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ACMA- Financial Analysis

Q1 FY-20

*Strictly private
and confidential*

December 2019



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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

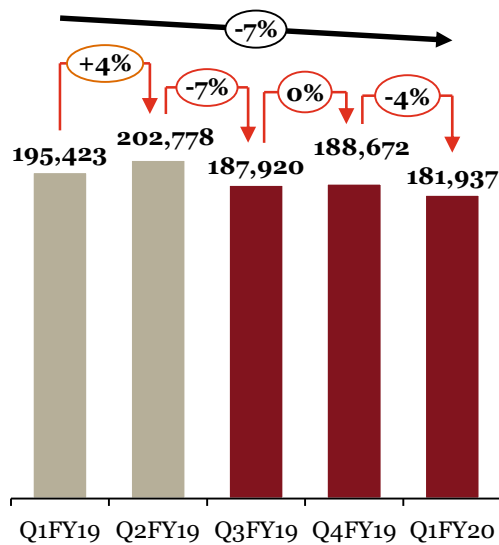
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	4	26	13	28
Segment based classification				
Segment	# companies	List of companies		
Transmission	14	Automotive Axles, Bharat Gears, Endurance Tech., JMT Auto, JTEKT India, L G Balakrishnan, 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, Sharda Motor, Sundaram Clayton, Sundram Fasten., Talbros Auto., Triton Valves, Ucal Fuel Sys.		
Suspension	14	Gabriel India, Hind. Composites, Sundaram Brake, Wheels India, Munjal Showa, Jamna Auto Inds., Steel Str. Wheel, GS Auto Intl. Simm. Marshall,, Talbros Engg., WABCO India, Rane Brake, Lin., GNA Axles, Enkei Wheels		
Electrical and Electronics	11	Bhagwati Auto, Lumax Inds., Subros, Autolite (I), India Nipp. Elec., Motherson Sumi, Minda Inds. Minda Corp, Lumax Auto Tech., Fiem Inds. Pricol Ltd		
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.

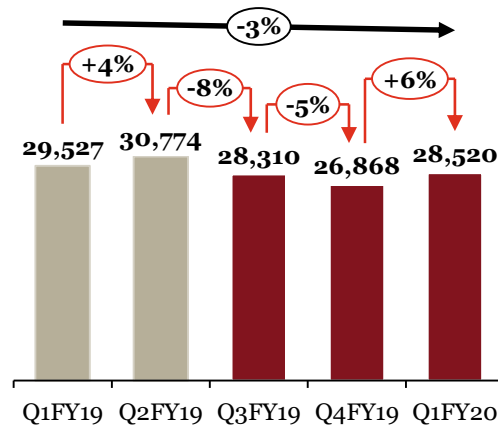
Financial Summary

Aggregate financial analysis (71 in-scope companies)

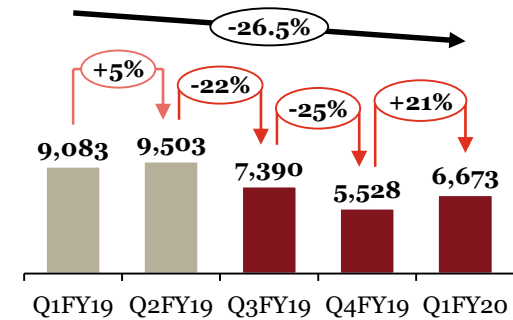
Net Sales (in INR cr.)



EBITDA (in INR cr.)



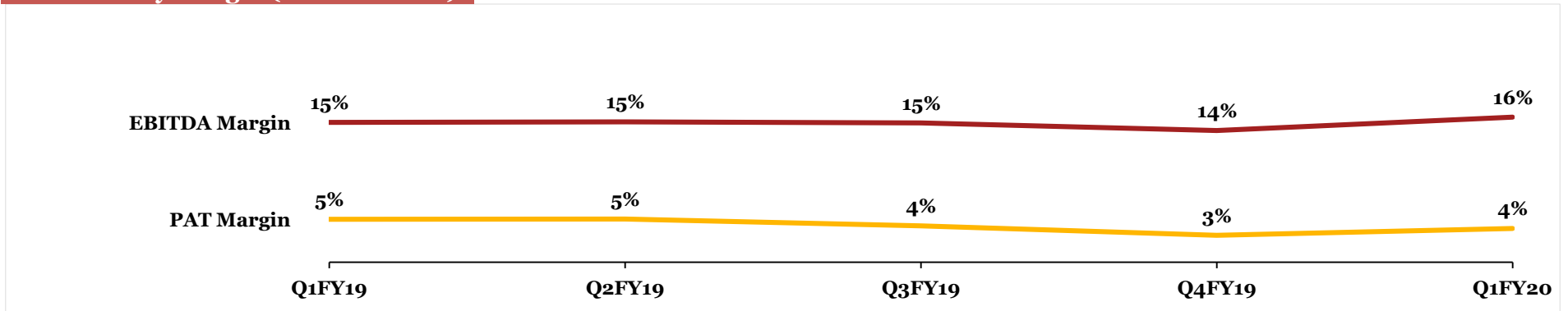
PAT (in INR cr.)



- Net Sales, EBITDA and PAT has decreased Y-o-Y in Q1 FY20, though there has been an increase in EBITDA and PAT over the last quarter as the auto industry slowly recovers.
- Transmission was the only segments to record a rise in EBITDA
- There was a fall in Net Sales across the board compared to Q1 FY19
- Every segment recorded decrease in PAT Y-o-Y in Q1 FY20

Trends in profitability (as % of Net sales)

Profitability margin (% of net sales)



EBITDA margin distribution of in-scope companies

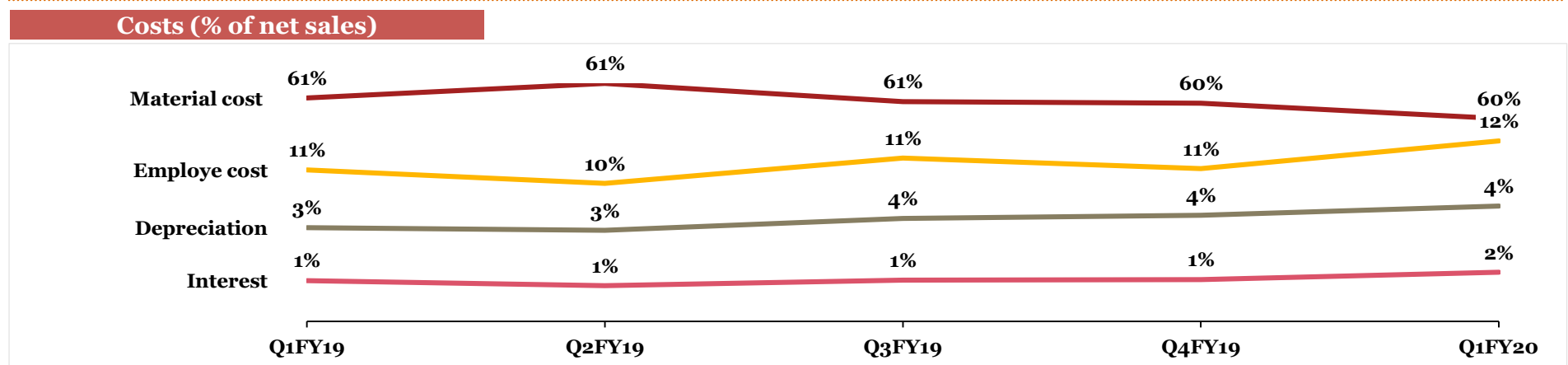
Range	Q1 FY19 Number of companies	Q1 FY20 Number of companies
Less than 0%	0	0
0-10%	14	10
10-20%	38	43
more than 20%	19	18

PAT margin distribution of in-scope companies

Range	Q1 FY19 Number of companies	Q1 FY20 Number of companies
less than 0%	6	19
0-5%	43	37
5-10%	20	13
more than 10%	3	2

- There was an overall rise in %EBIDTA margin compared to Q1 FY 19, but a decline in overall %PAT margin.
- Companies with >10% EBITDA margin rose in Q1 FY 20 but the number of companies with >5% PAT margin declined

Trends in costs (as % of Net sales)



Material cost/net sales distribution of in-scope companies

Range	Q1FY 19 # companies	Q1FY 20 # companies
20-50%	25	24
50-70%	34	36
more than 70%	12	11

Employee cost/net sales distribution of in-scope companies

Range	Q1FY 19 # companies	Q1FY 20 # companies
0-10%	29	27
10-20%	38	38
more than 20%	4	6

Interest/net sales distribution of in-scope companies

Range	Q1FY 19 # companies	Q1FY 20 # companies
0-2%	46	38
2-5%	20	27
more than 5%	5	6

Depreciation/net sales distribution of in-scope companies

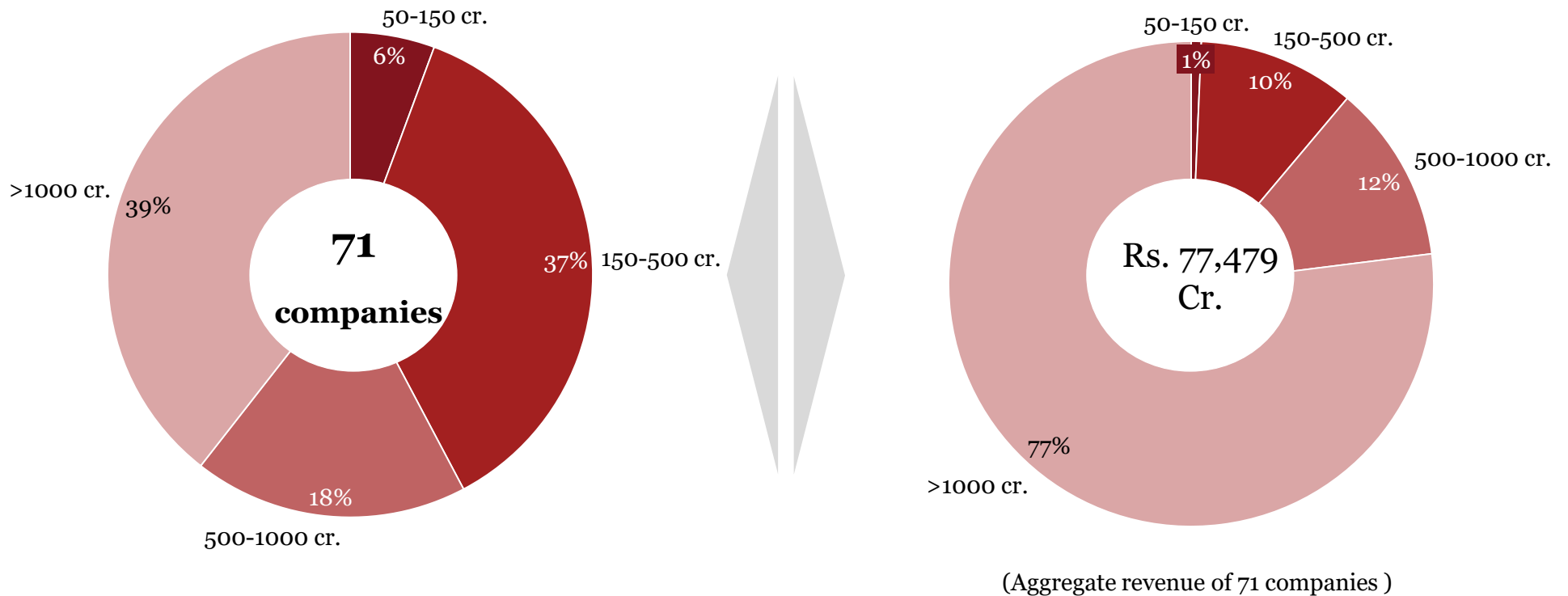
Range	Q1FY 19 # companies	Q1FY 20 # companies
0-2%	12	7
2-5%	46	47
more than 5%	13	17

- The % material cost declined and % employee cost remained rose in Q1 FY-o-FY; suggesting a lower cost of raw materials and higher cost of labour for the auto-component manufacturers as compared with Q1 FY 19
- Average % depreciation cost increased in Q1 FY 20 compared to Q1 FY 19

Size based analysis

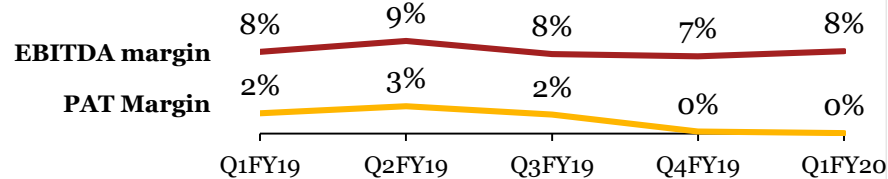
Revenue based classification

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

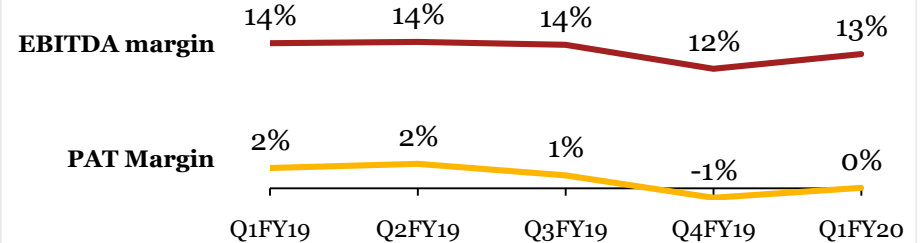


Trends in profitability (as % of Net sales)

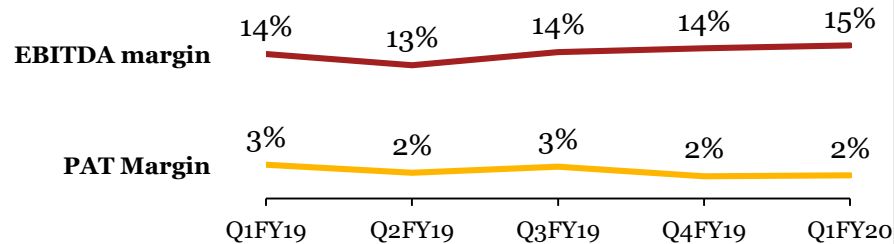
Companies with revenue 50-150 cr.



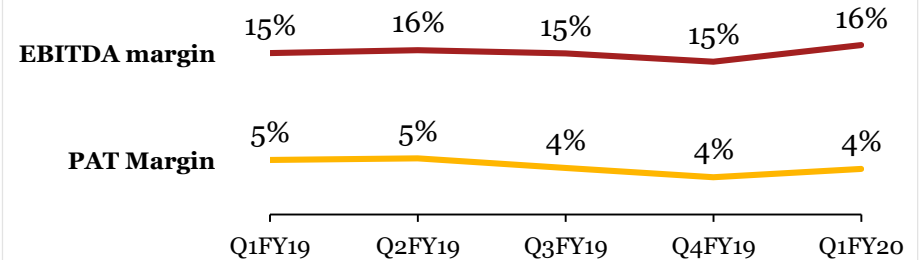
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

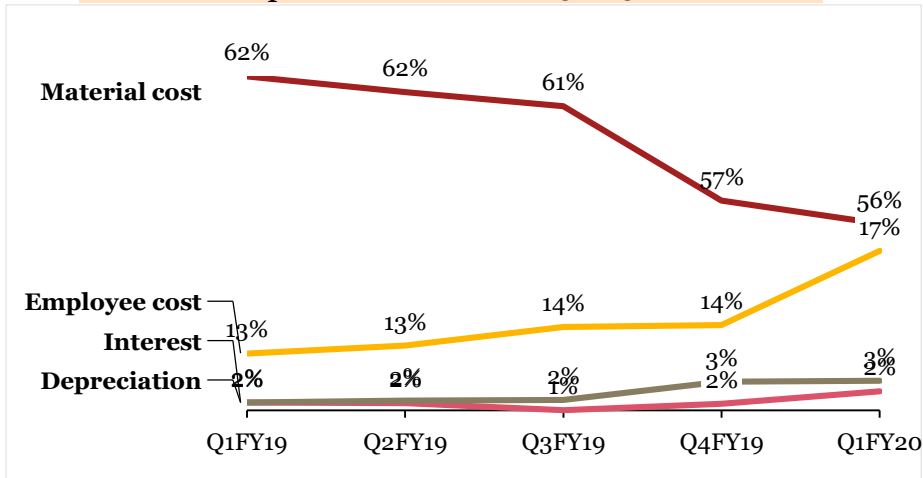


Companies with revenue >1000 cr.

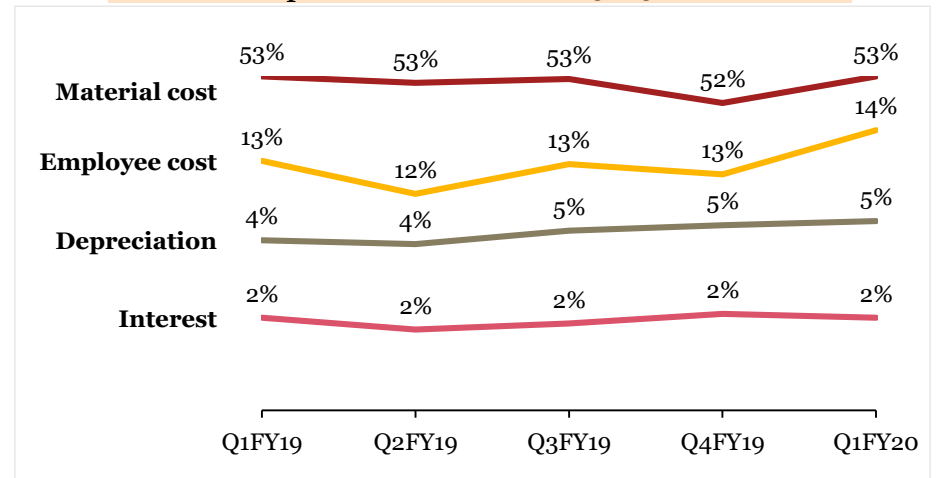


Trends in costs (as % of Net sales)

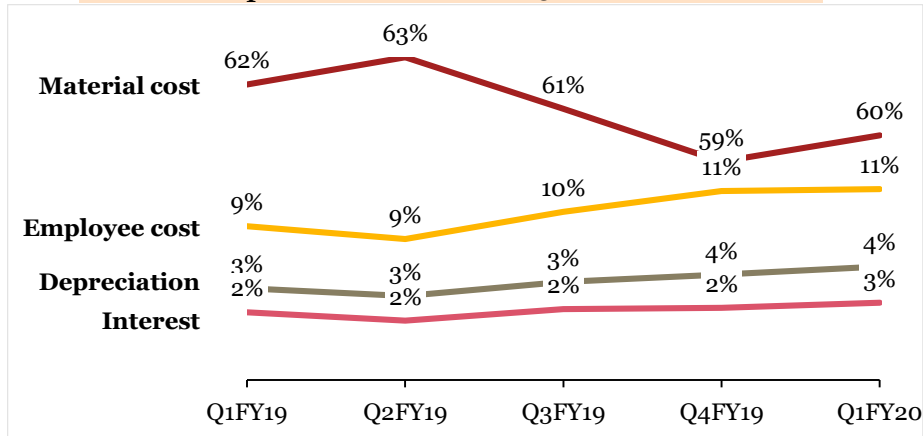
Companies with revenue 50-150 cr.



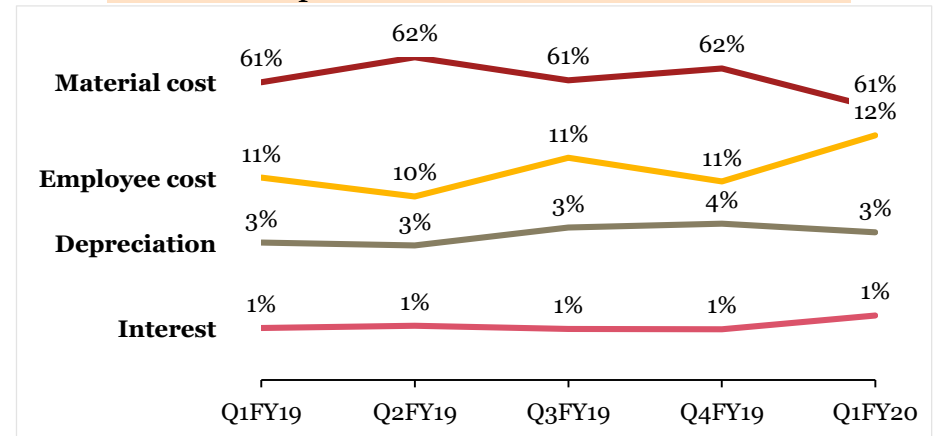
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

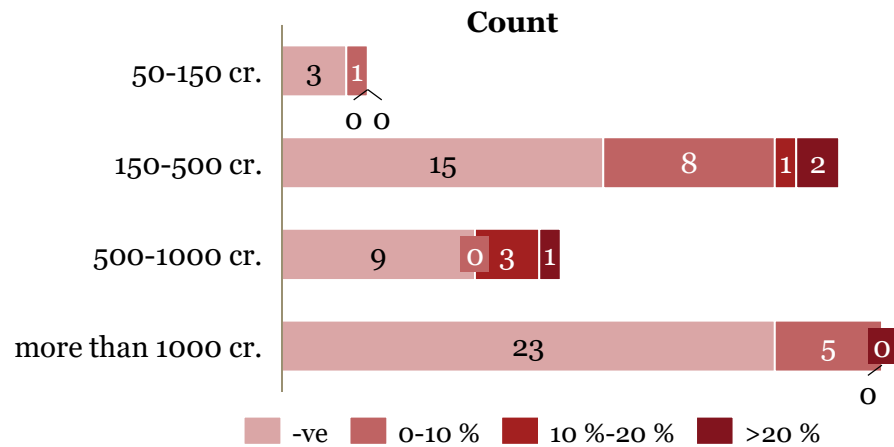


Companies with revenue >1000 cr.

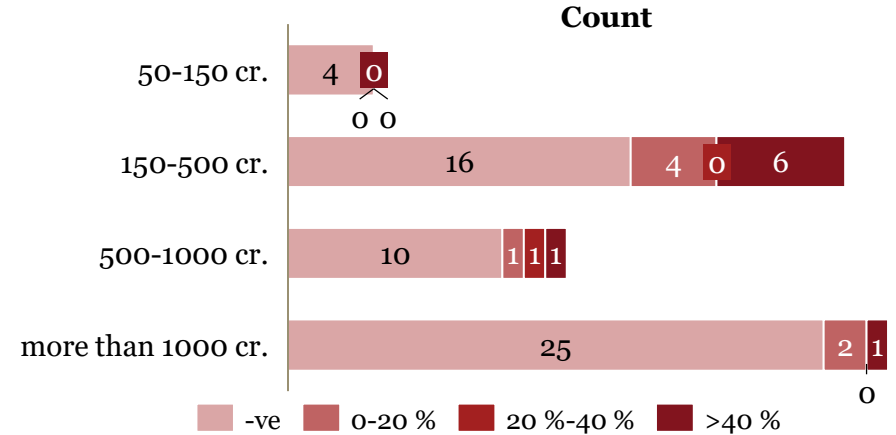


Count of companies per growth % range : by revenue segment Q1FY20 vs. Q1FY19

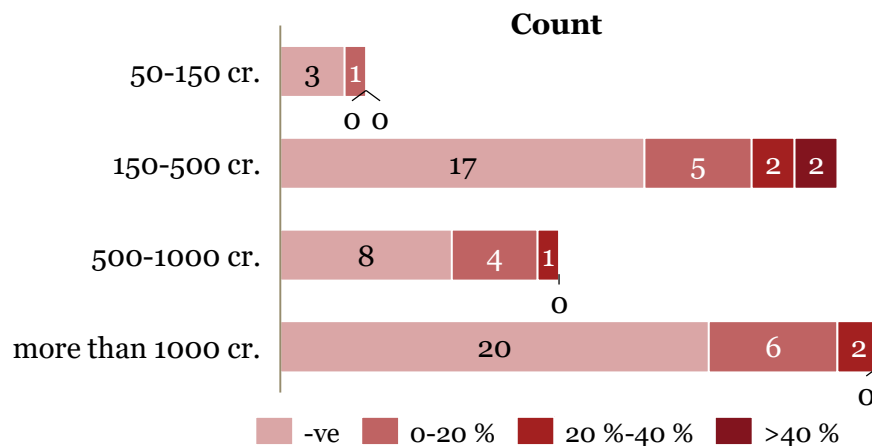
Count of companies by Y-o-Y Net Sales growth %



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

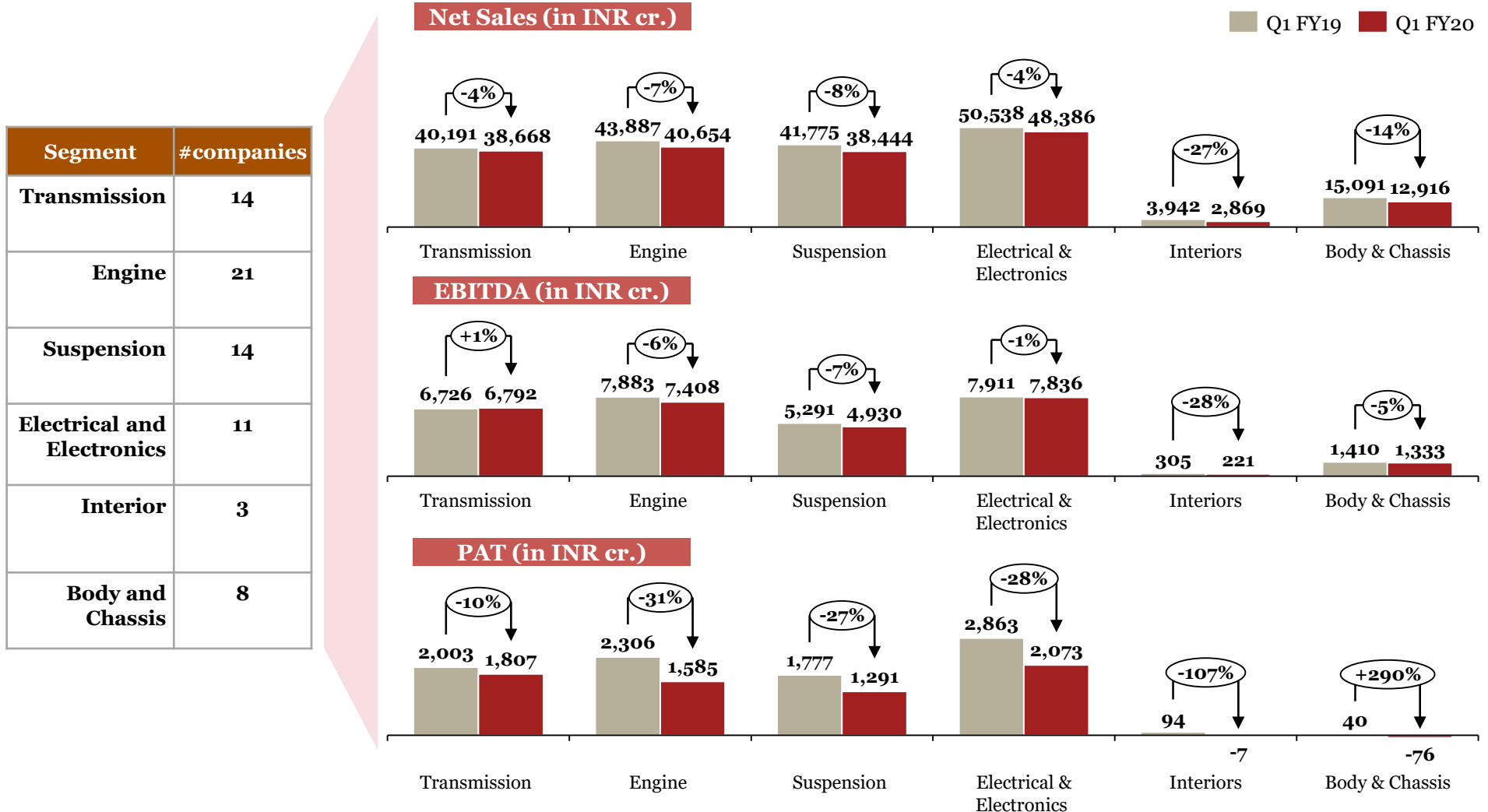


Count of companies by Y-o-Y EBITDA growth %



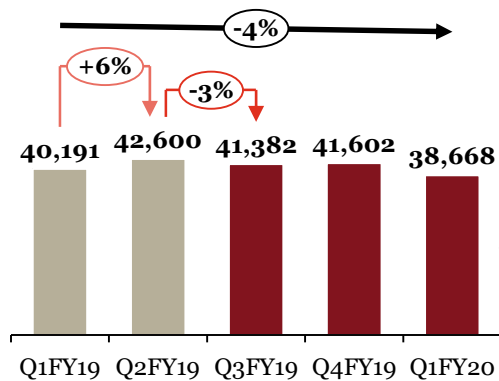
Segment analysis

Segment-wise analysis of in-scope companies: Q1 FY20 vs. Q1 FY19

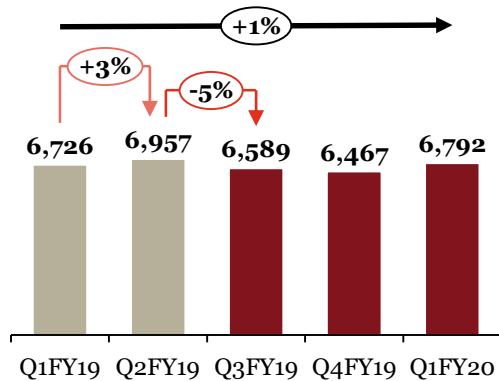


Transmission segment (14 companies)

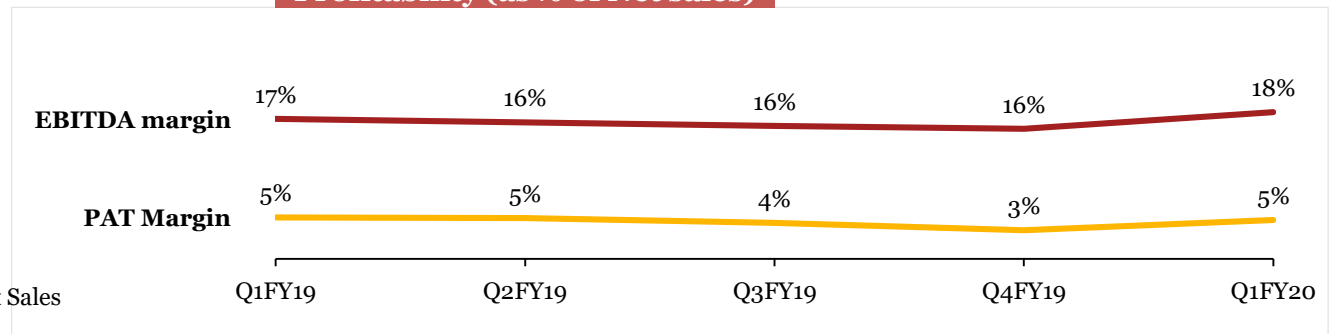
Net Sales (in INR cr.)



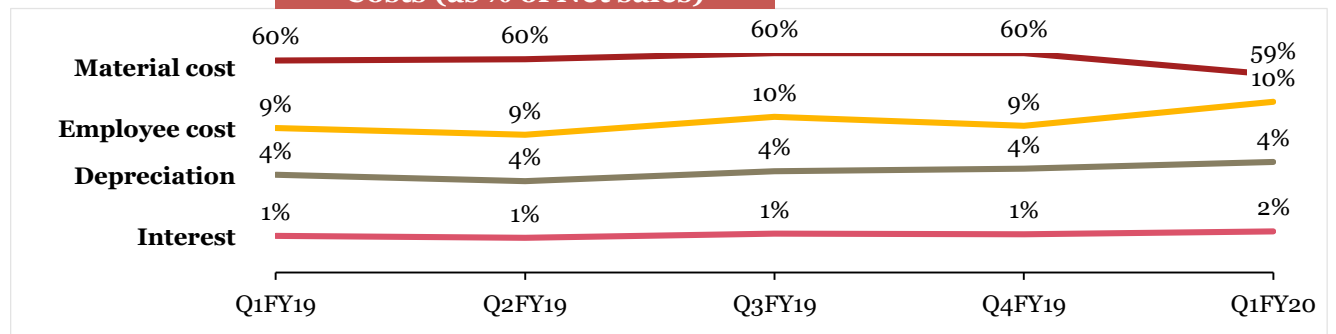
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

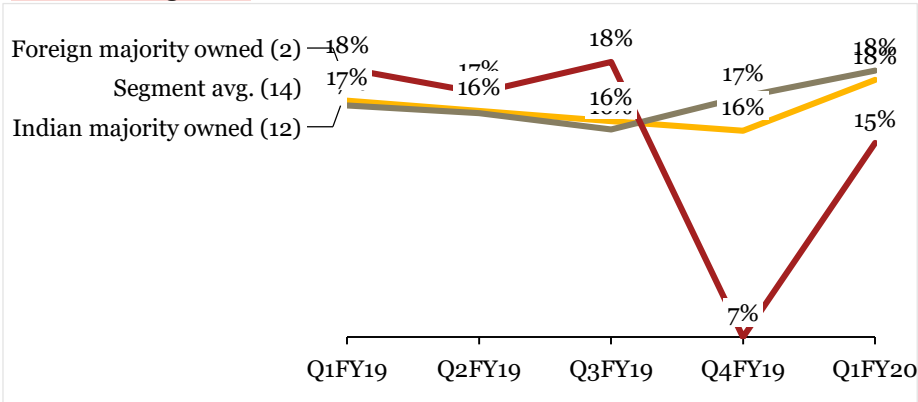


- Net sales and EBITDA increased for ~33% of companies in transmission segment in Q1 FY-o-FY
- % employee cost and % interest increased marginally while other ratios have remained unchanged or decreased marginally between Q1 FY 19 and Q1 FY 20

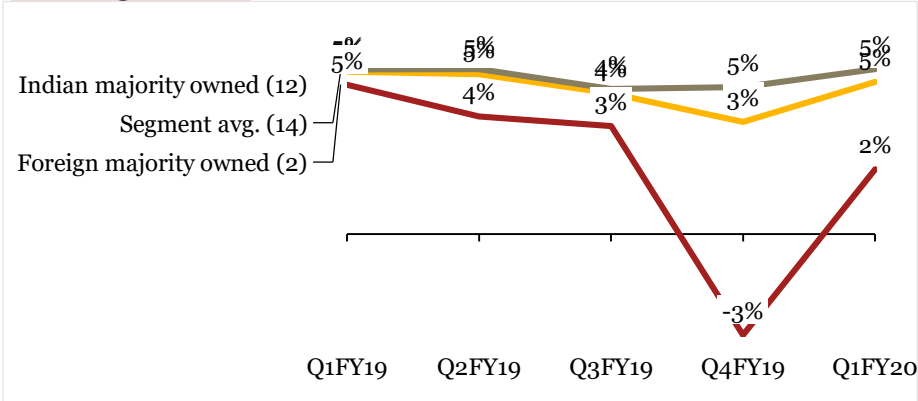
Transmission segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

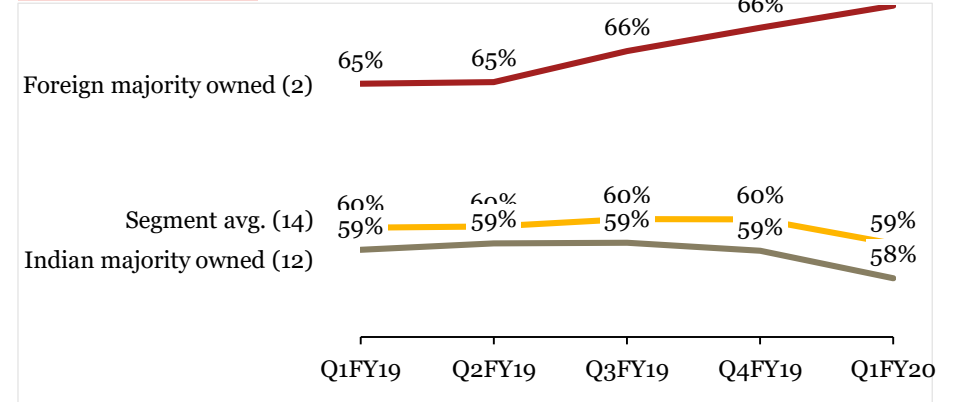


PAT Margin

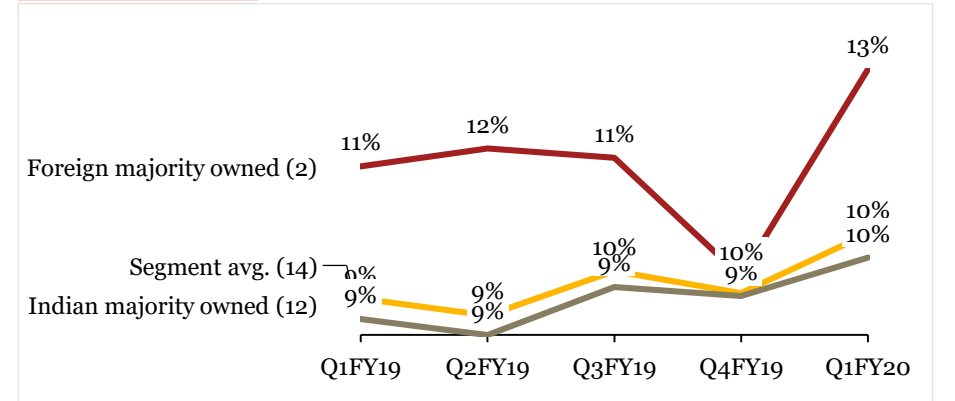


Costs (as % of Net sales)

Material cost

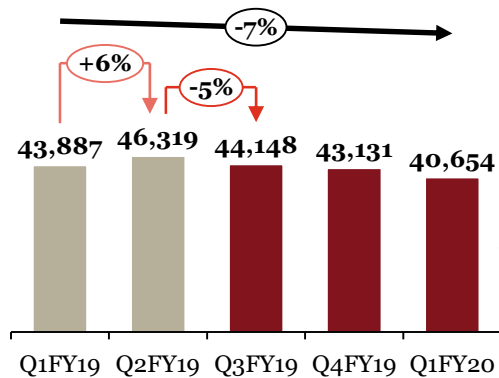


Employee cost

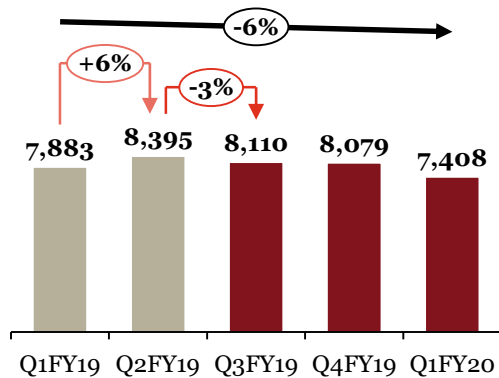


Engine segment (21 companies)

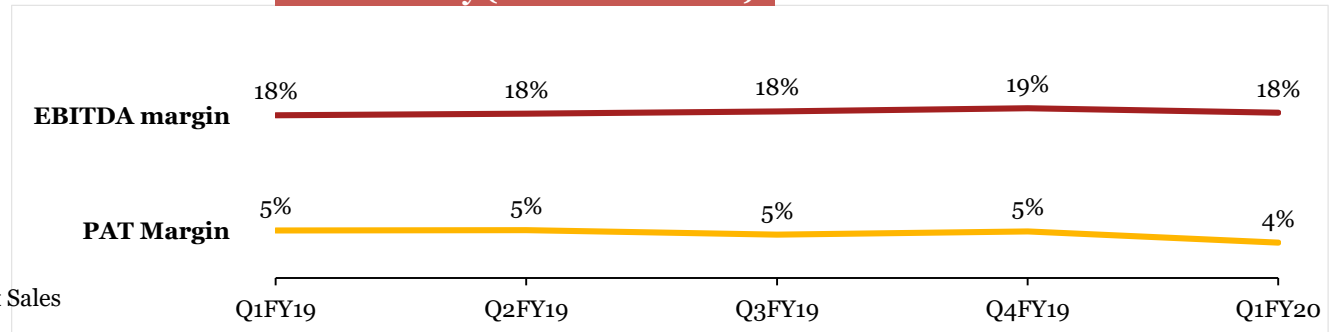
Net Sales (in INR cr.)



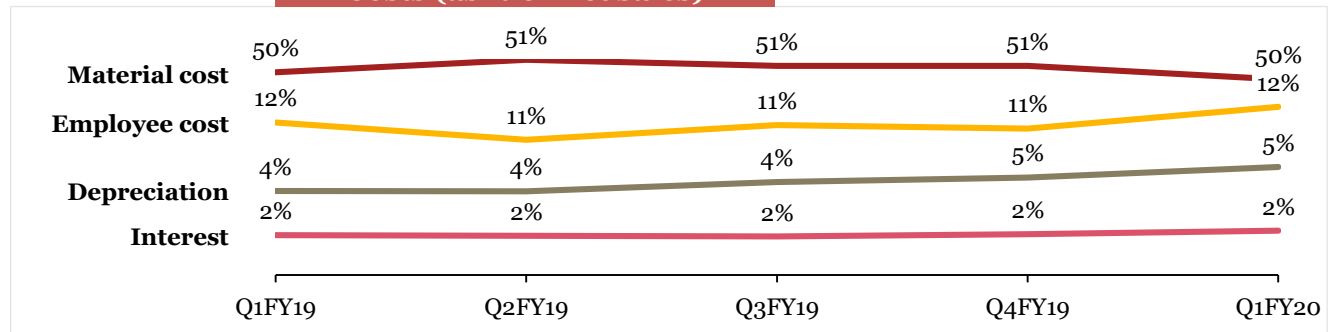
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

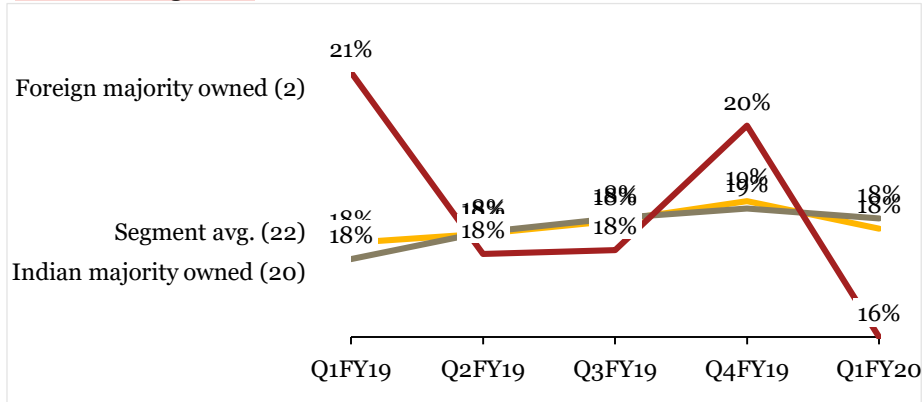


- ~19% of Engine companies quoted increase in Net Sales and ~29% of companies quoted increase in EBITDA.
- EBITDA margin remained constant in Q1-FY 19 vs. Q1- FY 20 while PAT margin decreased marginally

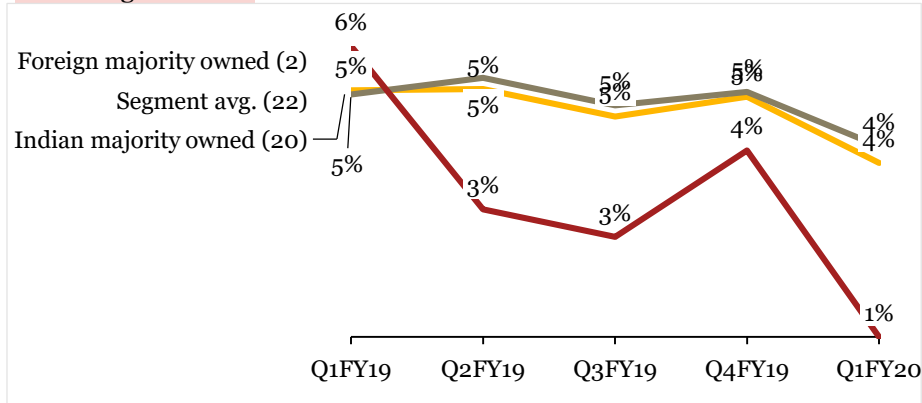
Engine segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

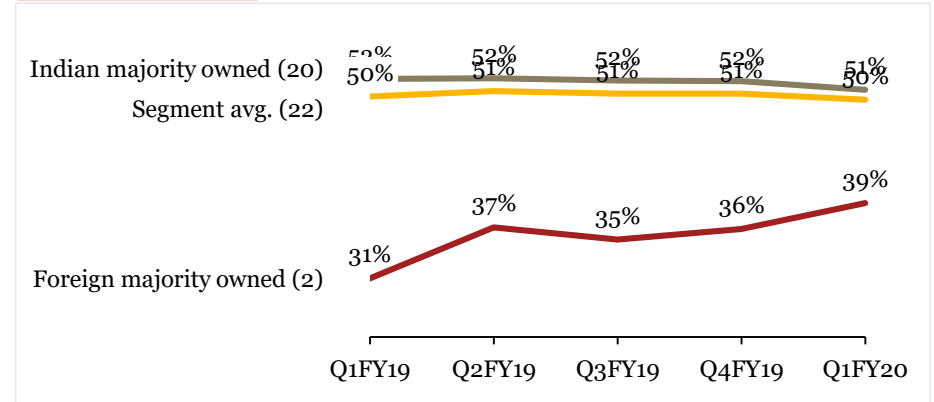


PAT Margin

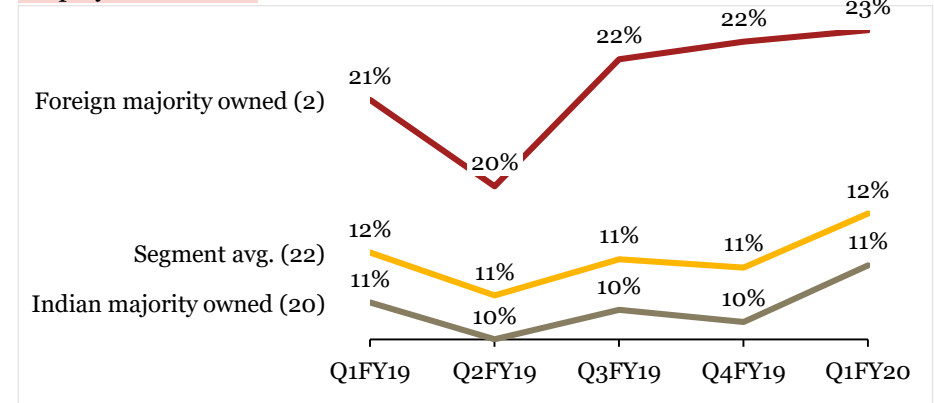


Costs (as % of Net sales)

Material cost

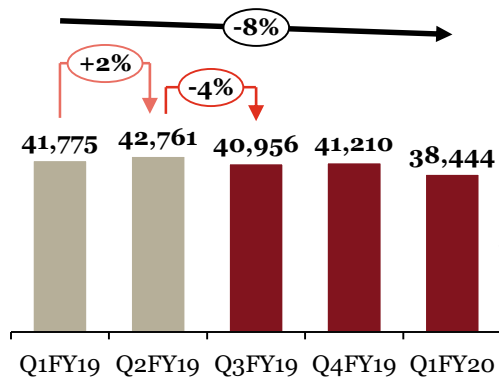


Employee cost

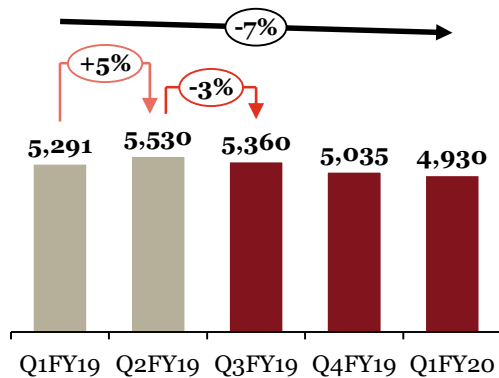


Suspension segment (14 companies)

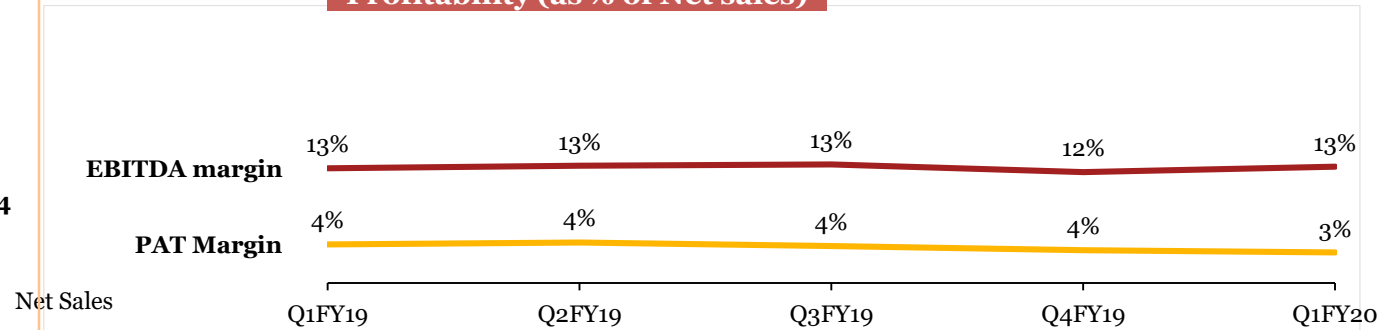
Net Sales (in INR cr.)



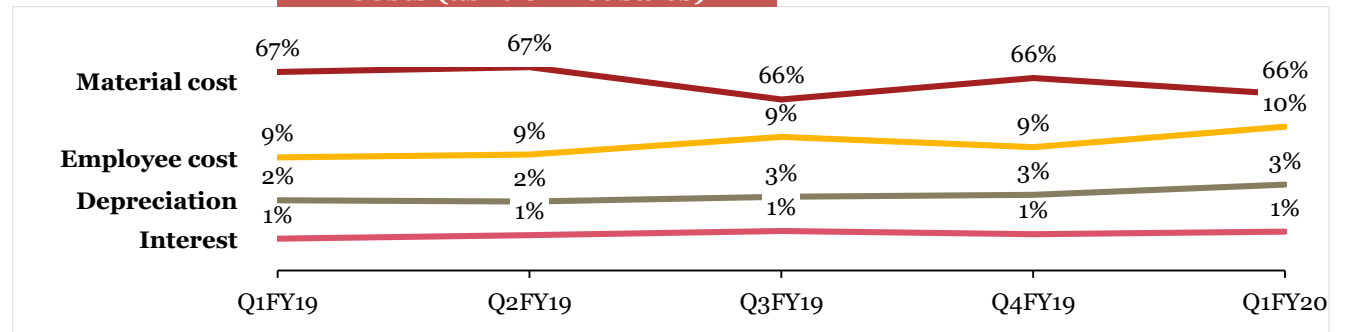
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

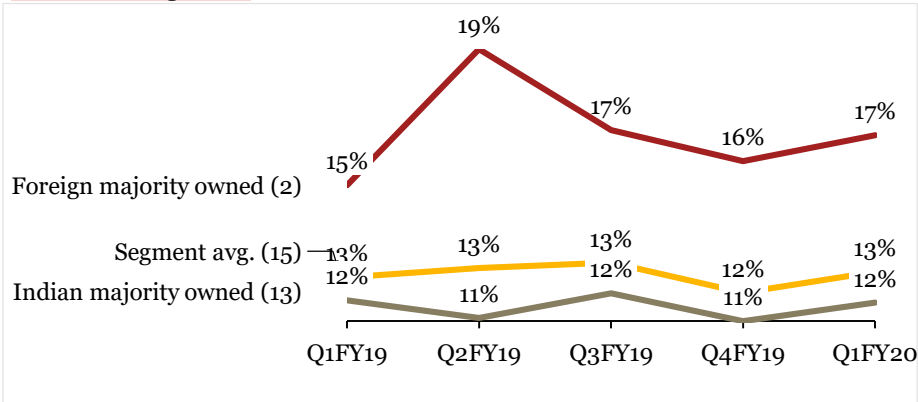


- ~36% in-scope suspension companies reported increase in EBITDA in Q1 FY-o-FY
- Other than % material cost all other %costs ratios have remained constant or increased between Q1 FY 19 and Q1 FY 20

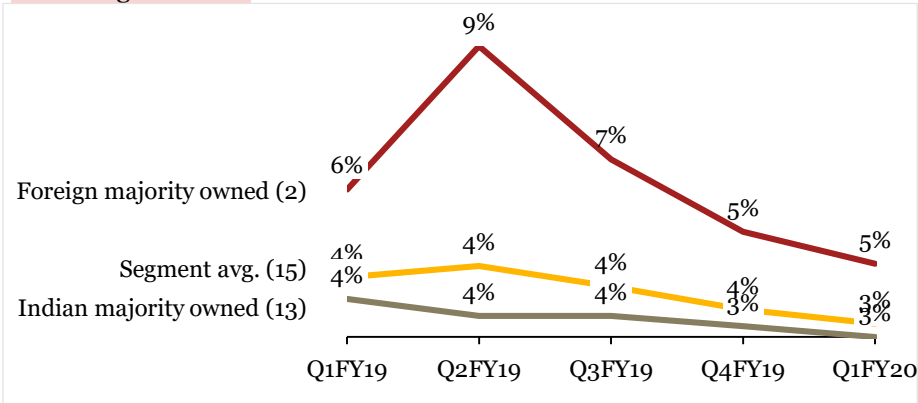
Suspension segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

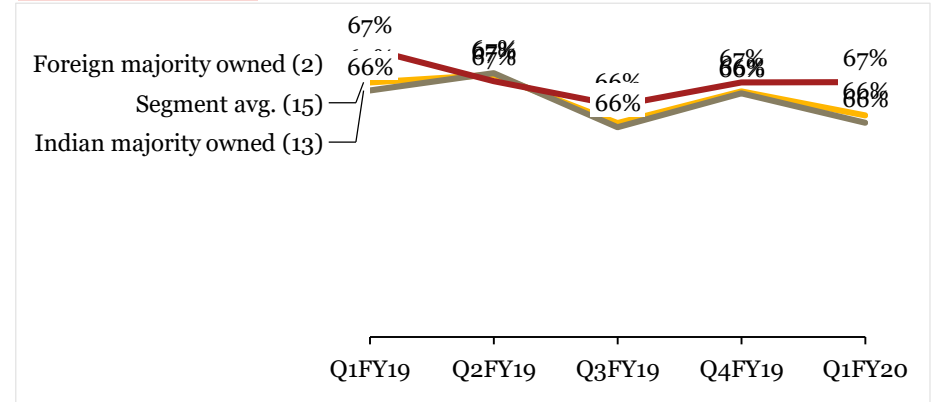


PAT Margin

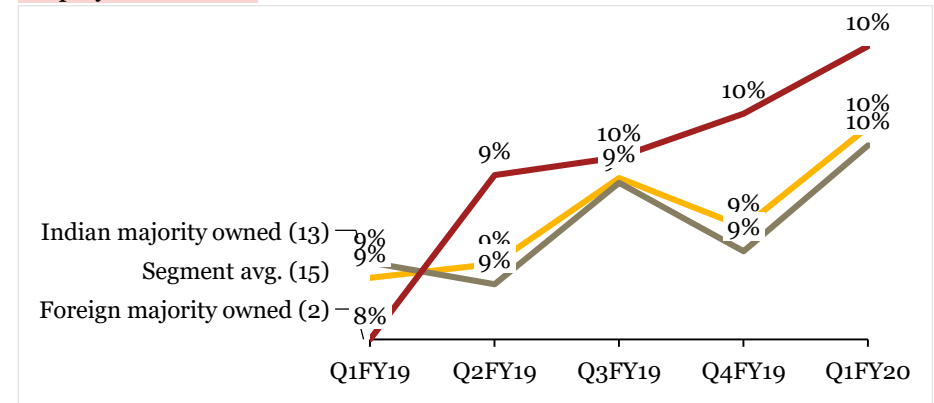


Costs (as % of Net sales)

Material cost

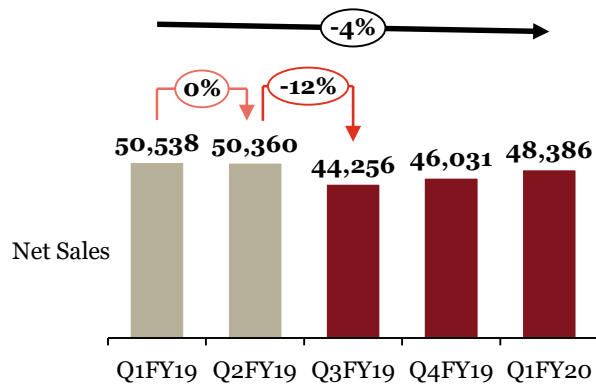


Employee cost

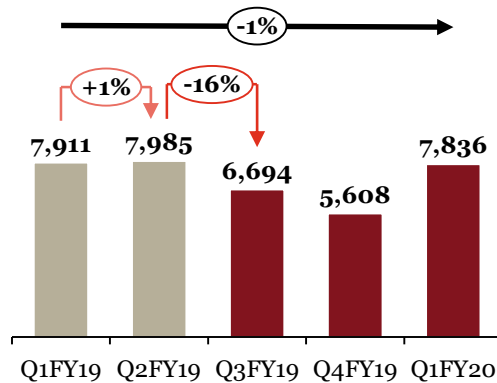


Electrical and Electronics segment (11 companies)

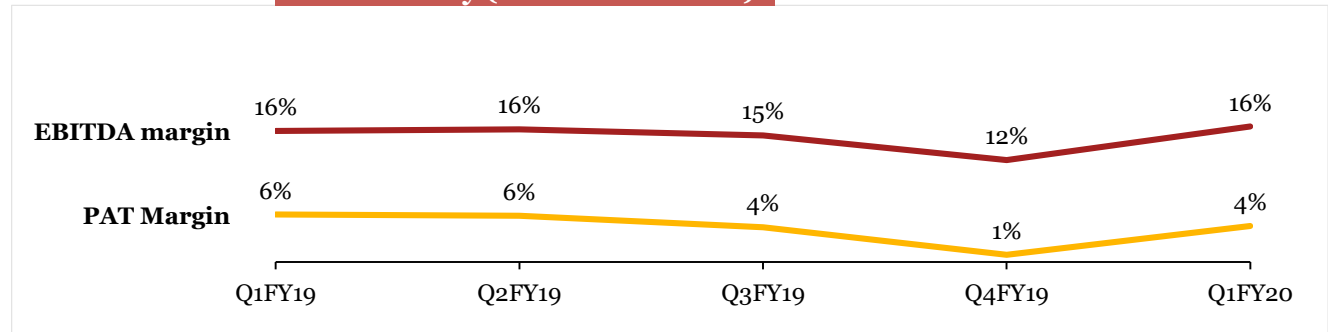
Net Sales (in INR cr.)



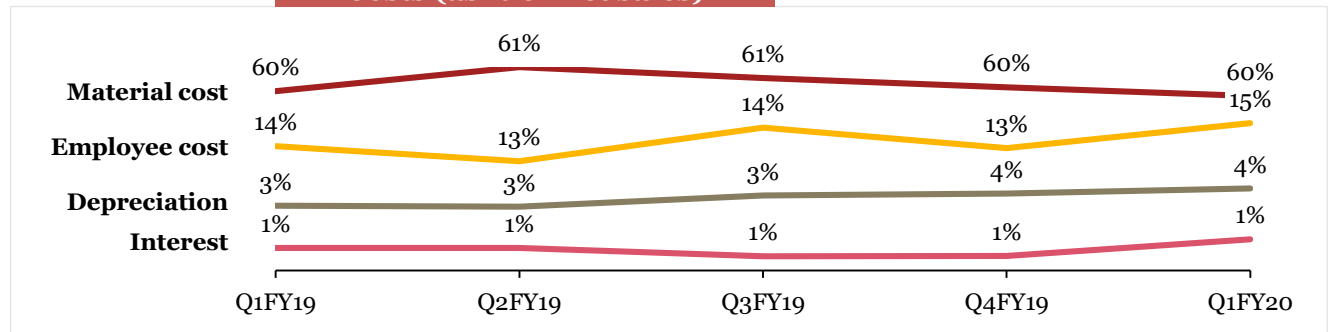
EBITDA (in INR cr.)



Profitability (as % of Net sales)



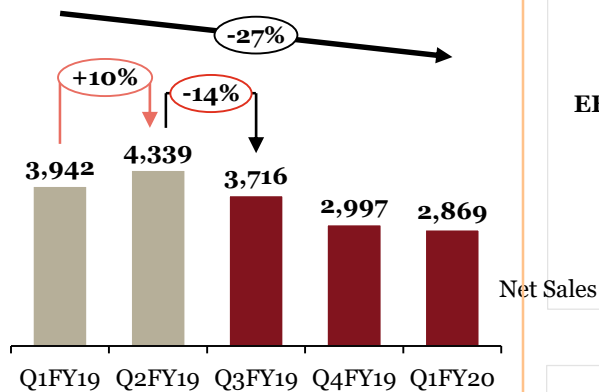
Costs (as % of Net sales)



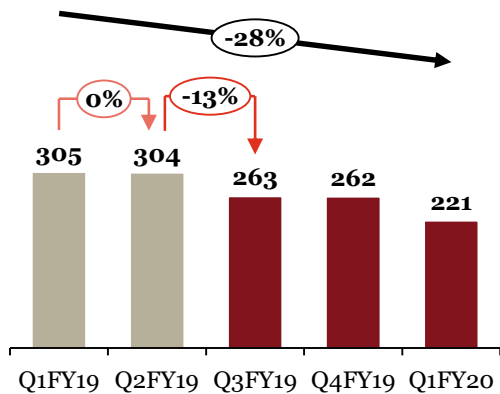
- This segment registered decrease in both Net sales and EBITDA in Q1 FY-o-FY
- This segment is expected to register strong growth in the foreseeable future owing to the increasing overall importance of electronics and electrical components in the vehicle systems

Interior segment (3 companies)

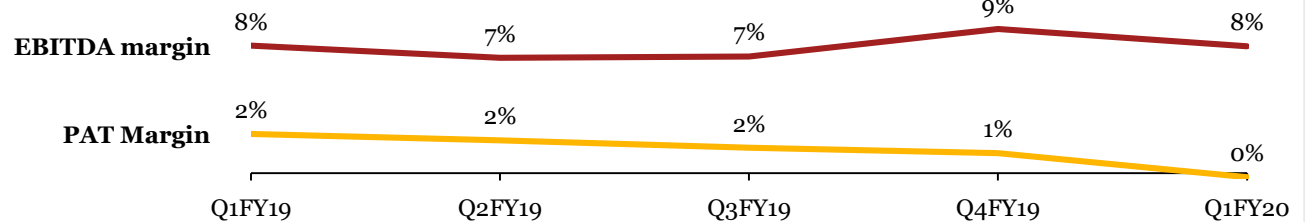
Net Sales (in INR cr.)



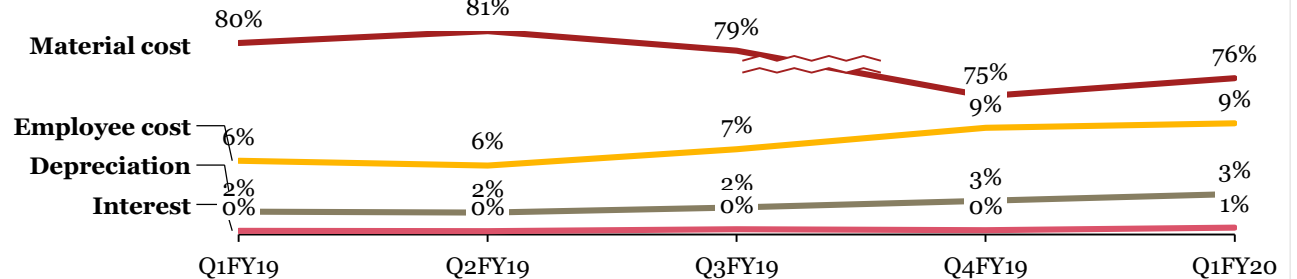
EBITDA (in INR cr.)



Profitability (as % of Net sales)



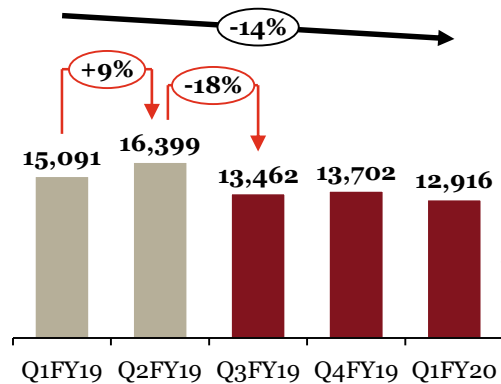
Costs (as % of Net sales)



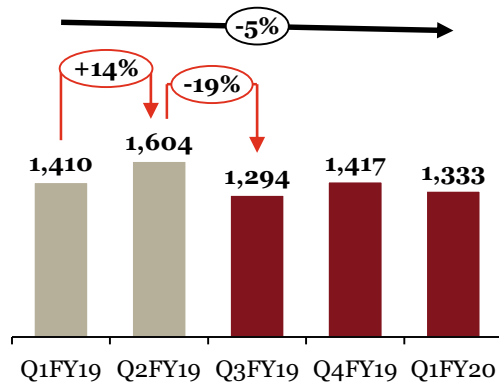
- This segment saw a large fall in both Net Sales and EBITDA Q-o-Q Q1.
- The interest cost has been consistently low for all the 3 in-scope companies

Body and chassis segment (8 companies)

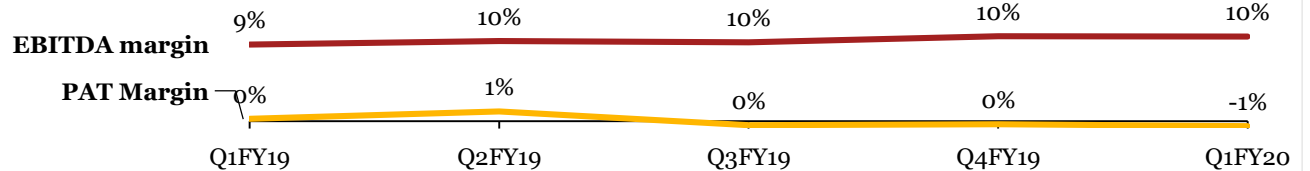
Net Sales (in INR cr.)



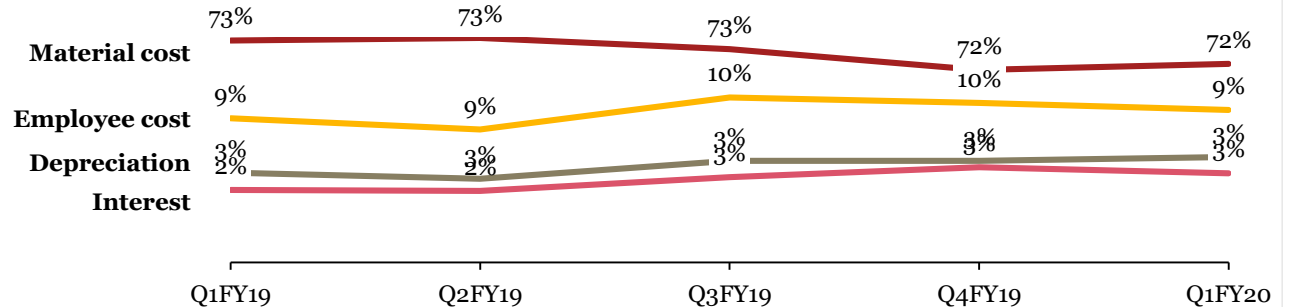
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- Net Sales and EBITDA decreased majorly for almost all nine companies in Q1 FY20 as compared with Q1 FY 19
- The raw material % cost decreased for the segment in Q1 FY 20 as compared with Q1 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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