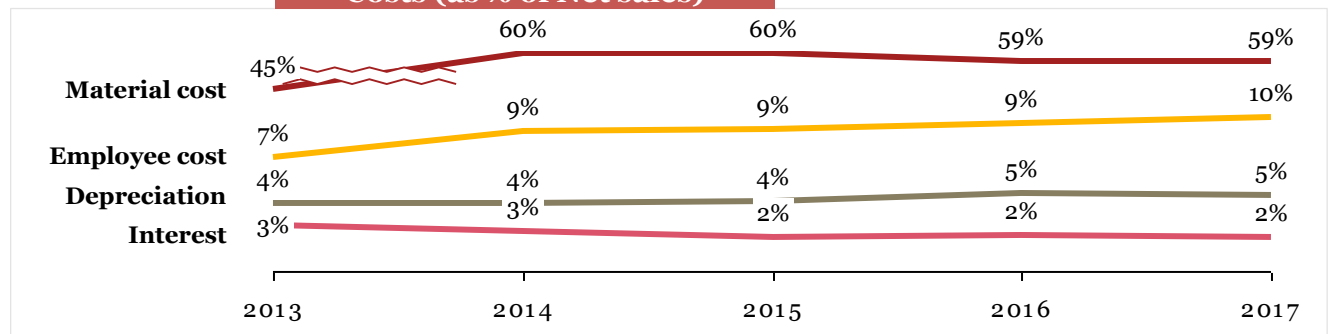
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

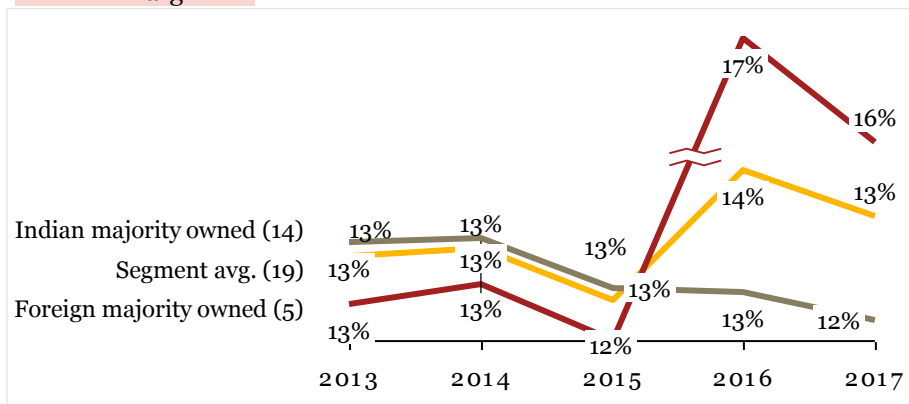


- Overall, 9 out of 19 in-scope companies registered EBITDA margin >10%
- In FY 16 and FY 17, 5 in-scope foreign majority holdings companies registered higher EBITDA growth than their Indian counterparts (14 Indian majority holdings companies)
- The in-scope foreign majority holdings companies collectively registered higher average employee cost ratios compared to their Indian counterparts

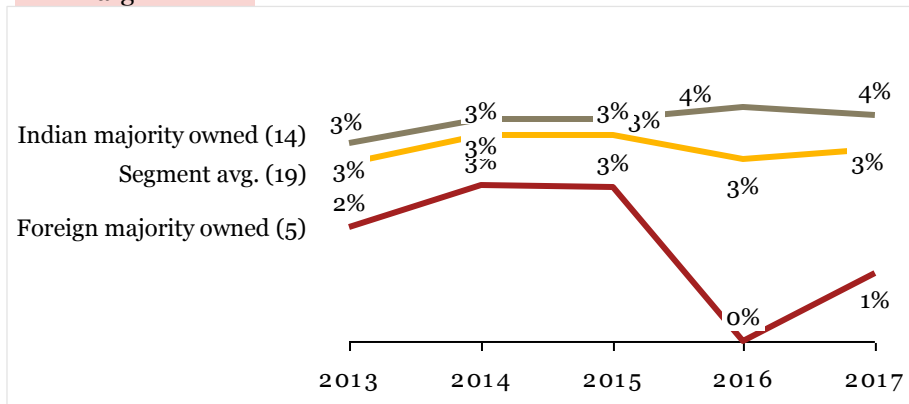
Transmission segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

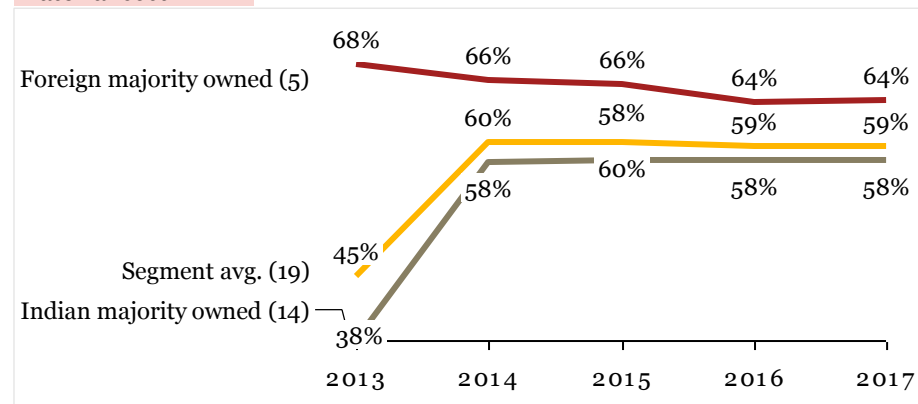


PAT Margin

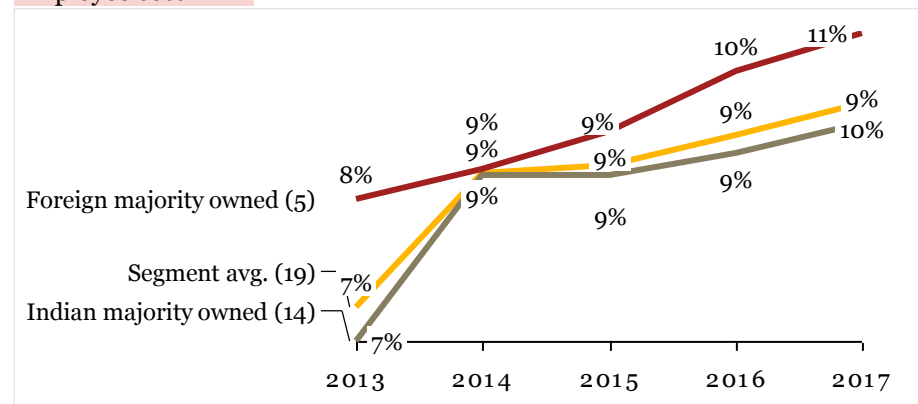


Costs (as % of Net sales)

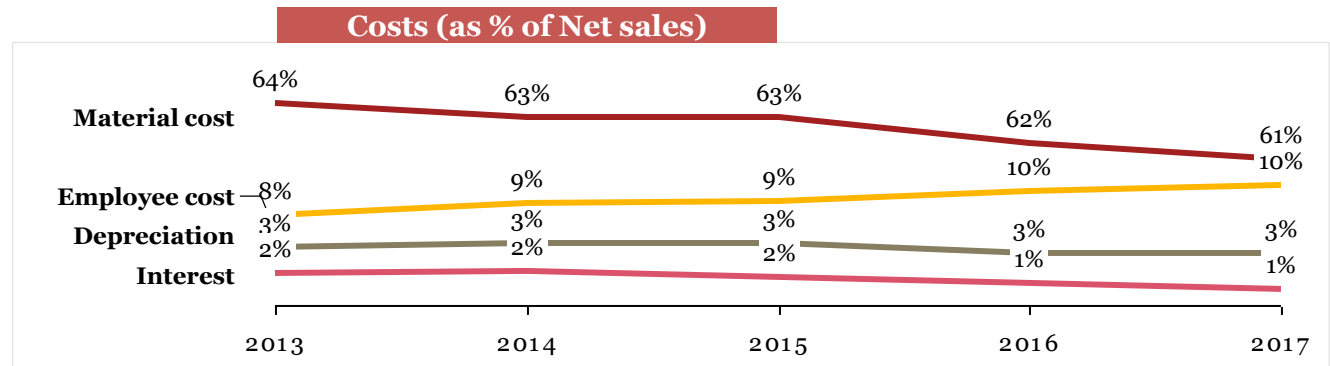
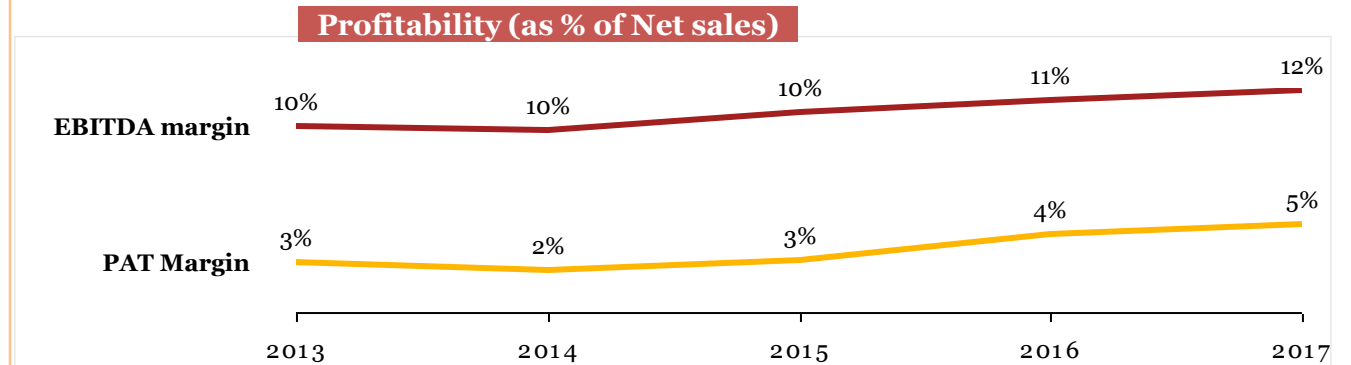
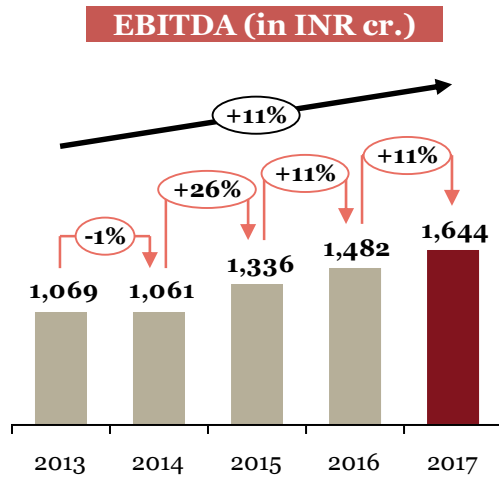
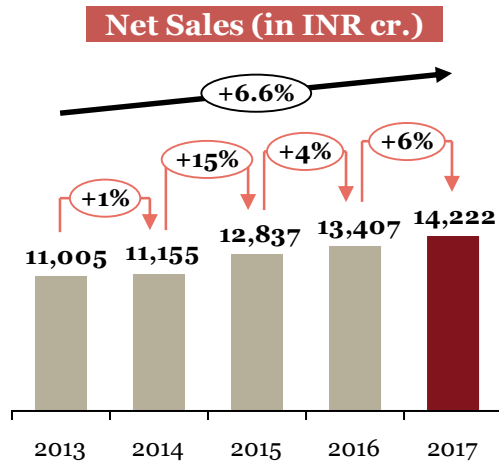
Material cost



Employee cost



Suspension segment (18 companies)

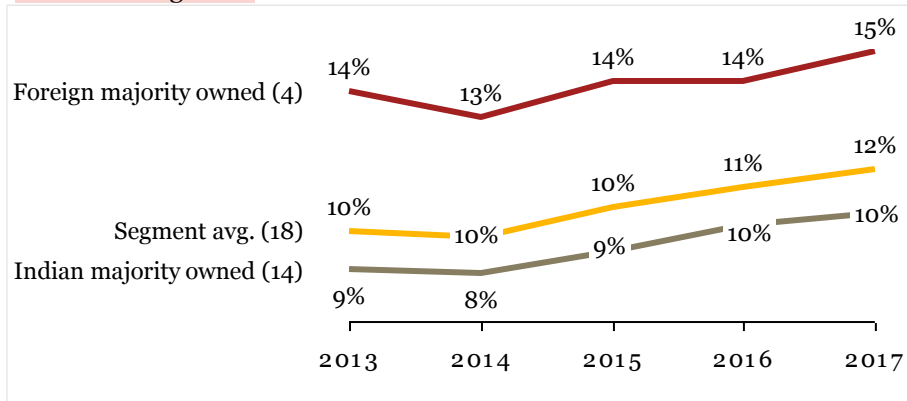


- 4 in-scope companies registered an EBITDA margin of >20% and another 4 of >40%
- 4 of 18 in-scope companies are foreign majority holdings companies and registered collectively a higher average EBITDA margin compared to their Indian counterparts

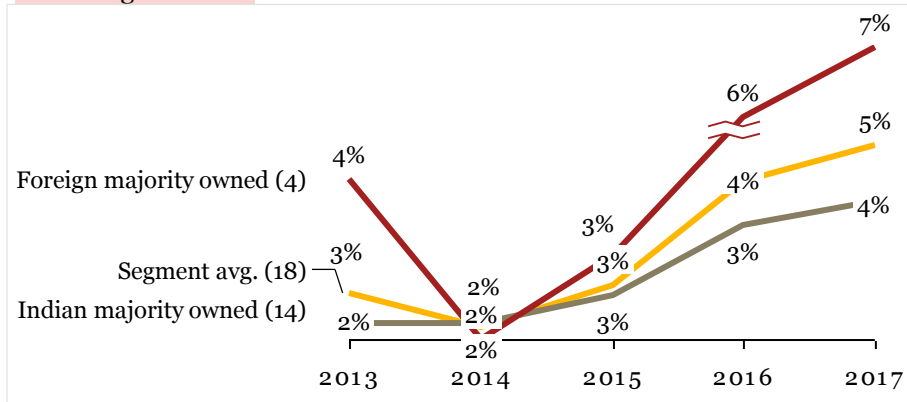
Suspension segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

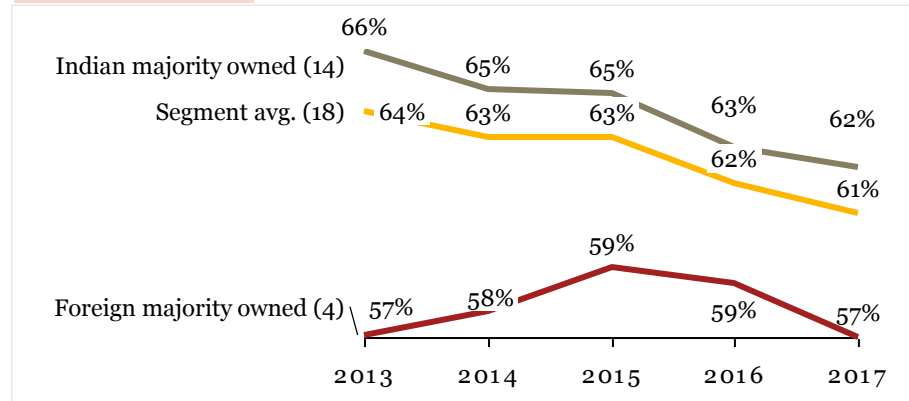


PAT Margin

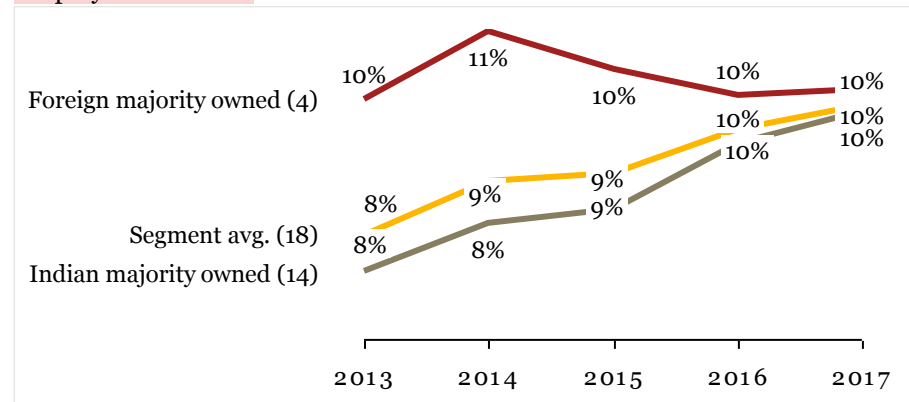


Costs (as % of Net sales)

Material cost

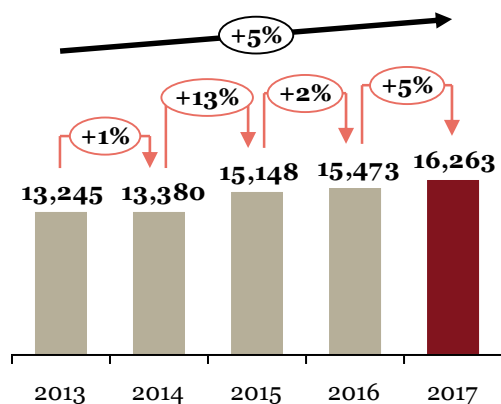


Employee cost

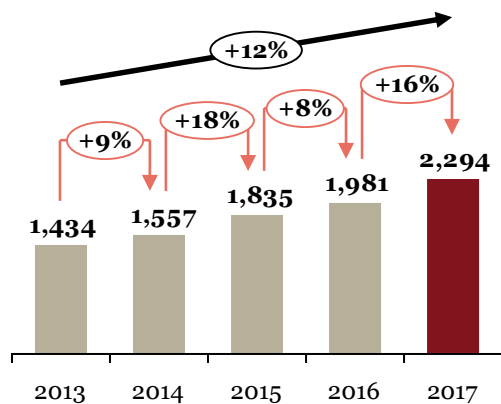


Engine segment (23 companies)

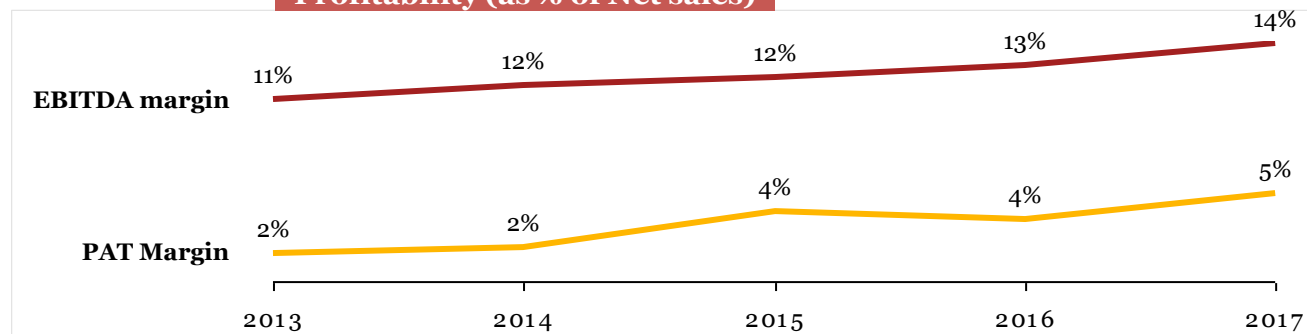
Net Sales (in INR cr.)



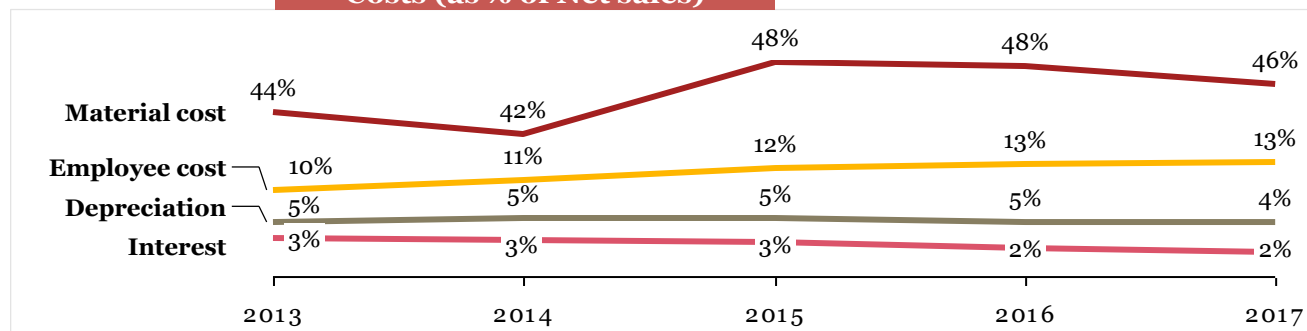
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

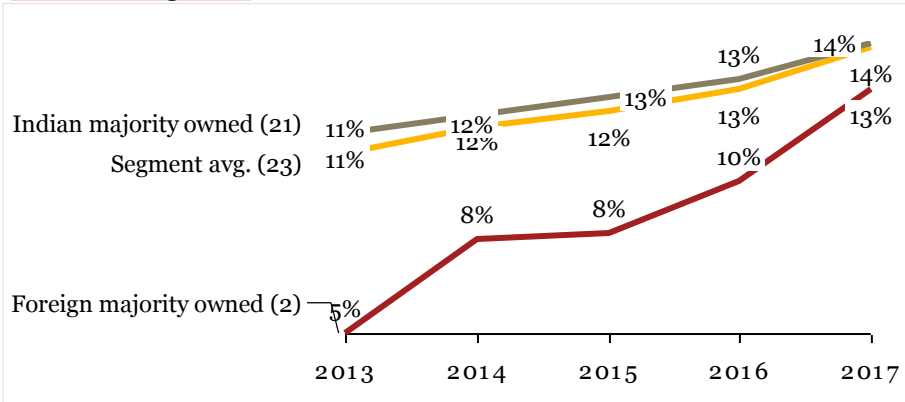


- In this segment 11 companies registered an EBITDA margin of > 10% and 3 companies of > 20% in FY 17
- 5 of 23 in-scope companies registered an Y-o-Y net sales growth of >10% between FY 16 and FY 17

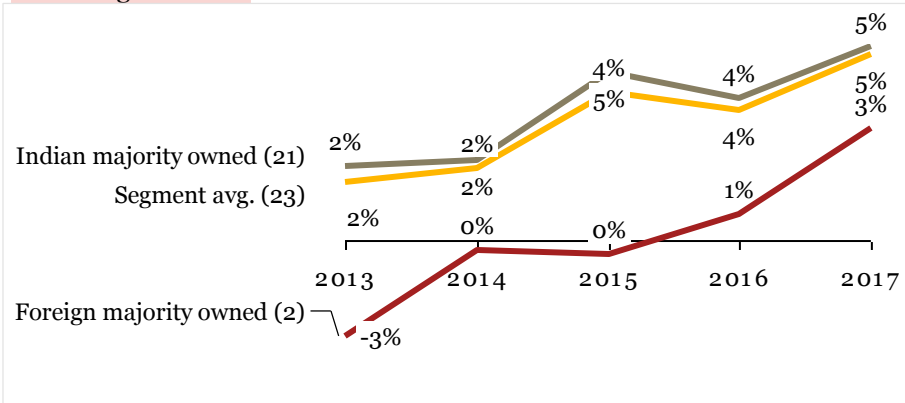
Engine segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

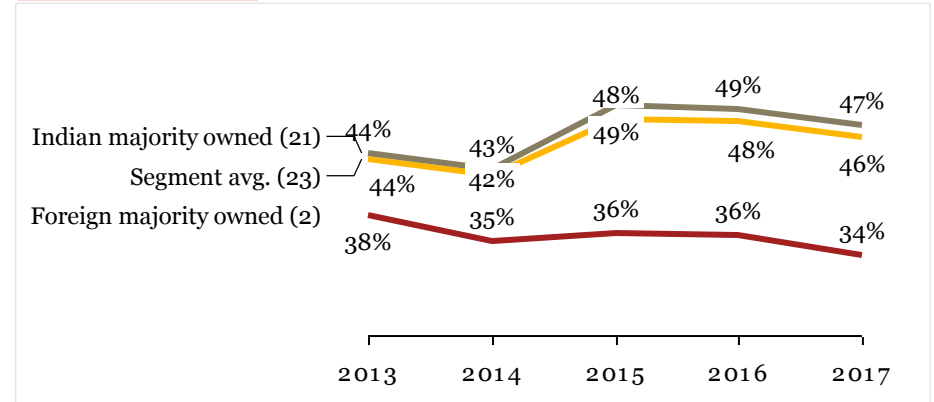


PAT Margin

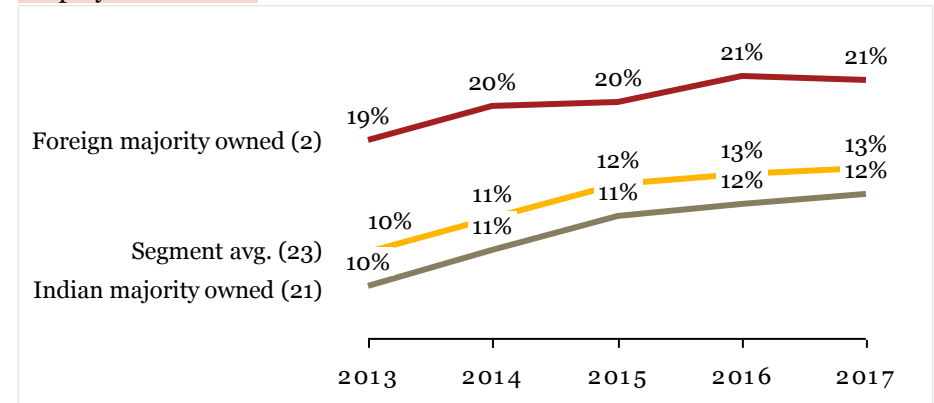


Costs (as % of Net sales)

Material cost

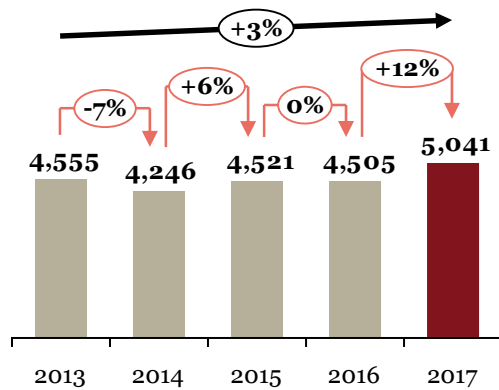


Employee cost

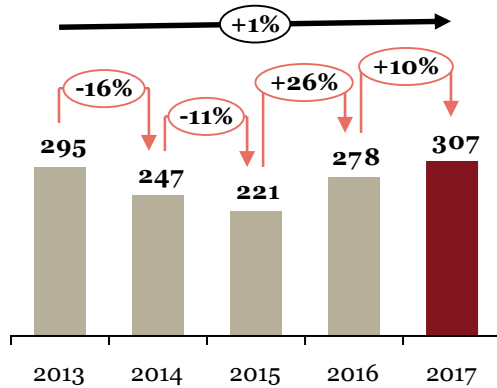


Body and chassis segment (8 companies)

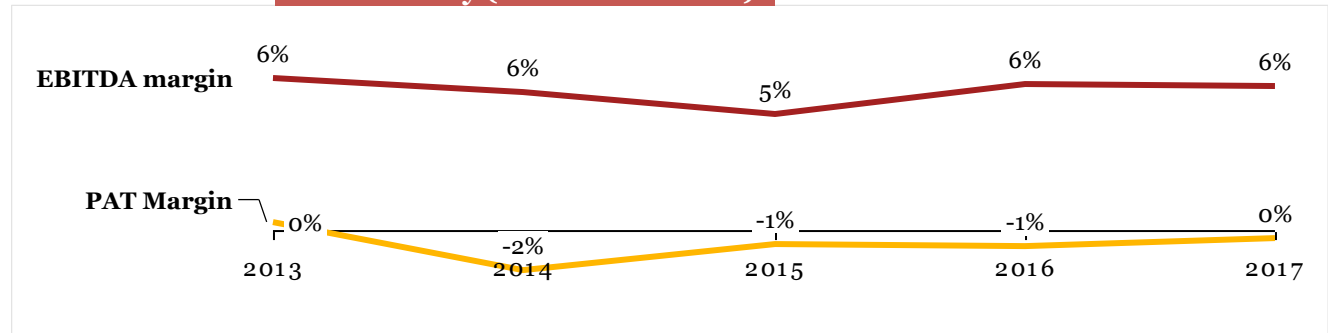
Net Sales (in INR cr.)



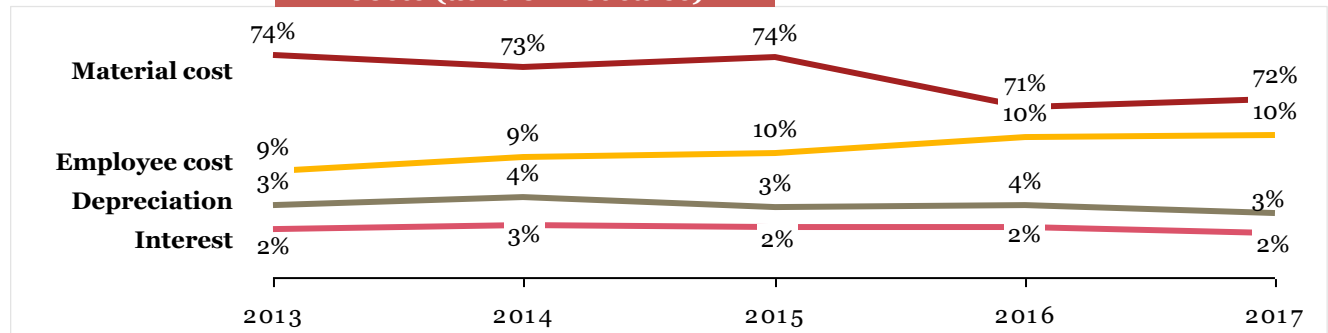
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

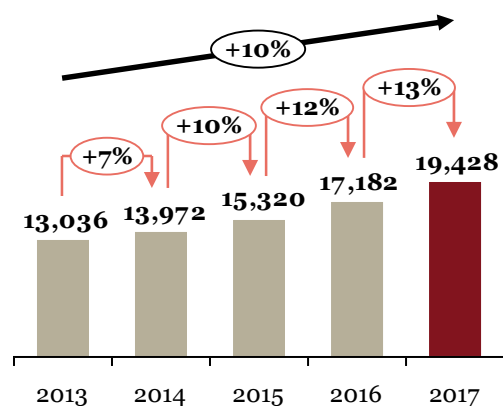


- 7 out of 8 in-scope companies registered >10% Y-o-Y net sales growth between FY 16 and FY 17
- 3 companies registered EBITDA margin of >5% and 1 company registered EBITDA margin of >10% in FY 17

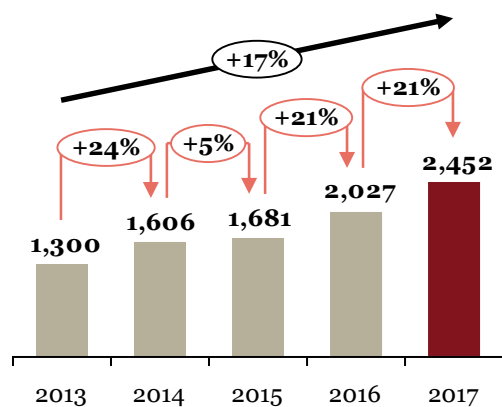
No foreign majority holdings company in-scope

Electrical and Electronics segment (13 companies)

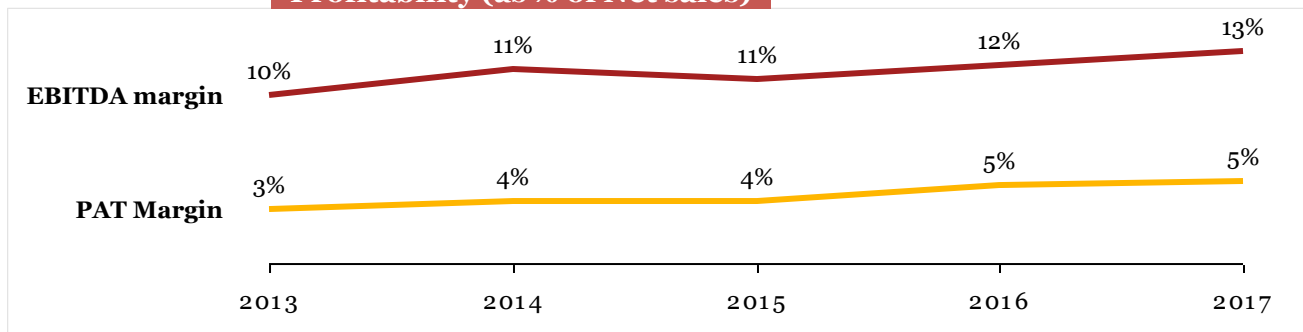
Net Sales (in INR cr.)



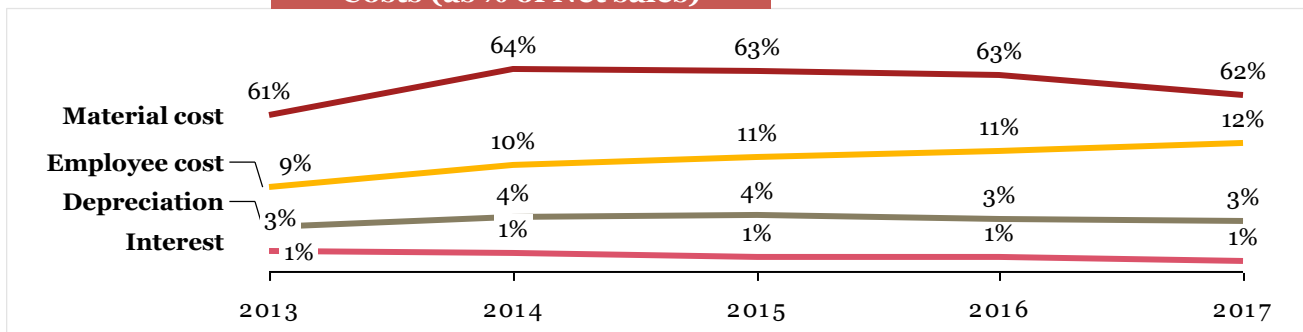
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

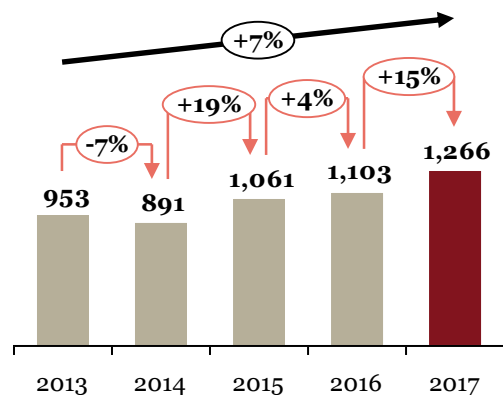


- 5 companies registered an EBITDA margin of >5%, 5 companies of >10% and 1 company of >20%
- 4 companies registered an Y-o-Y net sales growth of >10 % and 1 company >20% between FY 16 and FY 17

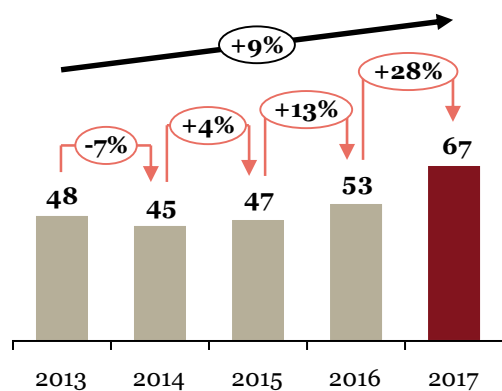
<2 foreign majority holdings company in-scope

Interior segment (3 companies)

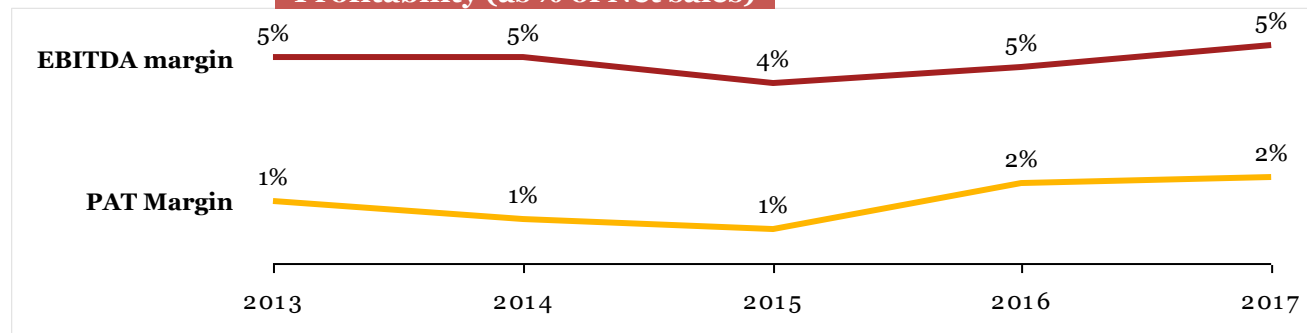
Net Sales (in INR cr.)



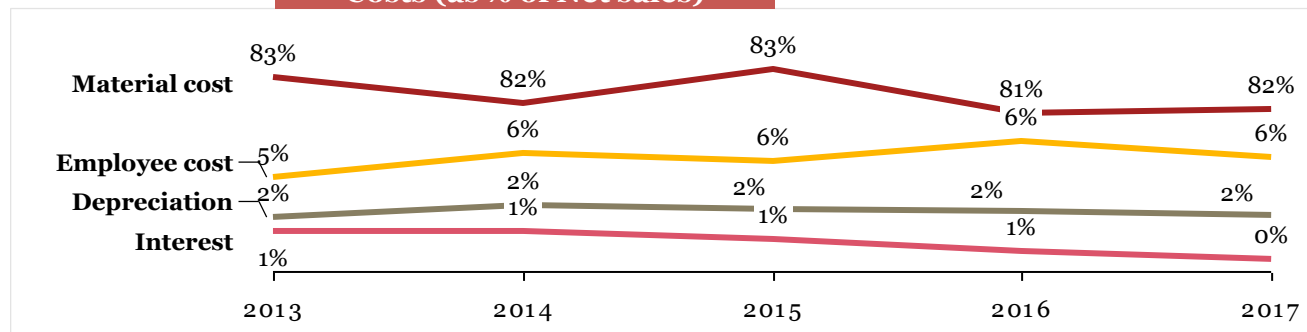
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- 2 out of 3 in-scope registered Y-o-Y net sales growth of >10 % between FY 16 and FY 17
- All the 3 companies registered a positive EBITDA margin in FY 17

No foreign majority holdings company in-scope



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