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# *ACMA- Financial Analysis*

## Q2 FY-20

*Strictly private  
and confidential*

*March 2020*



**pwc**

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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 72 Auto component companies

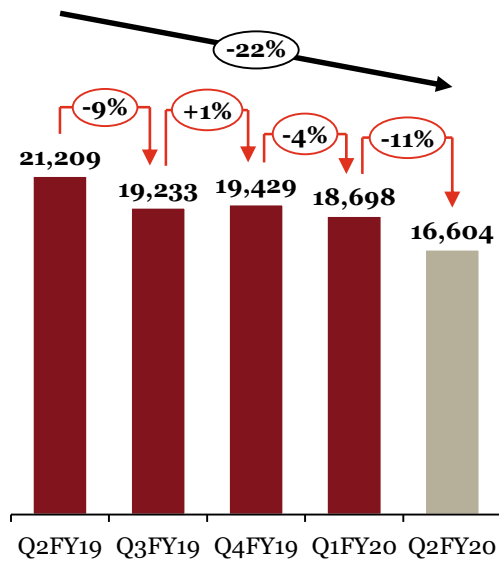
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	4	26	13	29
Segment based classification				
Segment	# companies	List of companies		
<b>Transmission</b>	<b>15</b>	Automotive Axles, Bharat Gears, Endurance Tech., Fiem Industries, JMT 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		
<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, Sundaram Clayton, Sundram Fasten., Talbros Auto., Triton Valves, Ucal Fuel Sys.		
<b>Suspension</b>	<b>14</b>	Enkei Wheels, GS Auto Intl, Gabriel India, GNA Axles, Hind Composites, Jamna Auto Inds, Munjal Showa, Rane Brake Lin, Simm Marshall, Steel Str Wheel, Sundaram Blake, Talbros Enggm WABCO India, Wheels India		
<b>Electrical and Electronics</b>	<b>10</b>	Bhagwati Auto, Lumax Inds., Subros, Autolite (I), India Nipp. Elec., Motherson Sumi, Minda Inds. Minda Corp, Lumax Auto Tech., Pricol Ltd		
<b>Interior</b>	<b>3</b>	Bharat Seats, Harita Seating, 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.*

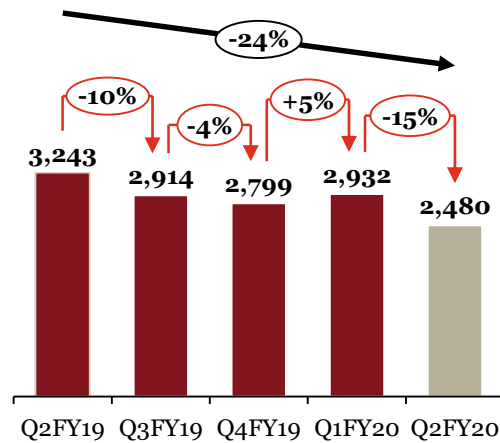
# *Financial Summary*

## Aggregate financial analysis (72 in-scope companies)

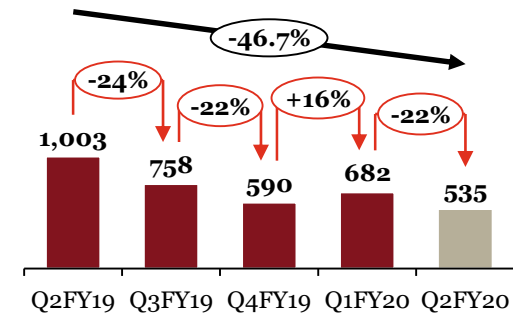
Net Sales (in INR cr.)



EBITDA (in INR cr.)



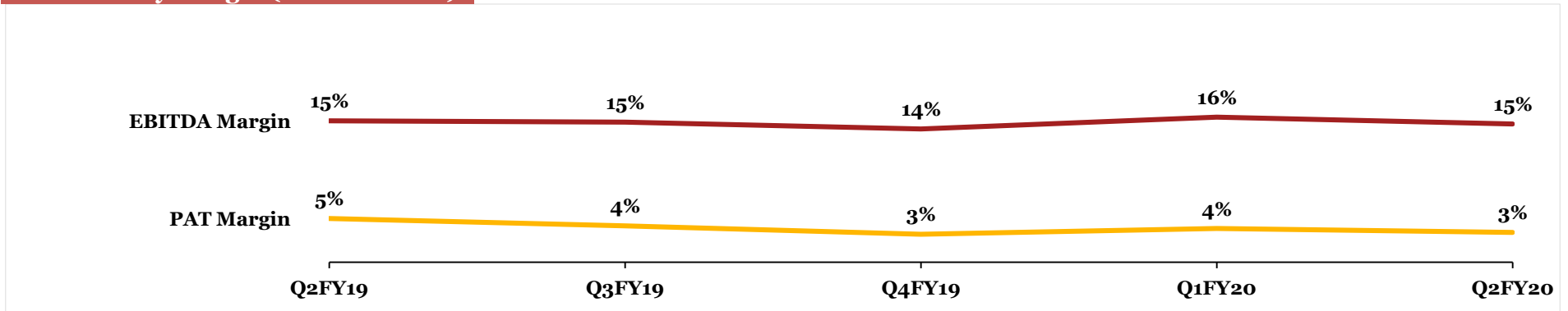
PAT (in INR cr.)



- Net Sales, EBITDA and PAT all saw Y-o-Y declines in Q2FY20.
- Every segment saw a decline in Net Sales, EBITDA and PAT compared to Q2FY19

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

### Profitability margin (% of net sales)



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

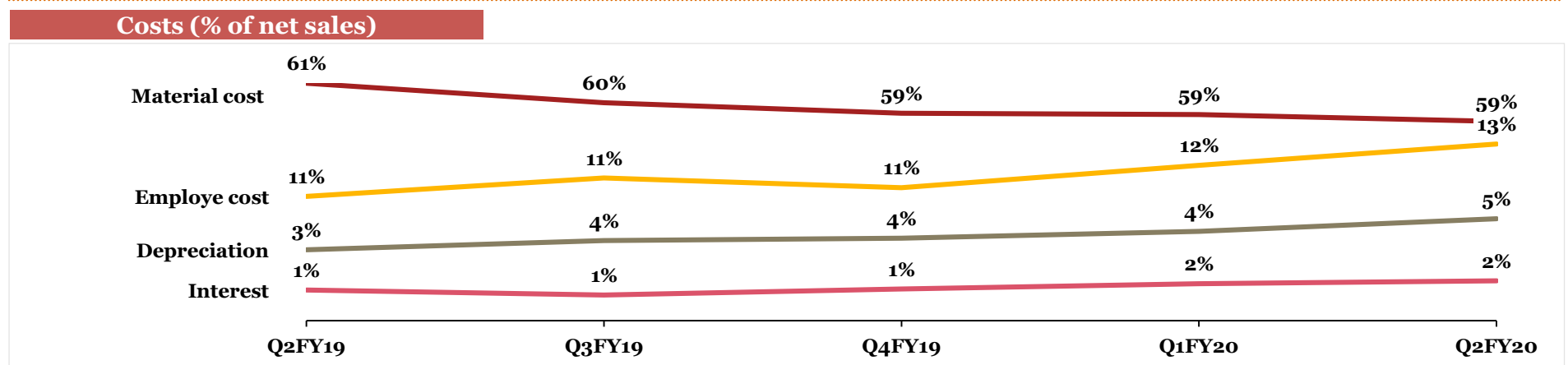
Range	Q2FY19 Number of companies	Q2FY20 Number of companies
Less than 0%	0	2
0-10%	11	15
10-20%	42	37
more than 20%	18	18

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

Range	Q2FY19 Number of companies	Q2FY20 Number of companies
less than 0%	8	23
0-5%	42	32
5-10%	19	16
more than 10%	3	1

- There was stability in %EBIDTA margin compared to Q2 FY 19, but a decline in overall %PAT margin.
- Companies with >10% EBITDA margin declined in Q2 FY 20 as did 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	Q2FY19 # companies	Q2FY20 # companies
20-50%	23	23
50-70%	37	38
more than 70%	12	11

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

Range	Q2FY19 # companies	Q2FY20 # companies
0-10%	29	15
10-20%	41	50
more than 20%	2	7

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

Range	Q2FY19 # companies	Q2FY20 # companies
0-2%	45	41
2-5%	24	19
more than 5%	2	11

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

Range	Q2FY19 # companies	Q2FY20 # companies
0-2%	16	6
2-5%	45	37
more than 5%	10	28

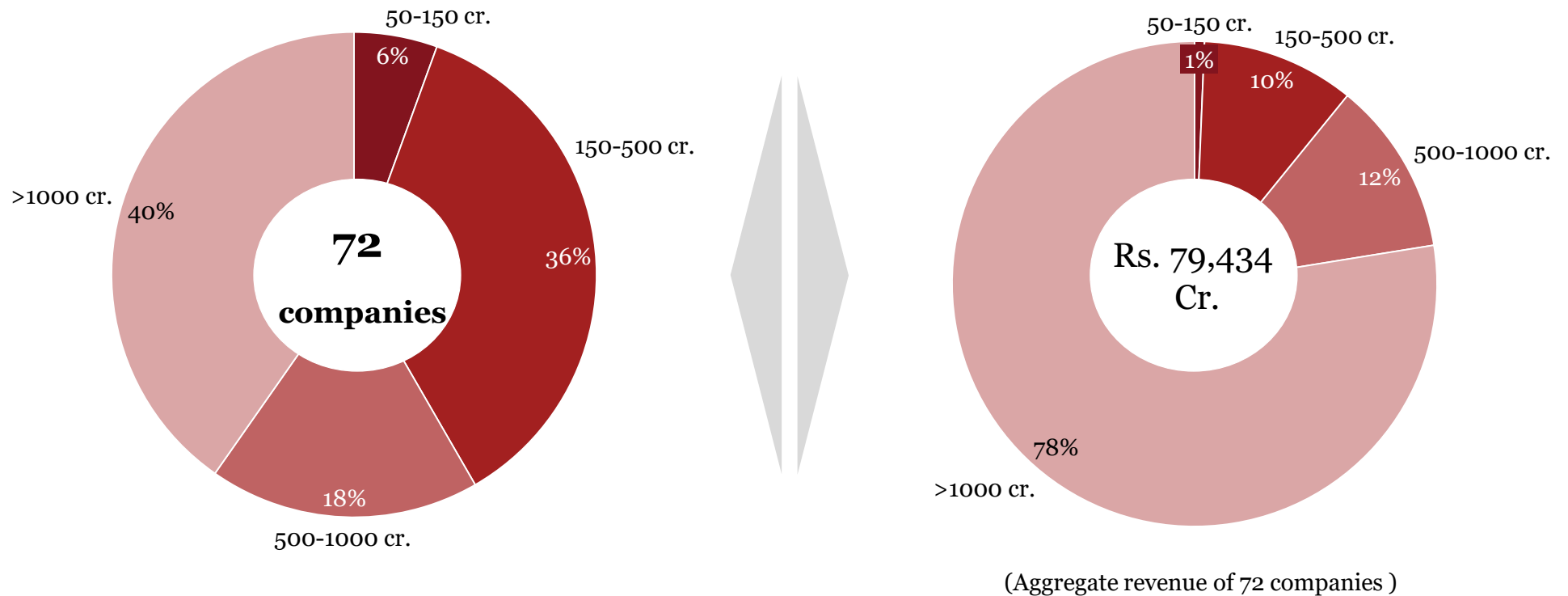
- The % material cost declined Y-o-Y compared to Q2FY19
- There was a rise in % employee cost, % depreciation and % interest compared to Q2FY19



# *Size based analysis*

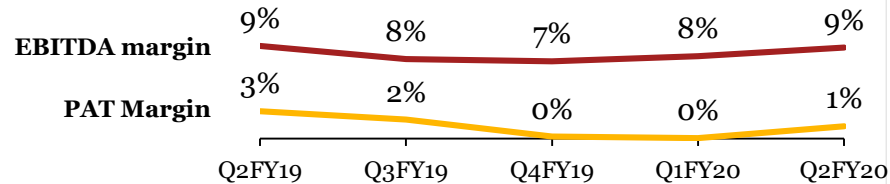
## Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	<b>4</b>	<b>26</b>	<b>13</b>	<b>29</b>

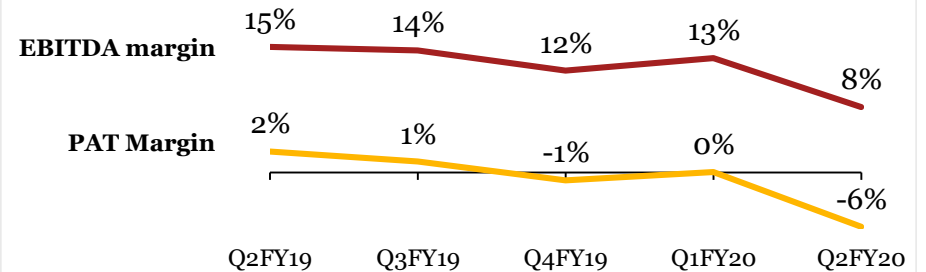


## Trends in profitability (as % of Net sales)

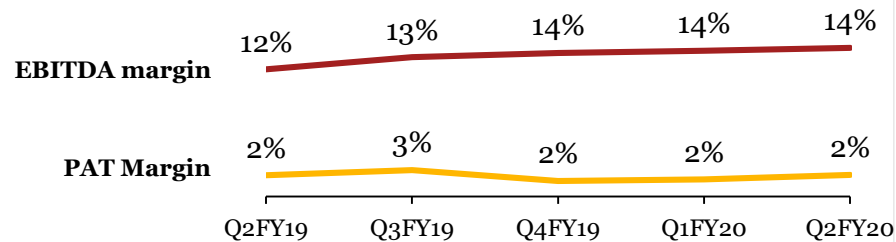
Companies with revenue 50-150 cr.



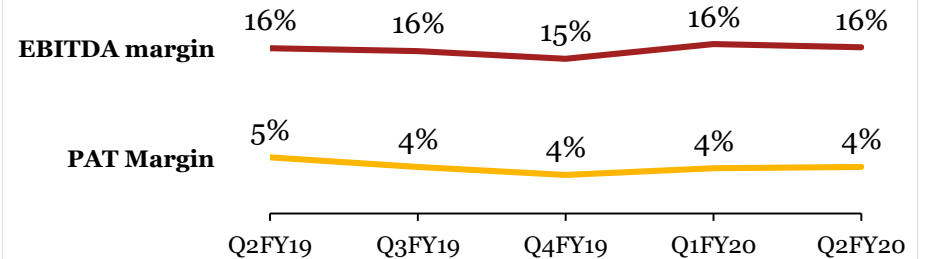
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

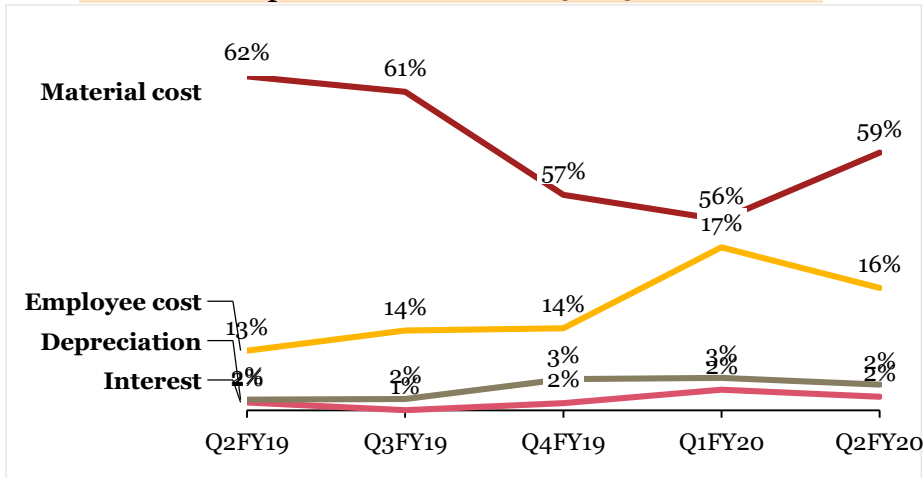


Companies with revenue >1000 cr.

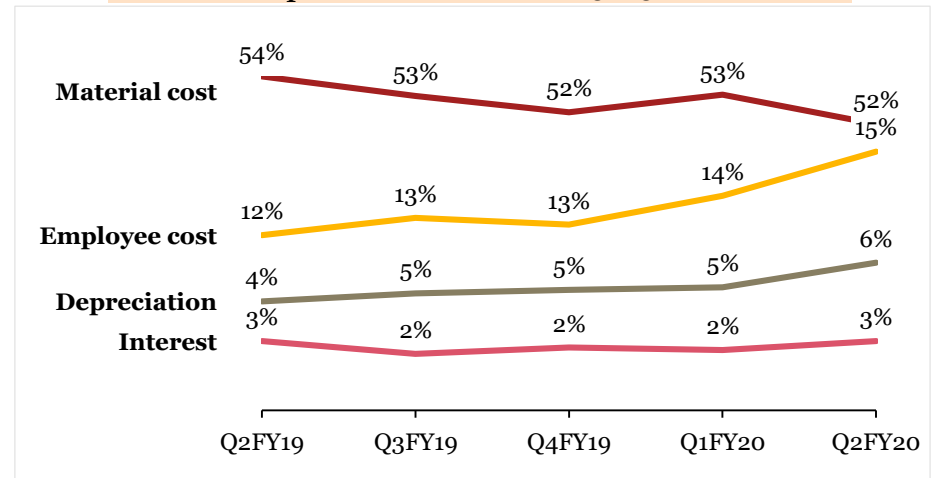


## Trends in costs (as % of Net sales)

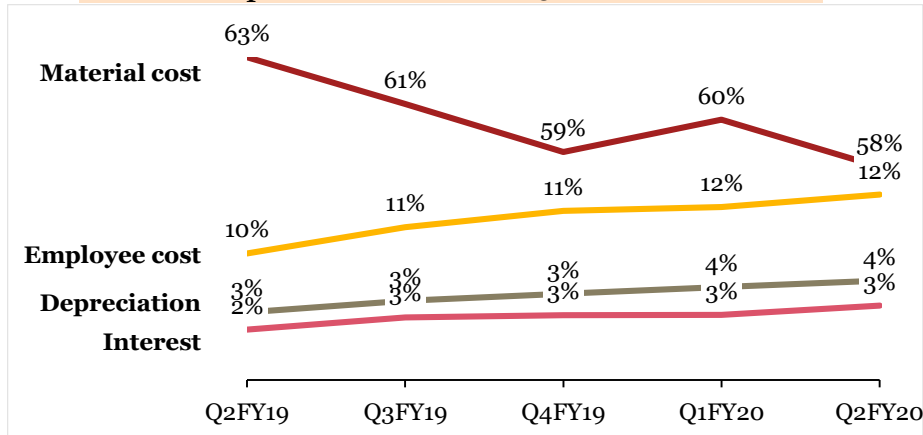
Companies with revenue 50-150 cr.



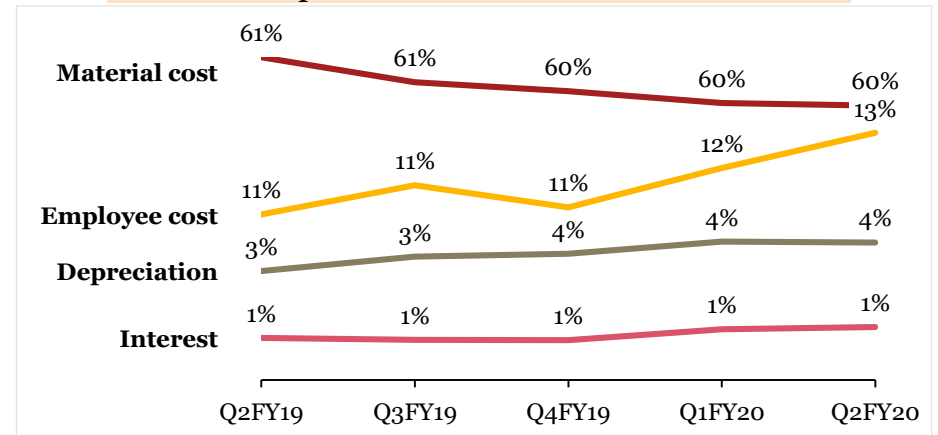
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

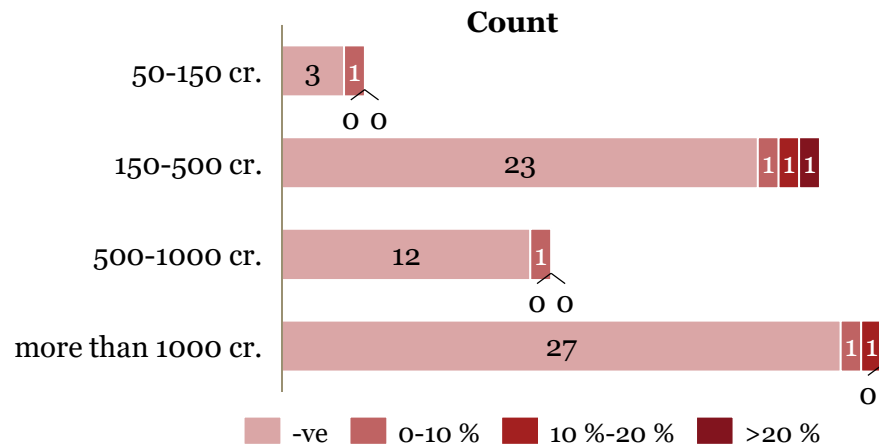


Companies with revenue >1000 cr.

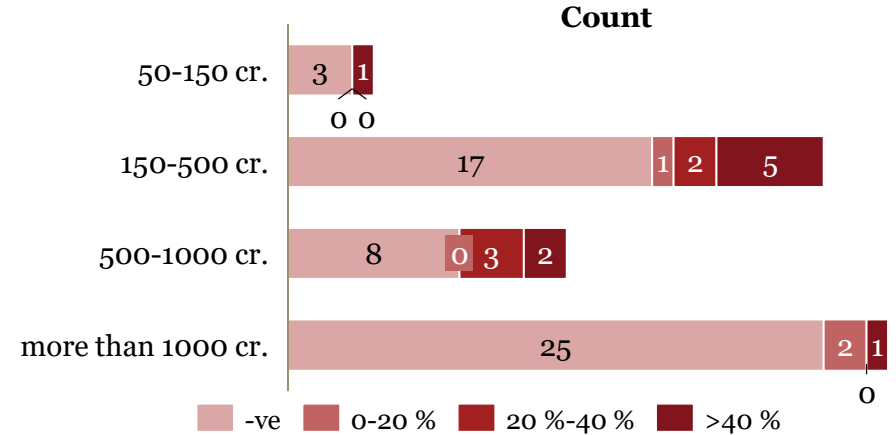


## Count of companies per growth % range : by revenue segment Q2FY20 vs. Q2FY19

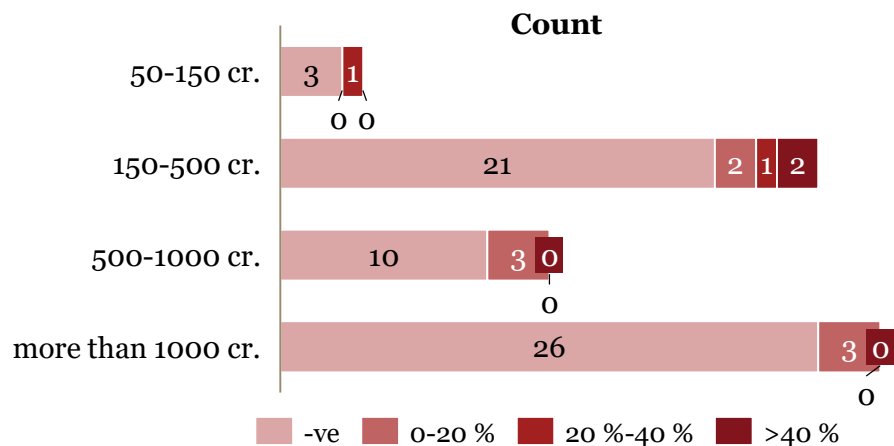
**Count of companies by Y-o-Y Net Sales growth %**



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

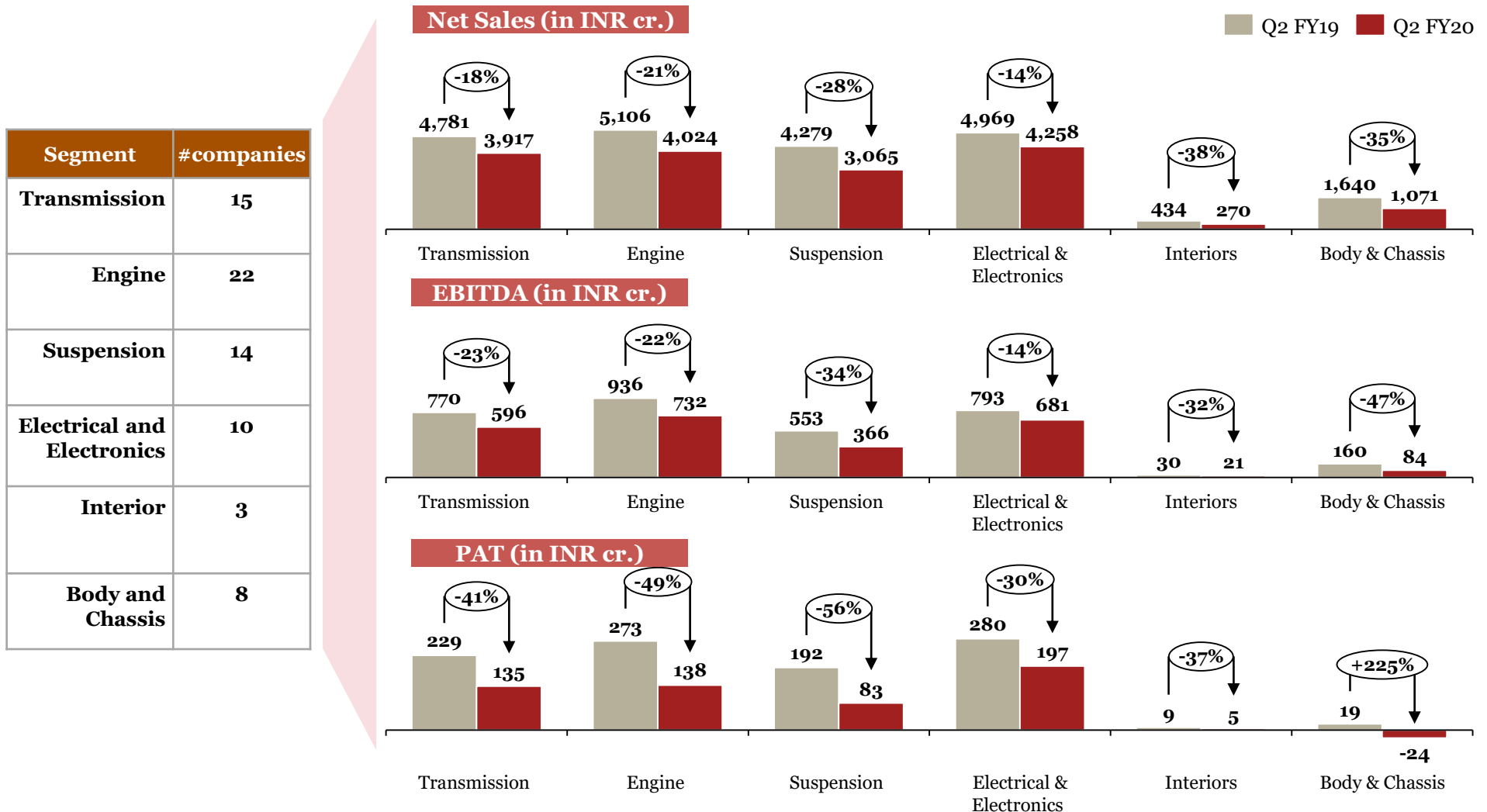


**Count of companies by Y-o-Y EBITDA growth %**



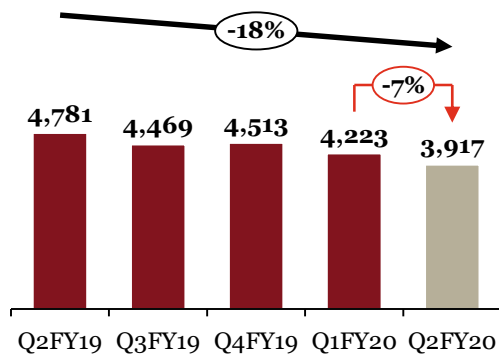
# *Segment analysis*

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

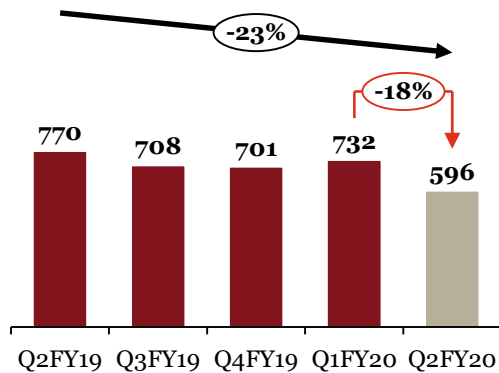


## Transmission segment (15 companies)

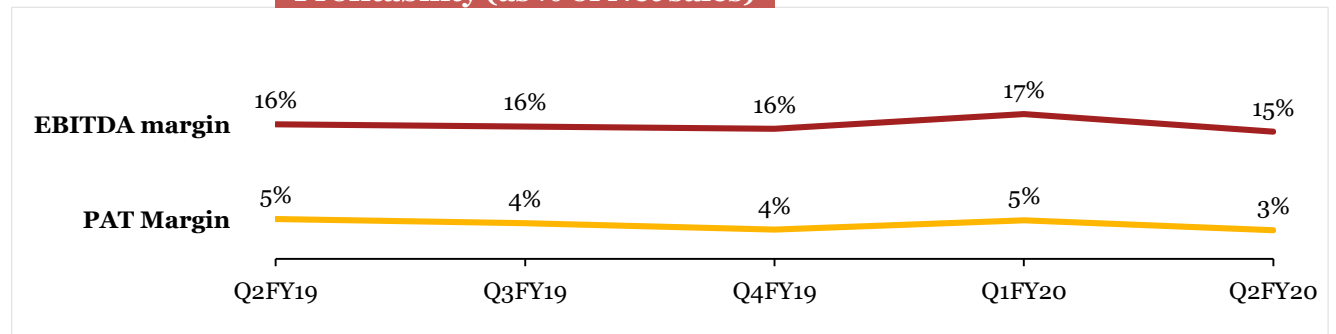
**Net Sales (in INR cr.)**



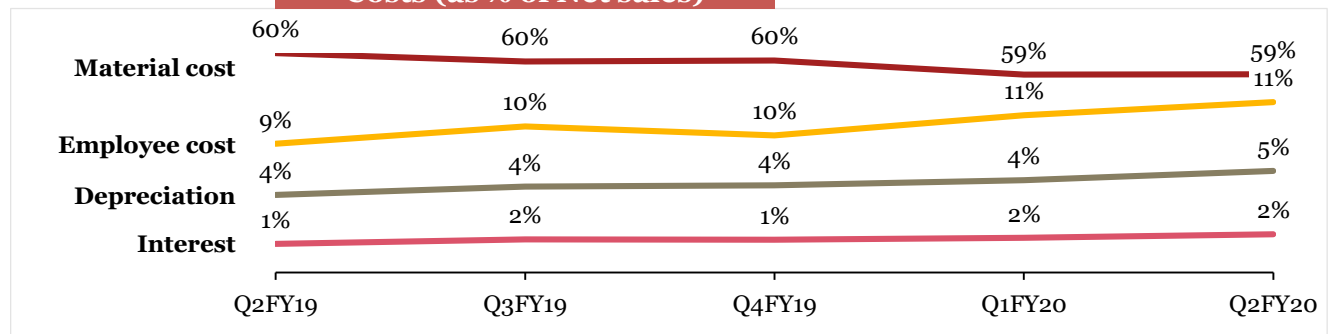
**EBITDA (in INR cr.)**



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



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



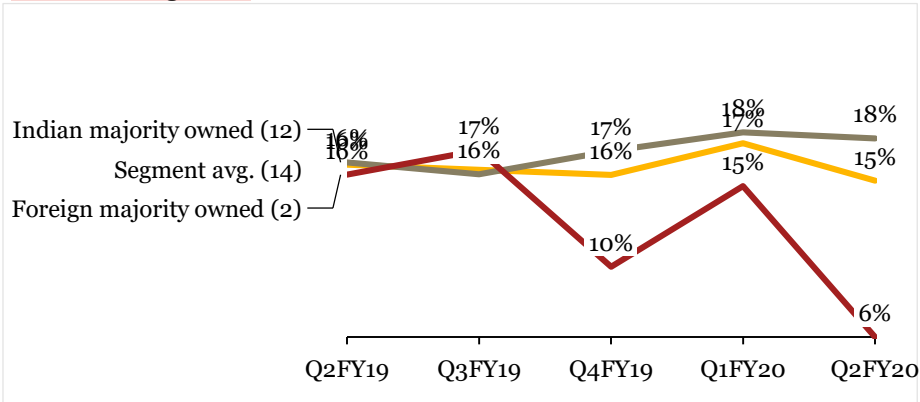
- Net sales and EBITDA increased for 26.6% of companies compared to Q2FY19
- Q2FY20 saw a Y-o-Y increase in % employee costs, % depreciation and % interest, and a drop in % material cost
- Profitability was hurt by a decline in both EBITDA and PAT Margin.



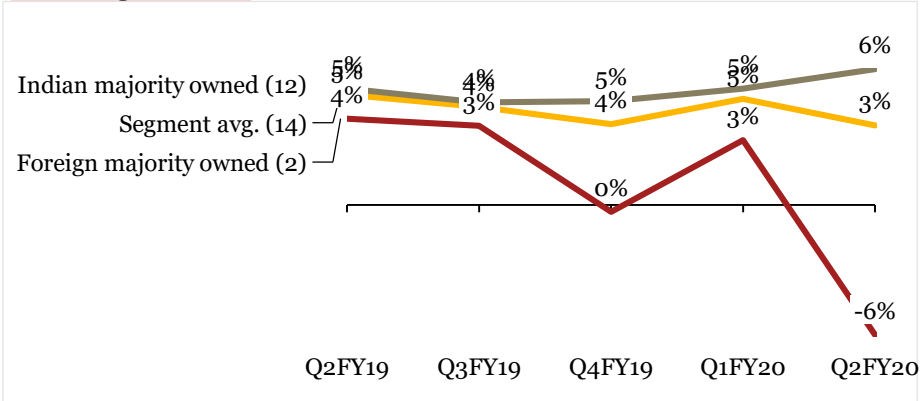
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

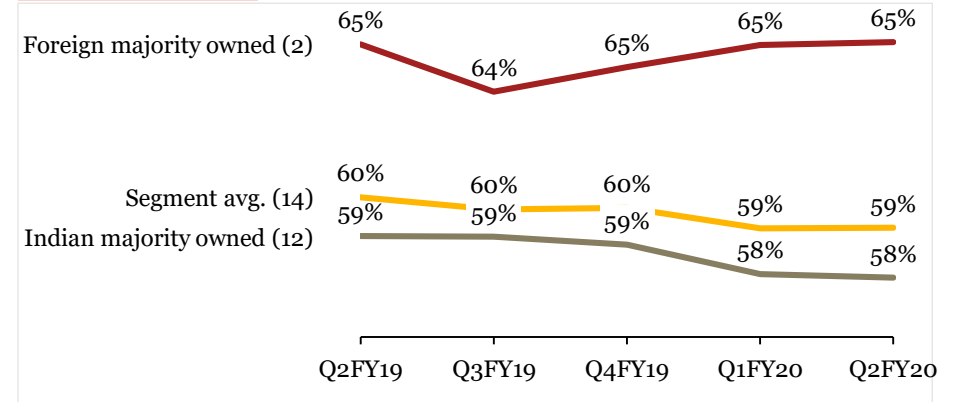


#### PAT Margin

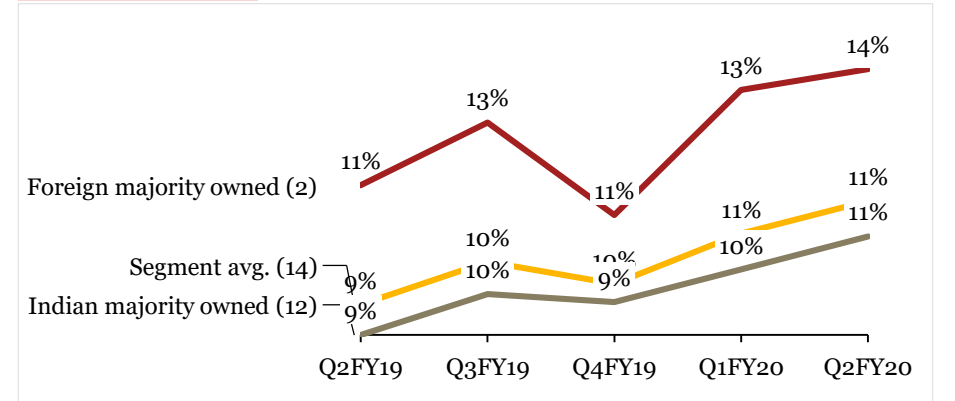


### Costs (as % of Net sales)

#### Material cost

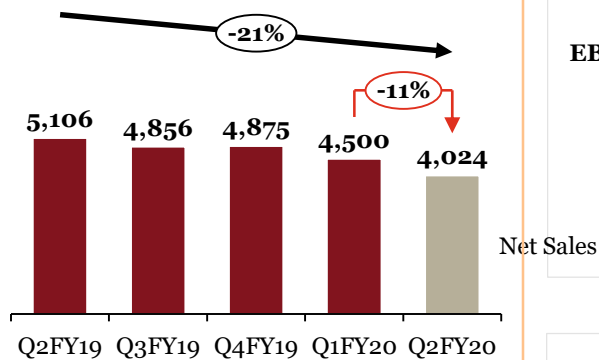


#### Employee cost

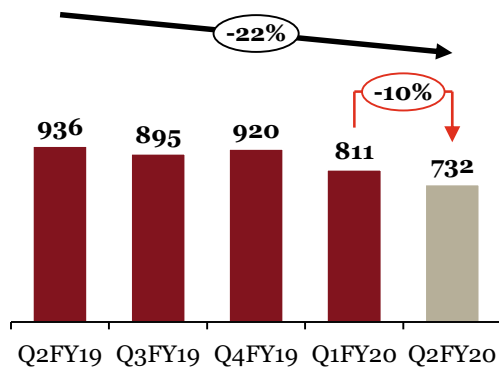


## Engine segment (22 companies)

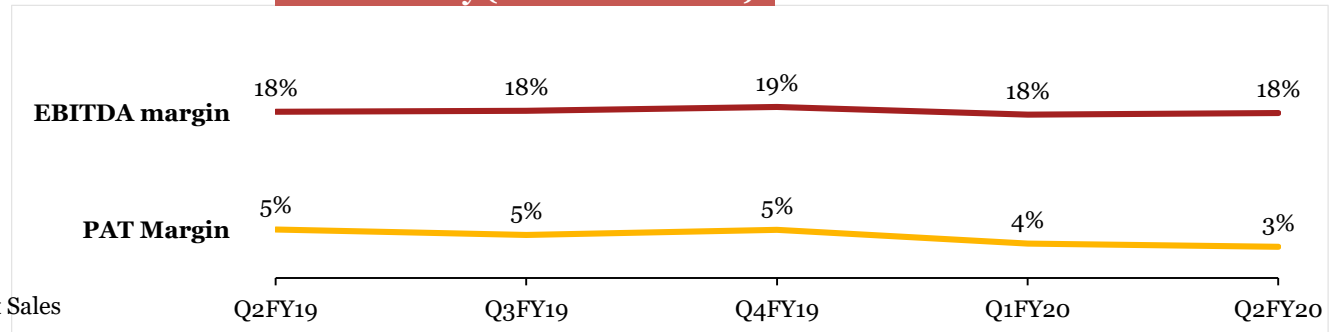
Net Sales (in INR cr.)



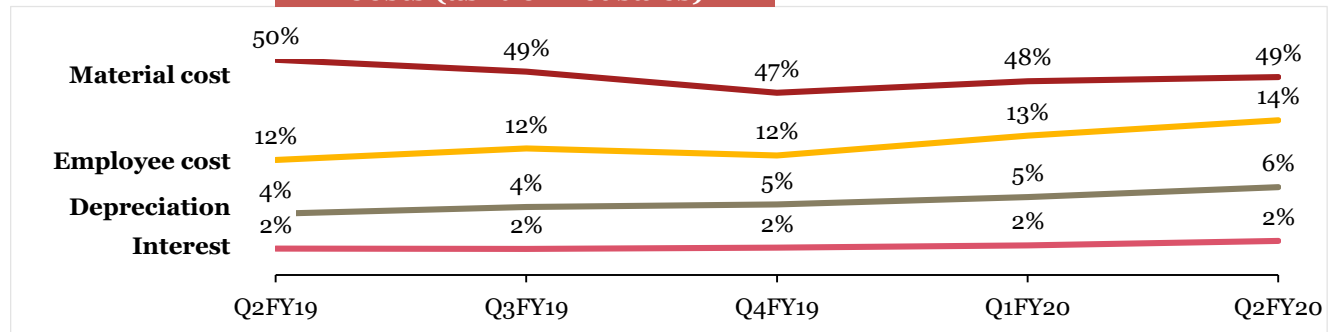
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

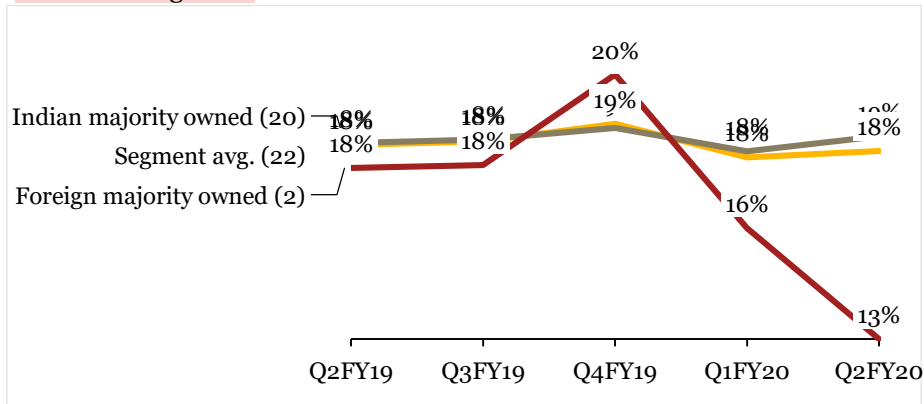


- ~18% of Engine companies quoted increase in EBITDA and ~9% of companies quoted increase in EBITDA.
- EBITDA margin remained constant in Q2FY19 vs. Q2FY20 while PAT margin decreased marginally

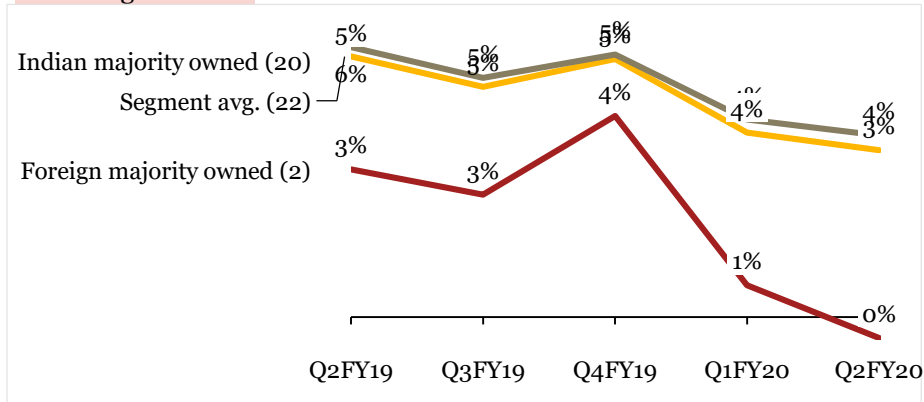
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

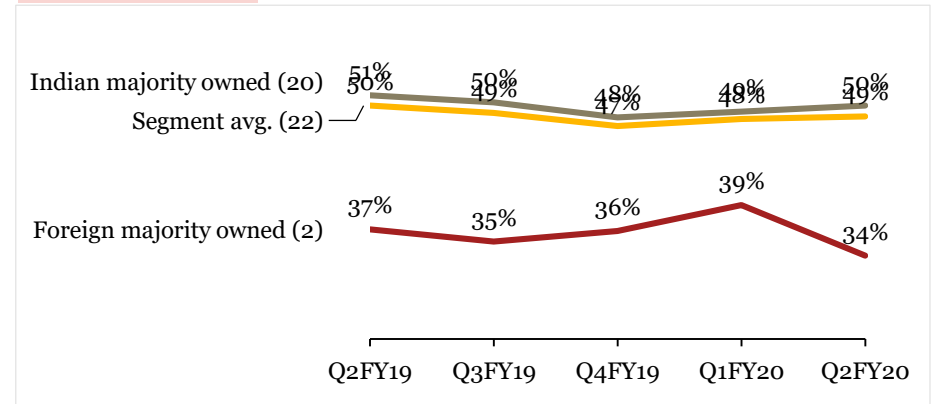


#### PAT Margin

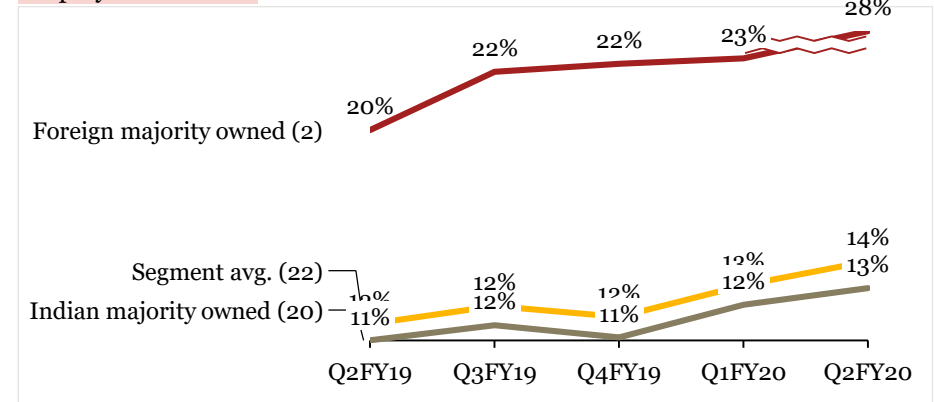


### Costs (as % of Net sales)

#### Material cost

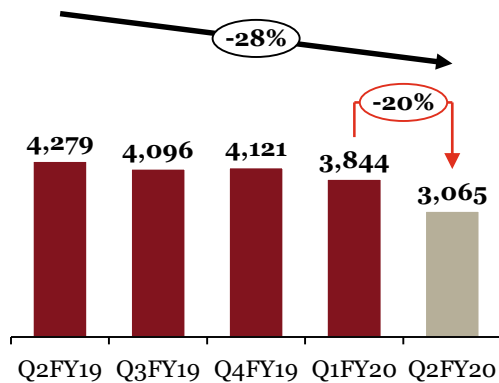


#### Employee cost

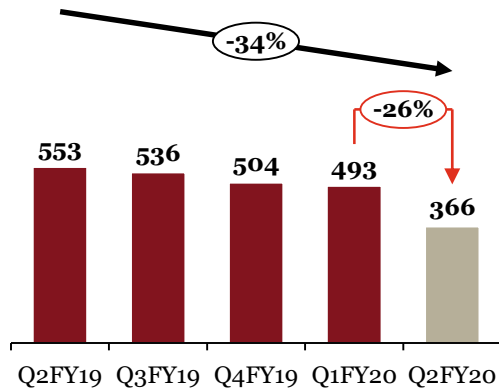


## Suspension segment (14 companies)

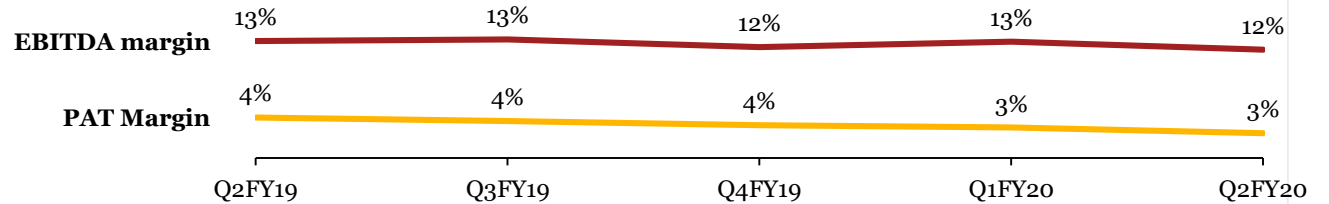
**Net Sales (in INR cr.)**



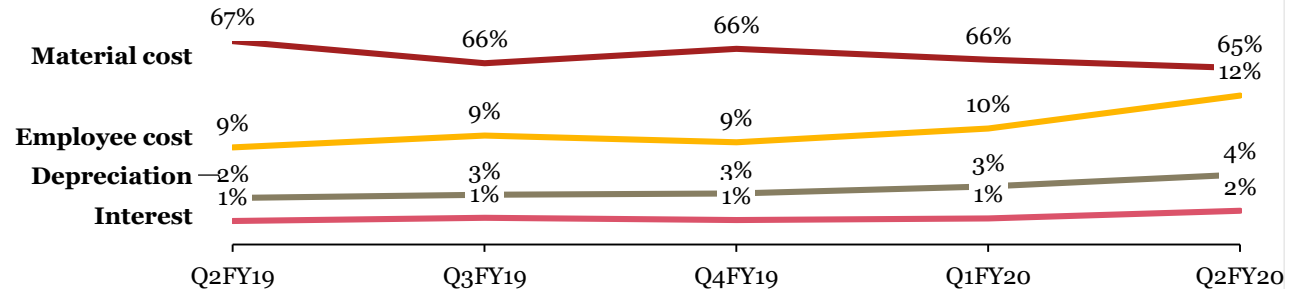
**EBITDA (in INR cr.)**



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



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

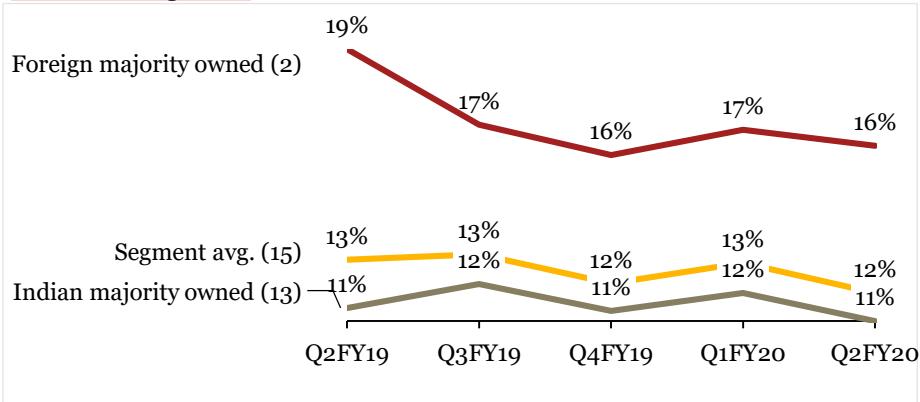


- ~7% in-scope suspension companies reported increase in Net sales compared to Q2FY19
- Other than % material cost all other %costs ratios have remained constant or increased between Q2FY 19 and Q2FY 20

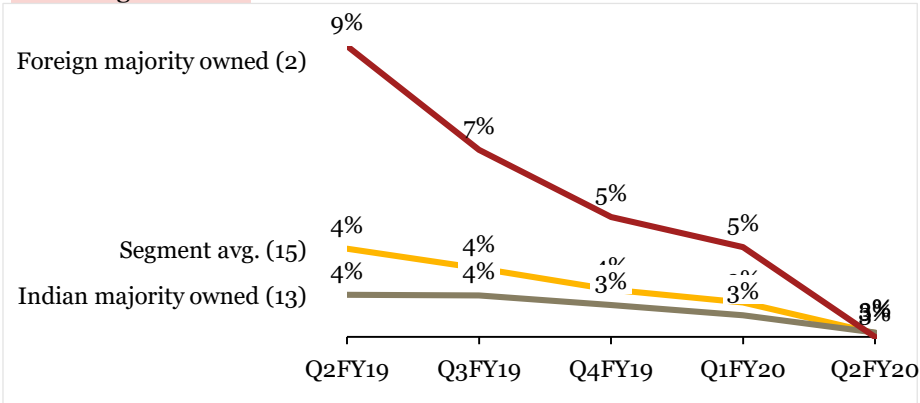
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

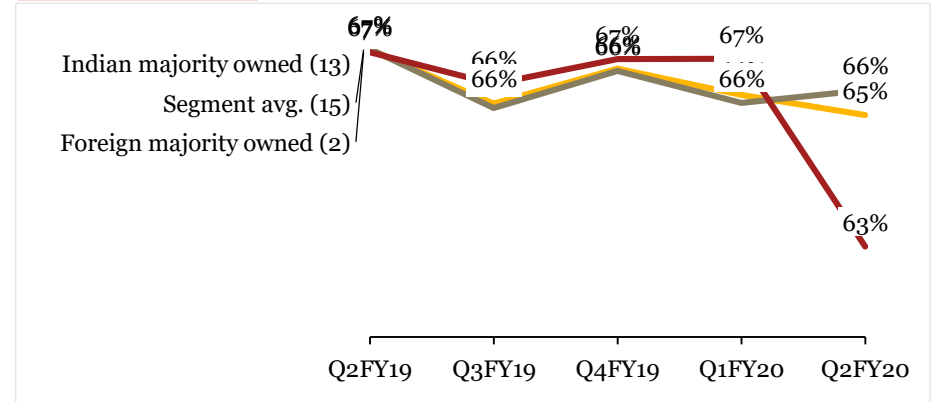


#### PAT Margin

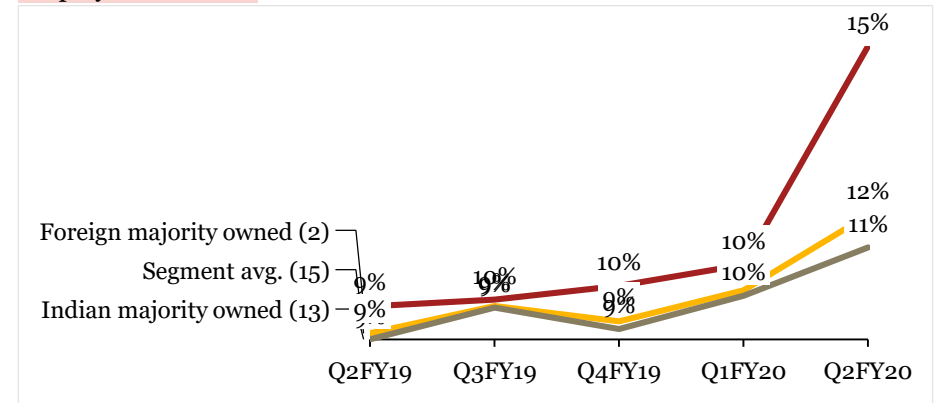


### Costs (as % of Net sales)

#### Material cost

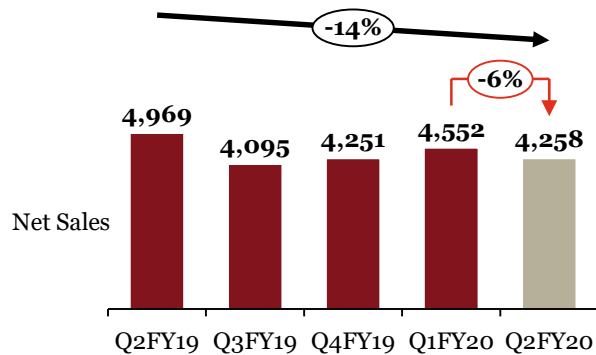


#### Employee cost

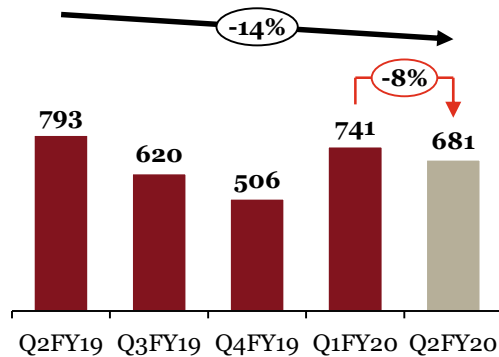


## Electrical and Electronics segment (10 companies)

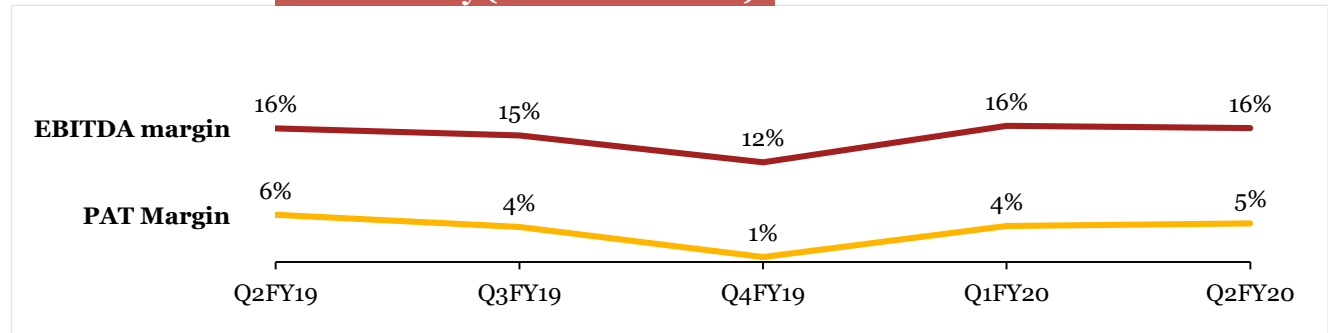
**Net Sales (in INR cr.)**



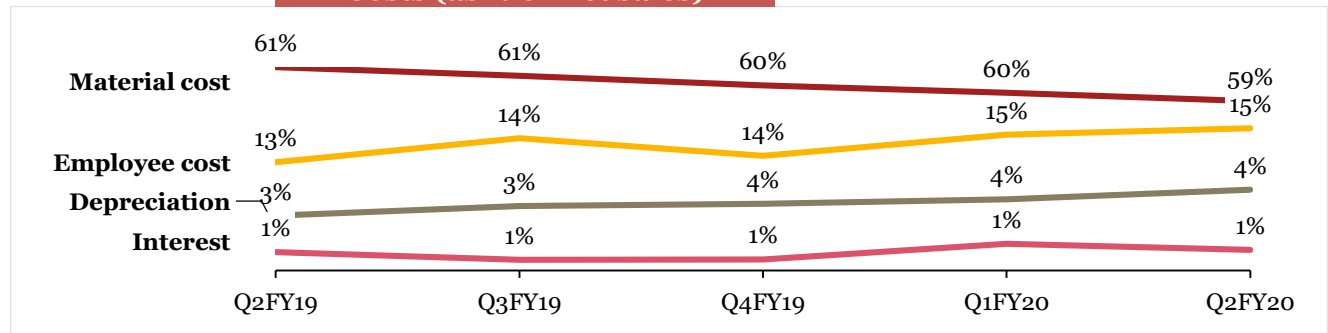
**EBITDA (in INR cr.)**



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



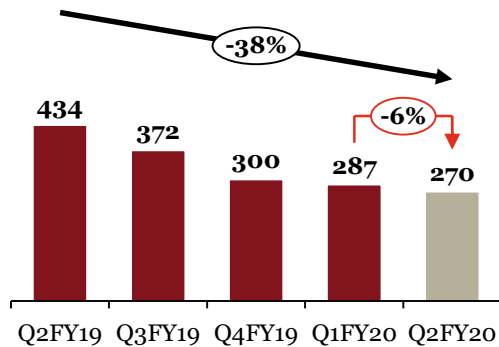
**Costs (as % of Net sales)**



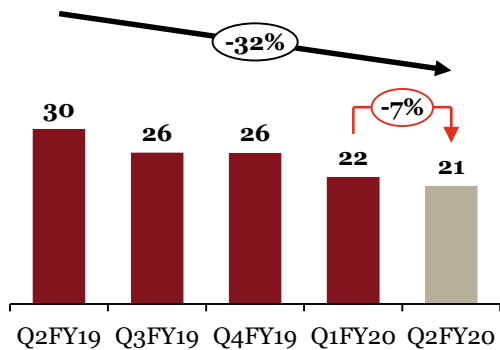
- This segment registered decrease in both Net sales and EBITDA compared to Q2FY19
- This segment is expected to register strong growth in the foreseeable future owing to the increasing overall importance of electronics and electrical components in the vehicle systems

## Interior segment (3 companies)

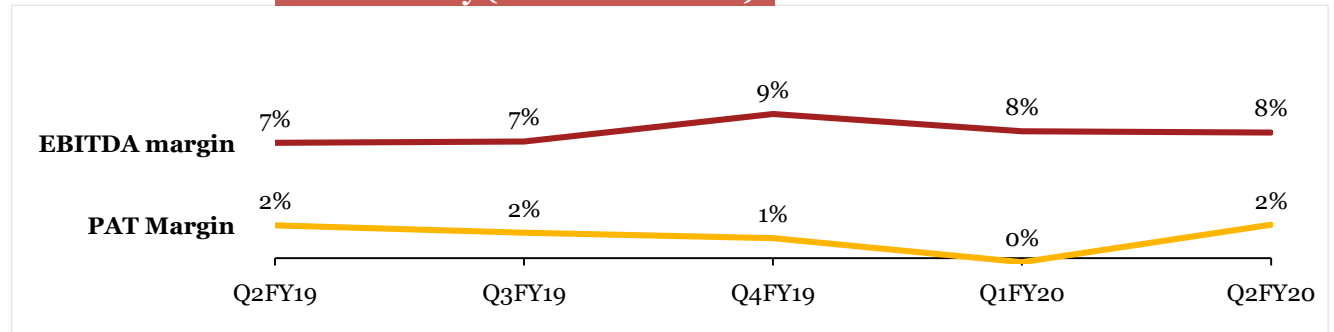
Net Sales (in INR cr.)



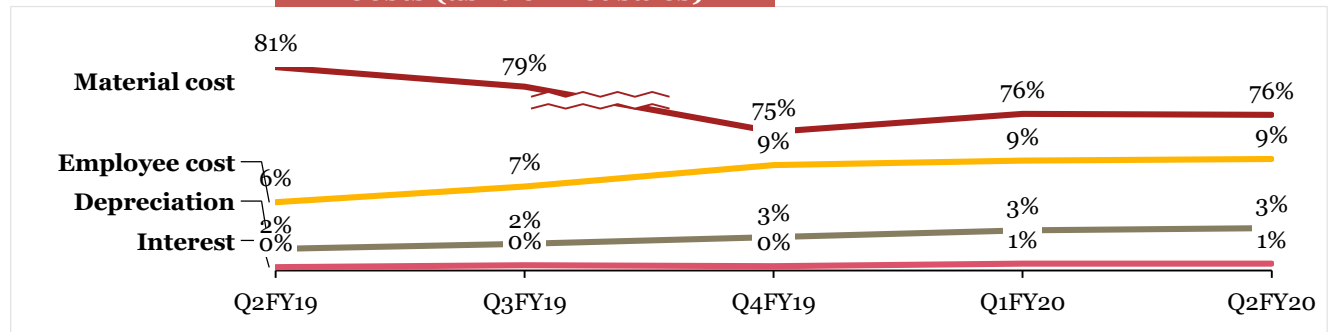
EBITDA (in INR cr.)



Profitability (as % of Net sales)



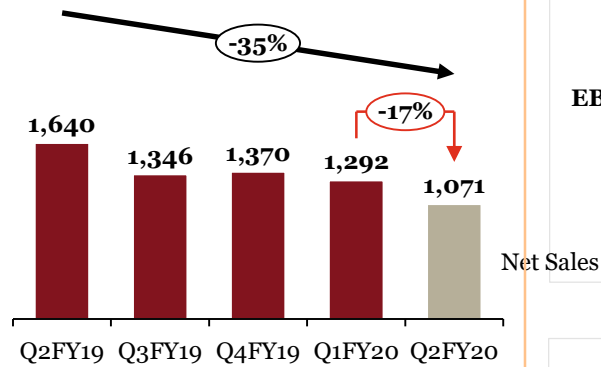
Costs (as % of Net sales)



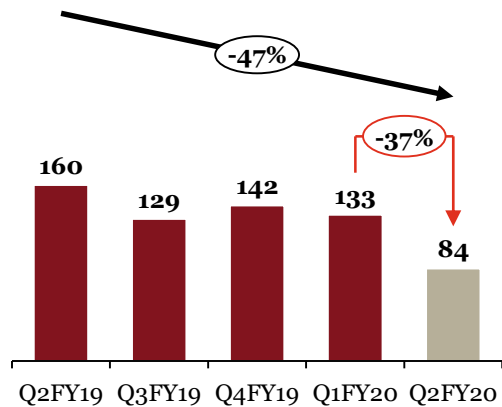
- This segment saw a large fall in both Net Sales and EBITDA compared to Q2FY19
- The interest cost has been consistently low for all the 3 in-scope companies

## Body and chassis segment (8 companies)

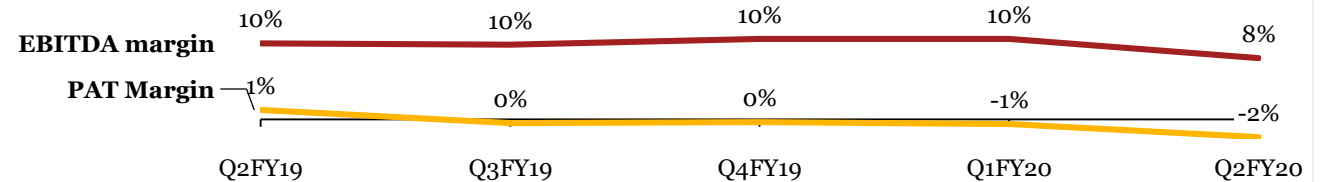
Net Sales (in INR cr.)



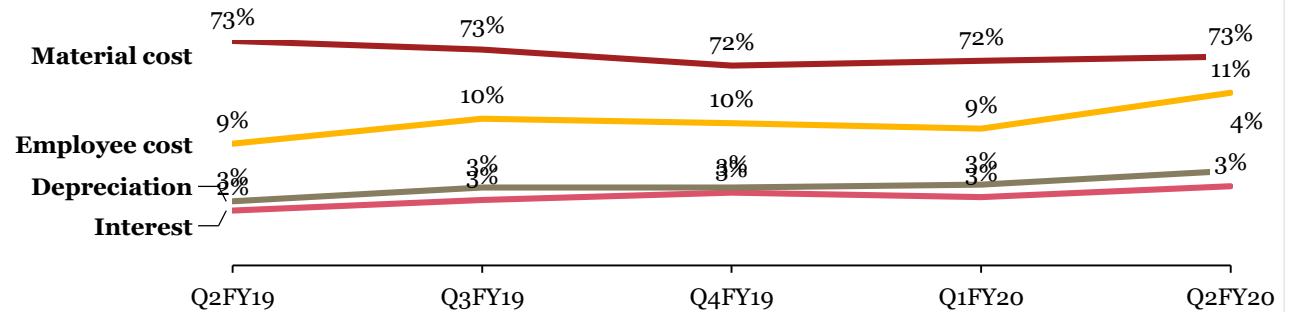
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- Net Sales and EBITDA decreased majorly for almost all nine companies in Q2FY20 as compared with Q2FY19
- The segment saw a decline in both EBITDA and PAT margins.



## 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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