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ACMA- Financial Analysis

Q2 FY-21

*Strictly private
and confidential*

February 2021



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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 70 Auto component companies

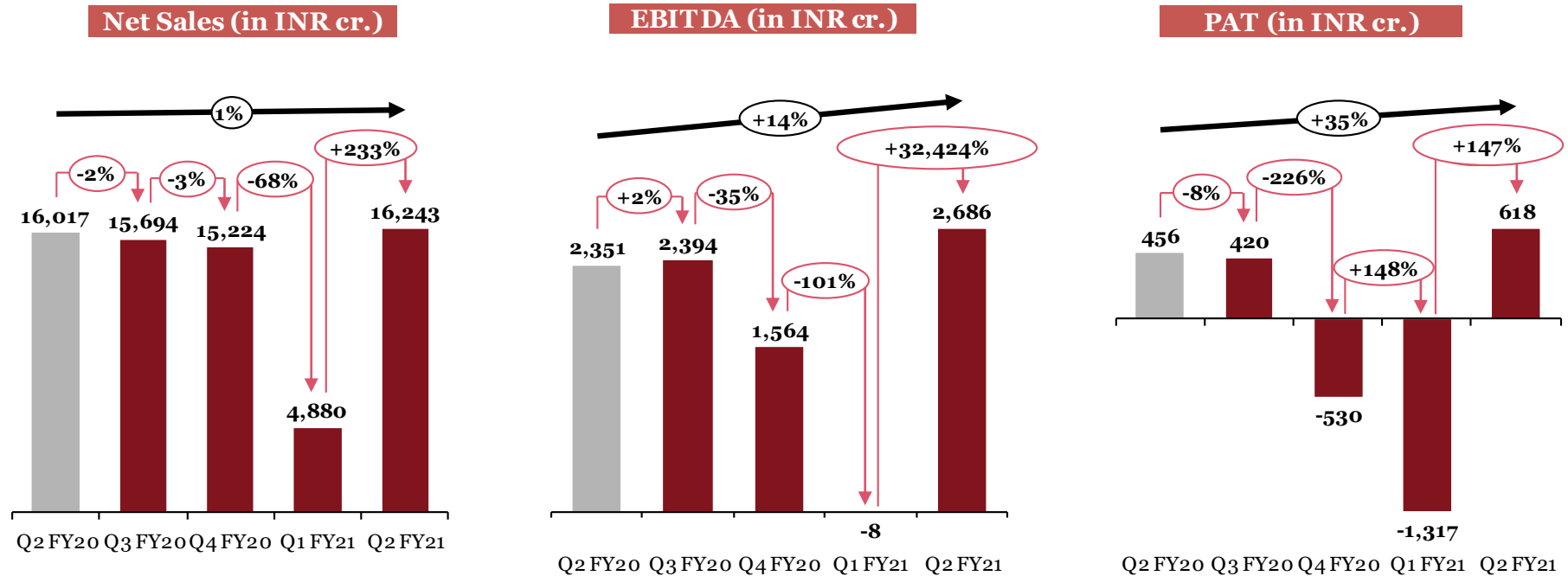
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	7	27	9	27

Segment based classification		
Segment	#companies	List of companies
Transmission	13	Automotive Axles, Bharat Gears, Endurance Tech., JMT Auto, JTEKT India, LG Balakrishnan, RACL Geartech, Rane (Madras), Setco Automotive, Shivam Autotech, Suprajit Engg., The Hi-Tech Gear, ZF 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	14	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., WABCO India, Wheels India
Electrical and Electronics	10	Bhagwati Auto, Fiem Inds., India Nipp.Elec., Lumax Auto Tech., Lumax Inds., Minda Corp, Minda Inds., Motherson Sumi, Pricol Ltd, Subros
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

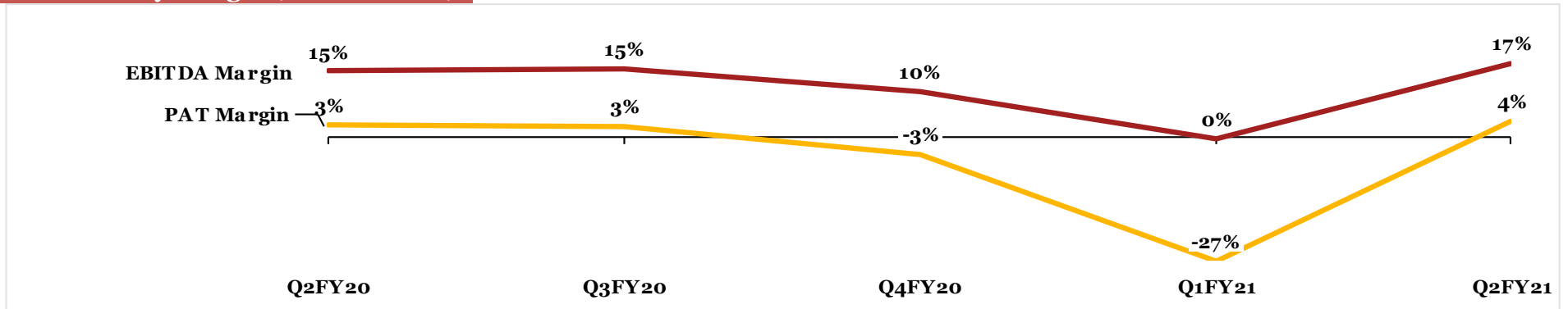
Aggregate financial analysis (70 in-scope companies)



- This quarter includes the months of July, August and September in which the economy began to reopen following the lockdown.
- Consumer sentiment in India showed the first signs of recovery with a rise in Net Sales, EDBTDA and PAT due to pent-up demand due to lockdown
- In the build up to the festive season, the automakers scaled up production considerably in the hopes of recovering sales and pent-up demand.

Trends in profitability (as % of Net sales)

Profitability margin (% of net sales)



EBITDA margin distribution of in-scope companies

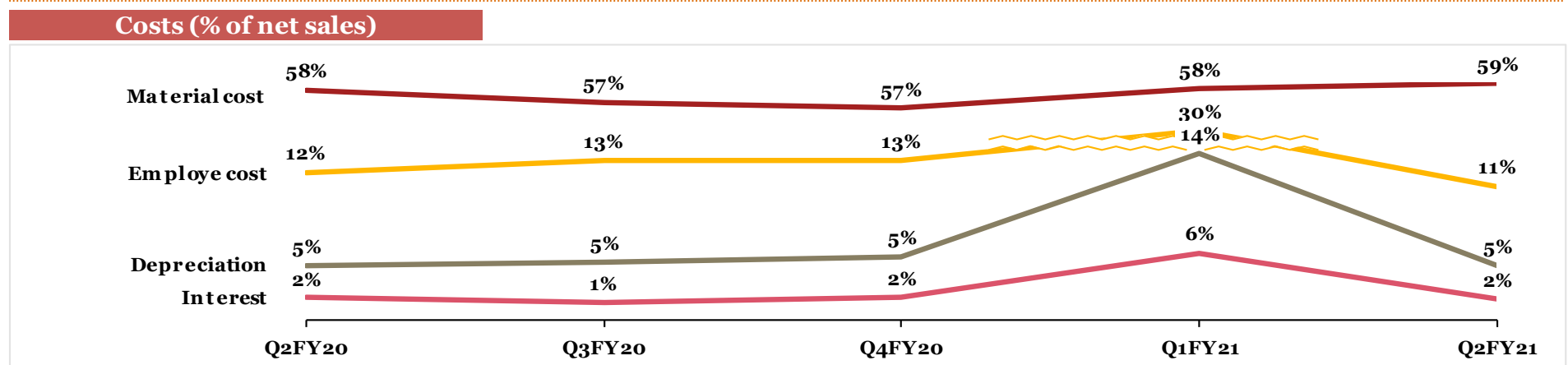
Range	Q2 FY 20 Number of companies	Q2 FY 21 Number of companies
Less than 0%	2	1
0-10%	16	8
10-20%	34	32
more than 20%	18	29

PAT margin distribution of in-scope companies

Range	Q2 FY 20 Number of companies	Q2 FY 21 Number of companies
less than 0%	17	22
0-5%	30	30
5-10%	17	17
more than 10%	6	1

- With the reopening of the retail and production of vehicles, EBITDA and PAT returned to positivity.
- The no. of companies with an EBITDA margin of >20% increased from 18 to 29, while companies with >10% PAT margins went down from 6 to 1.

Trends in costs (as % of Net sales)



Material cost/net sales distribution of in-scope companies

Range	Q2 FY 20 #companies	Q2 FY 21 #companies
20-50%	24	29
50-70%	37	31
more than 70%	9	10

Employee cost/net sales distribution of in-scope companies

Range	Q2 FY 20 #companies	Q2 FY 21 #companies
0-10%	1	17
10-20%	13	47
more than 20%	56	6

Interest/net sales distribution of in-scope companies

Range	Q2 FY 20 #companies	Q2 FY 21 #companies
0-2%	40	25
2-5%	19	14
more than 5%	11	31

Depreciation/net sales distribution of in-scope companies

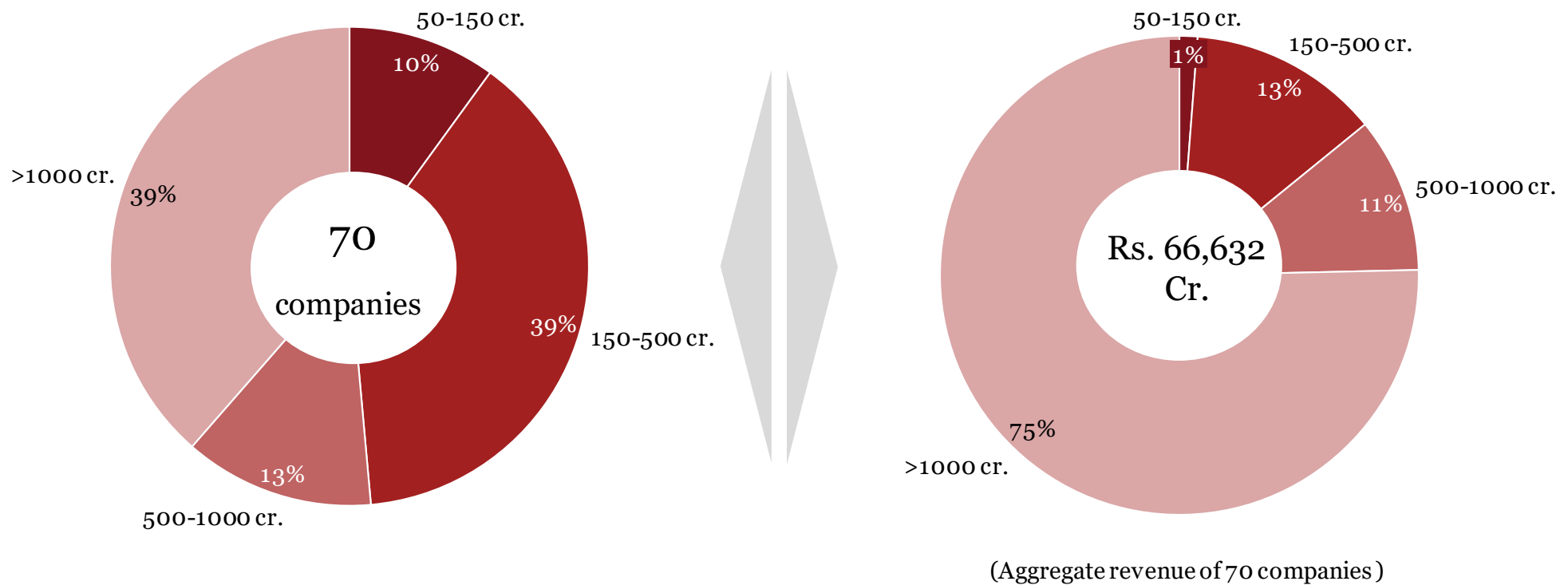
Range	Q2 FY 20 #companies	Q2 FY 21 #companies
0-2%	0	5
2-5%	5	33
more than 5%	65	32

- The level of distress is lower than initially forecast, a strong festive season providing hopes for clawing back Q1 losses
- While material costs continued to remain constant due to lockdown restrictions, other costs returned to normalcy as Net sales increased across the board.

Size based analysis

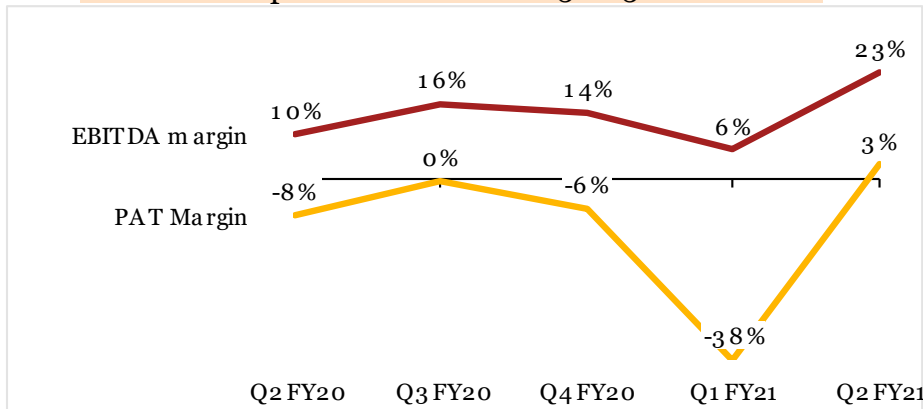
Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	7	27	9	27

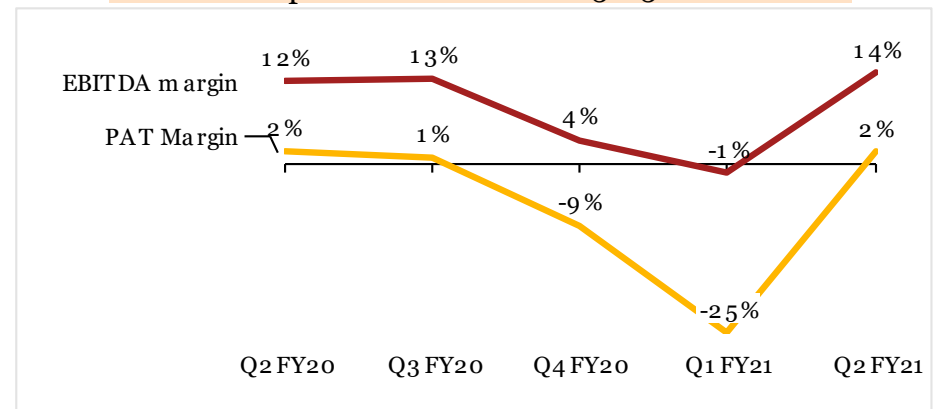


Trends in profitability (as % of Net sales)

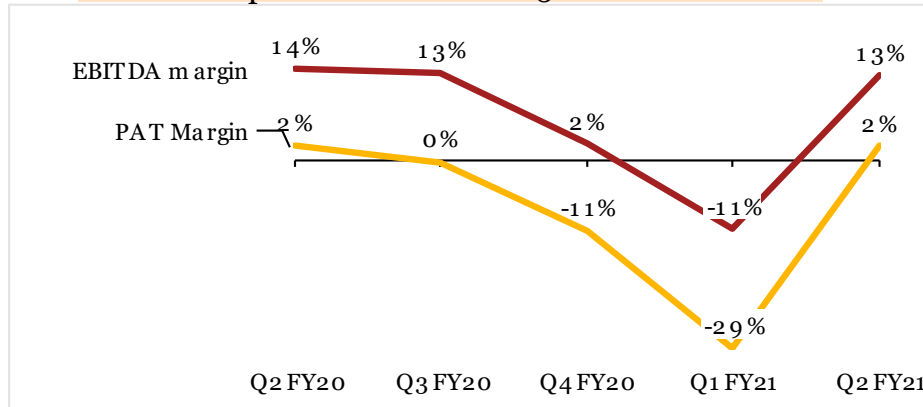
Companies with revenue 50-150 cr.



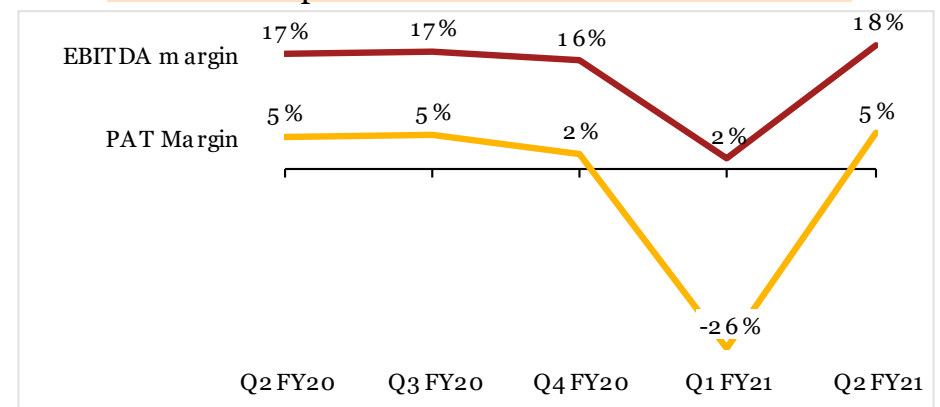
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

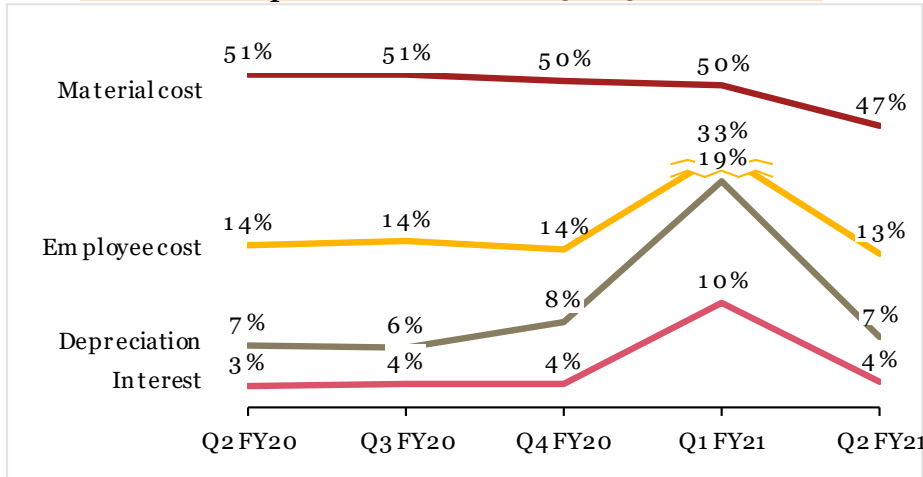


Companies with revenue >1000 cr.

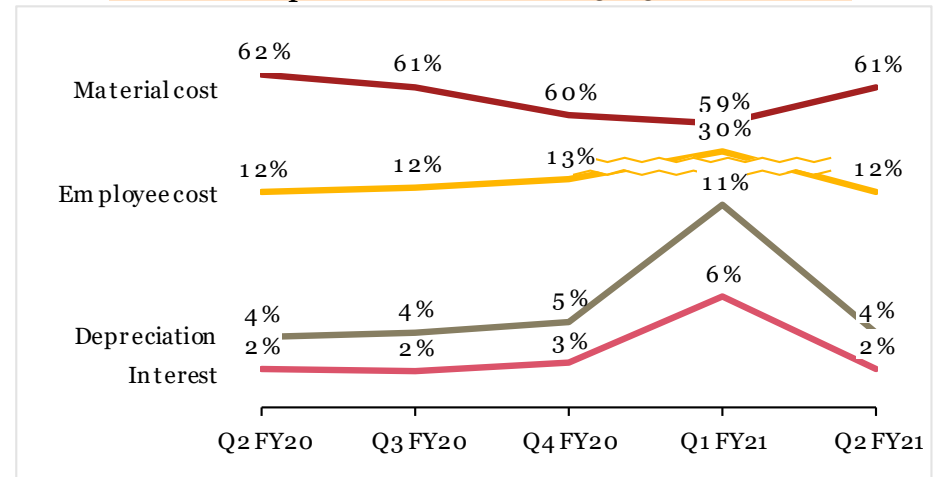


Trends in costs (as % of Net sales)

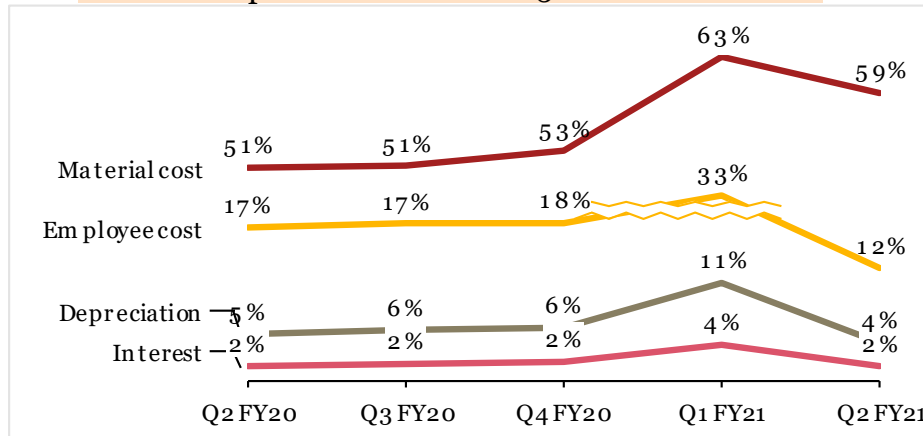
Companies with revenue 50-150 cr.



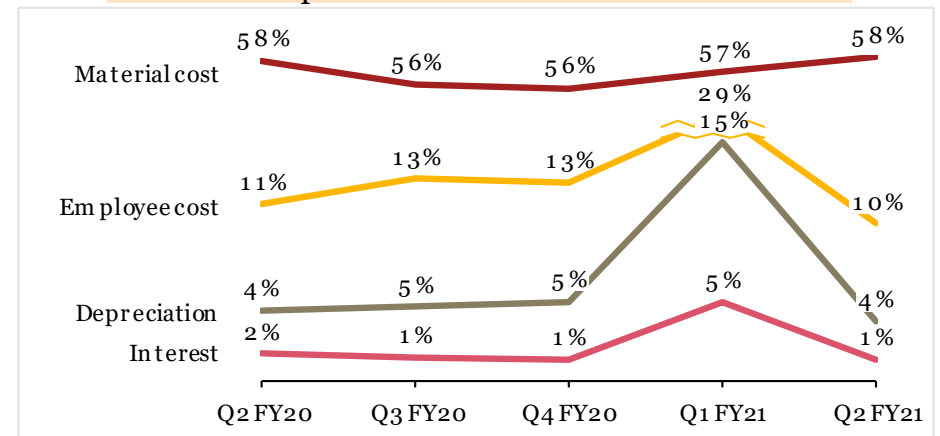
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

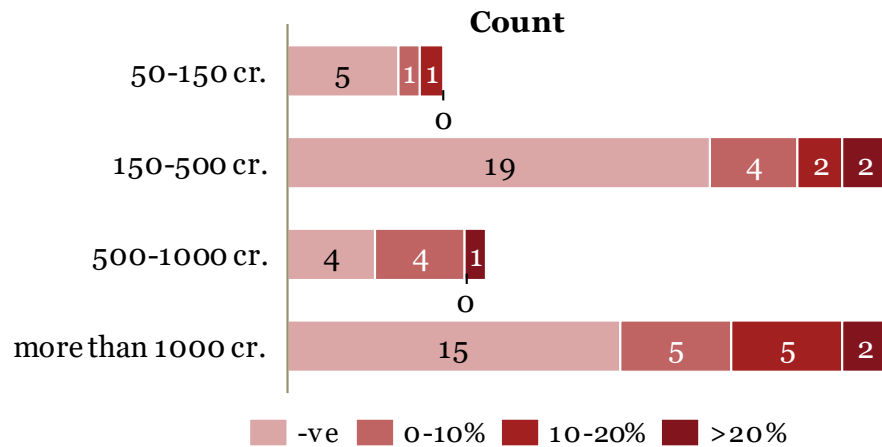


Companies with revenue >1000 cr.

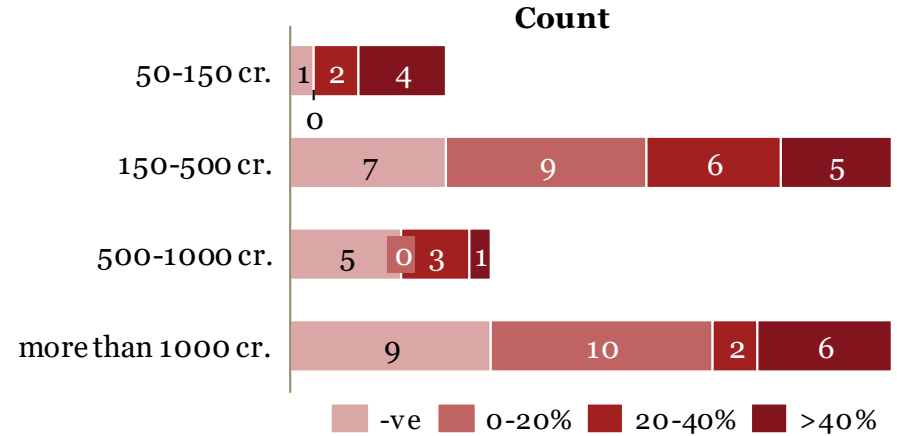


Count of companies per growth % range : by revenue segment Q1 FY21 vs. Q1 FY20

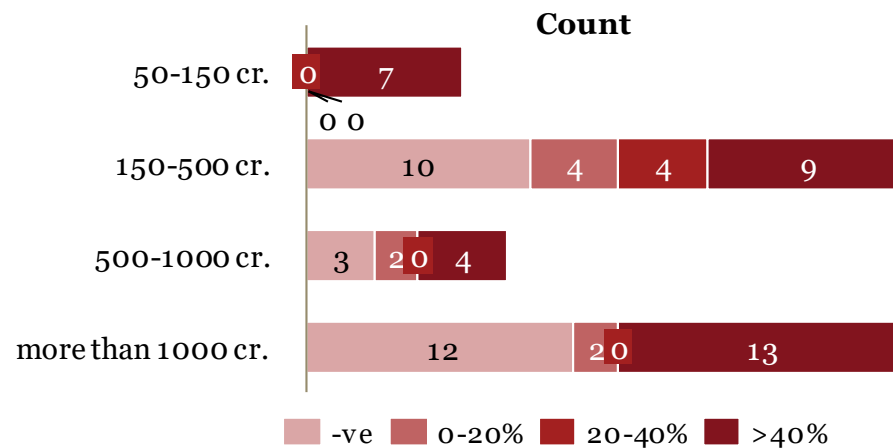
Count of companies by Y-o-Y Net Sales growth %



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



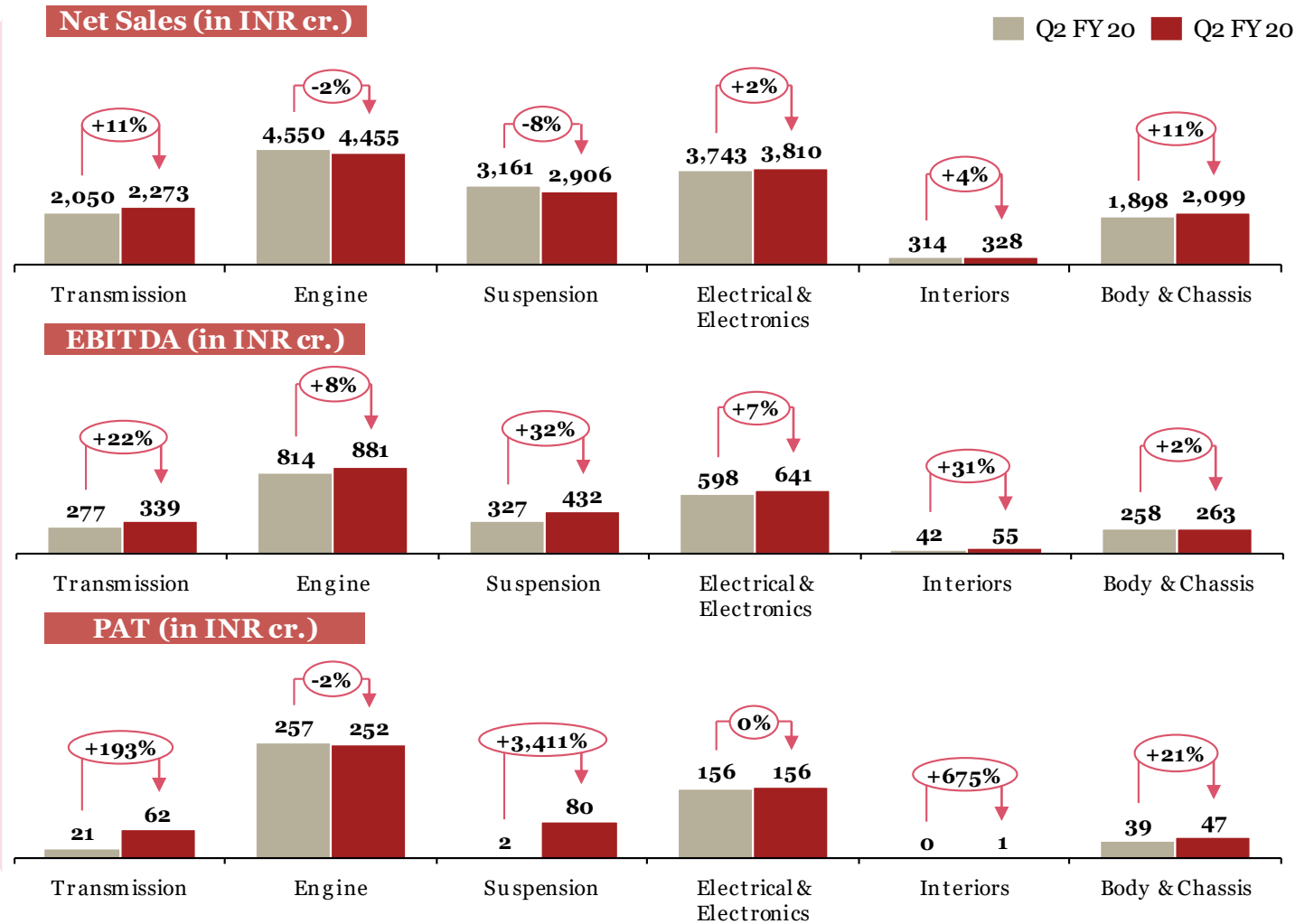
Count of companies by Y-o-Y EBITDA growth %



Segment analysis

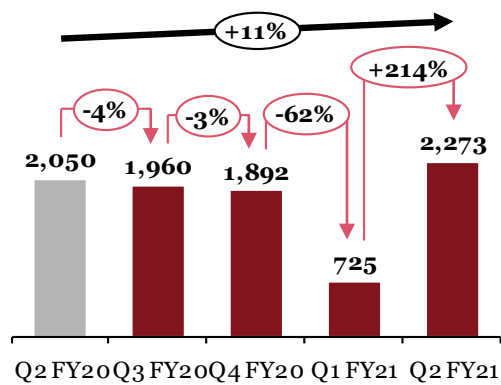
Segment-wise analysis of in-scope companies: Q1 FY21 vs. Q1 FY20

Segment	# companies
Transmission	13
Engine	22
Suspension	14
Electrical and Electronics	10
Interior	3
Body and Chassis	8

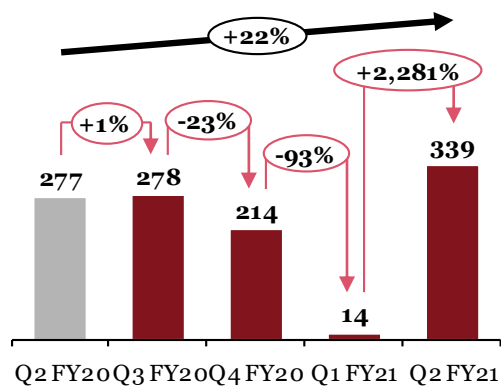


Transmission segment (13 companies)

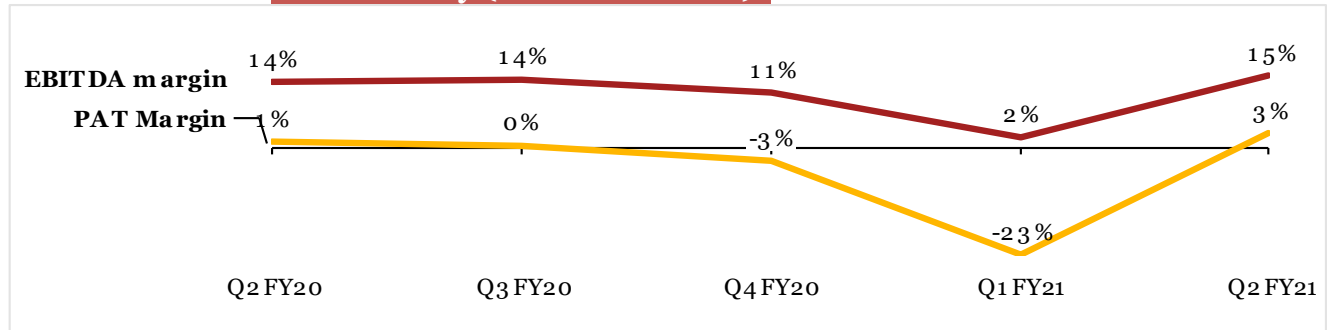
Net Sales (in INR cr.)



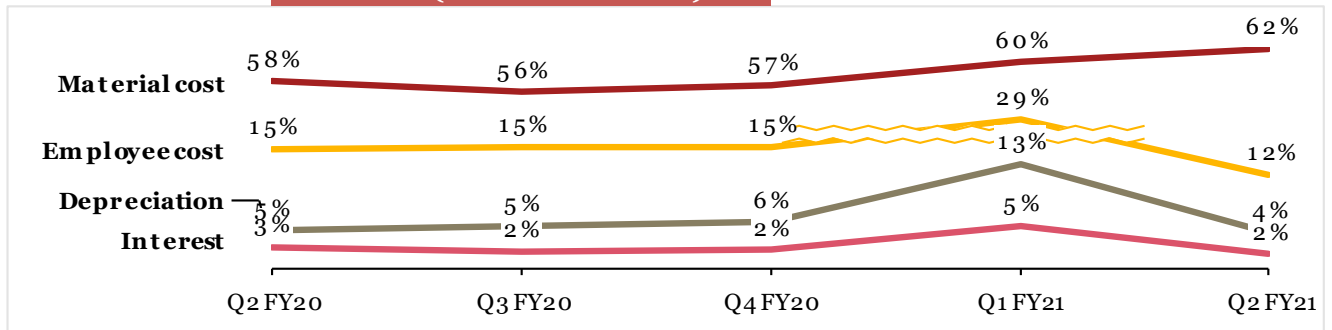
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

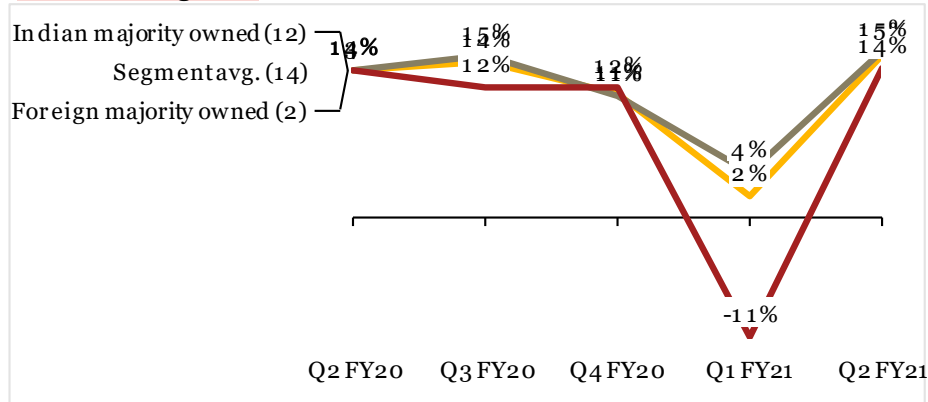


- Resumption of automobile production and preparation of the festive season caused a positive spike in Net Sales and EBITDA
- Most companies continued to cut fixed costs given the uncertainty due to the pandemic.

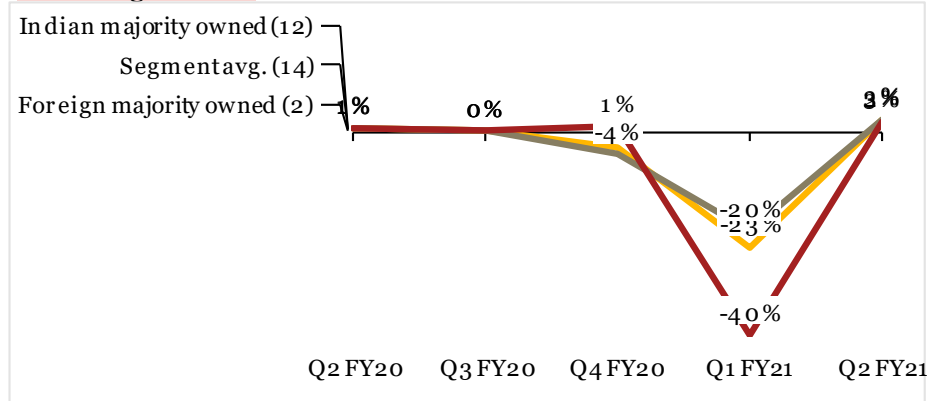
Transmission segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

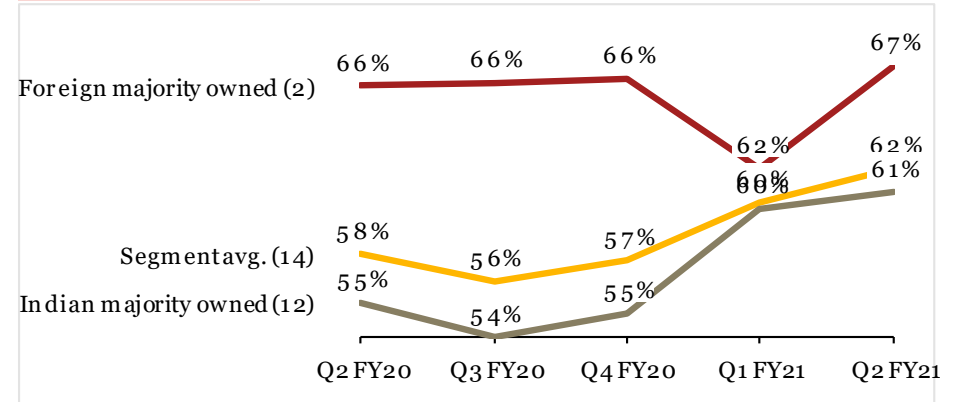


PAT Margin

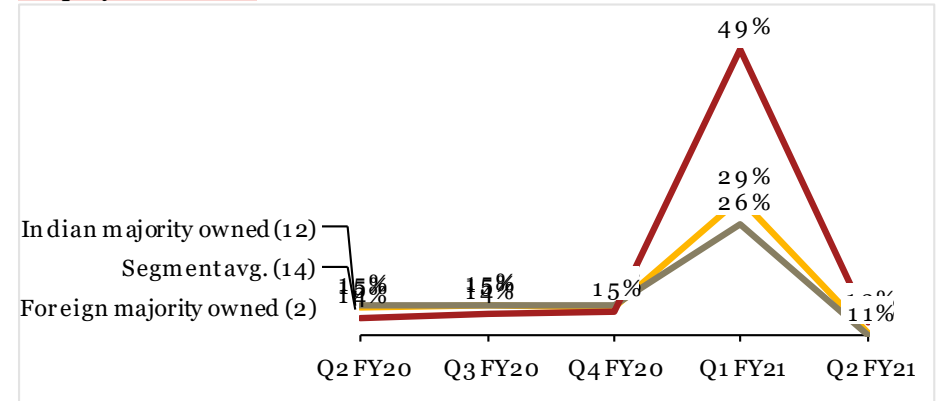


Costs (as % of Net sales)

Material cost

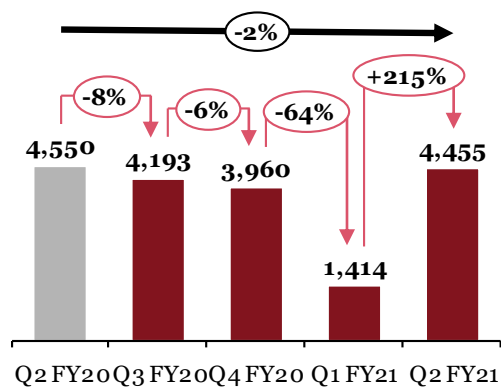


Employee cost

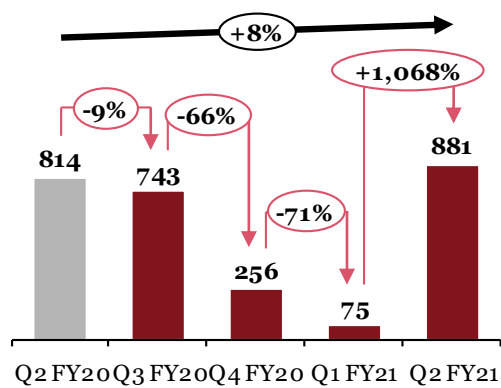


Engine segment (22 companies)

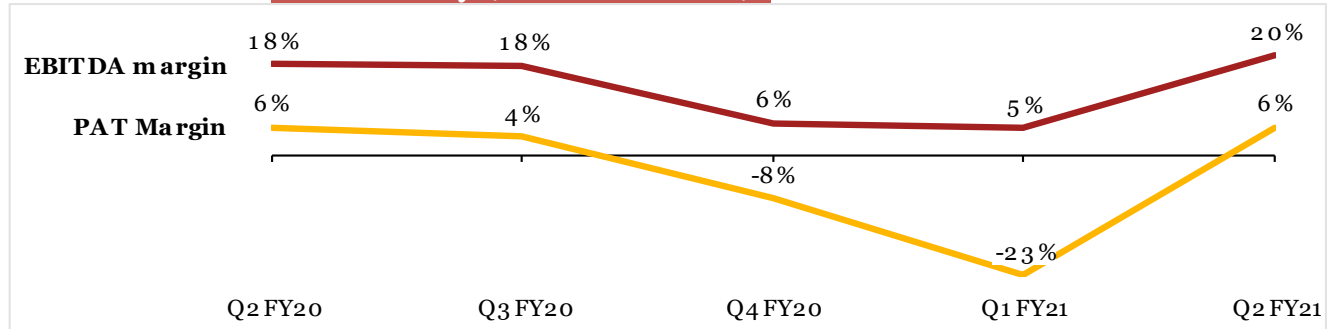
Net Sales (in INR cr.)



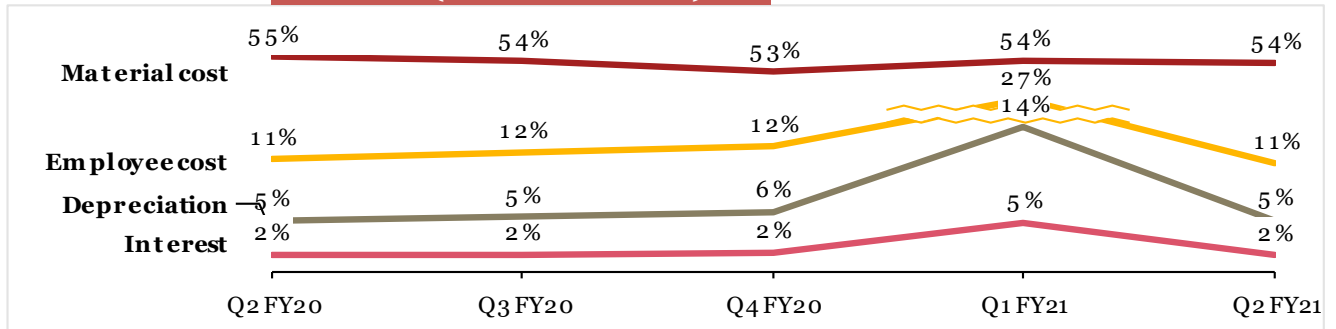
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

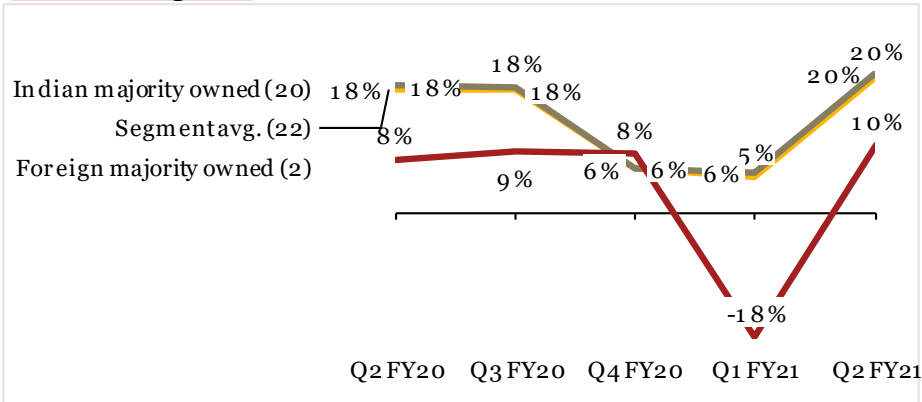


- Material costs remain stable as manufacturers had to scale up production following the reopening of the sector
- EBITDA surpassed Q2 of FY 20 reflecting the industry making up for the shutdowns during initial months of lockdown

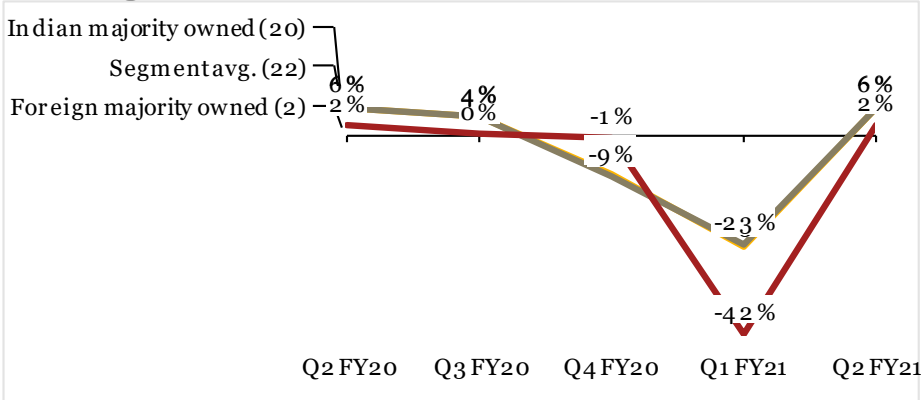
Engine segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

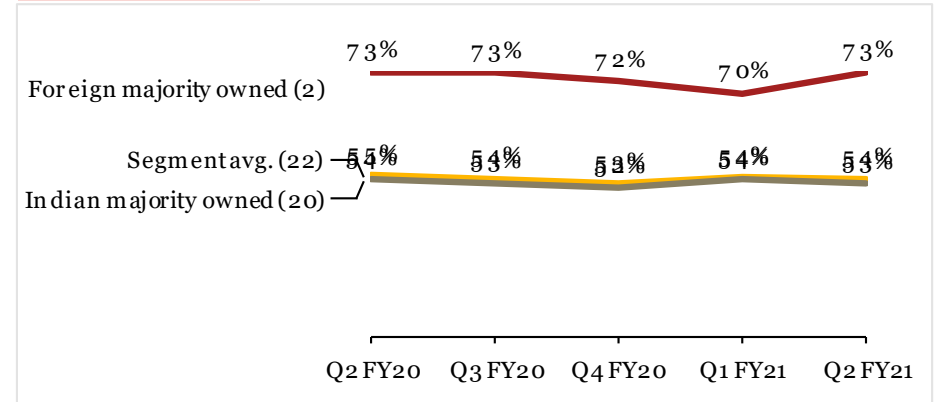


PAT Margin

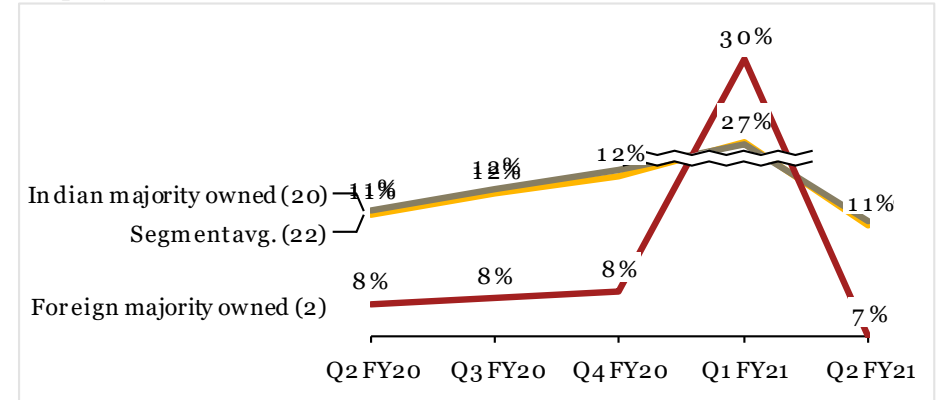


Costs (as % of Net sales)

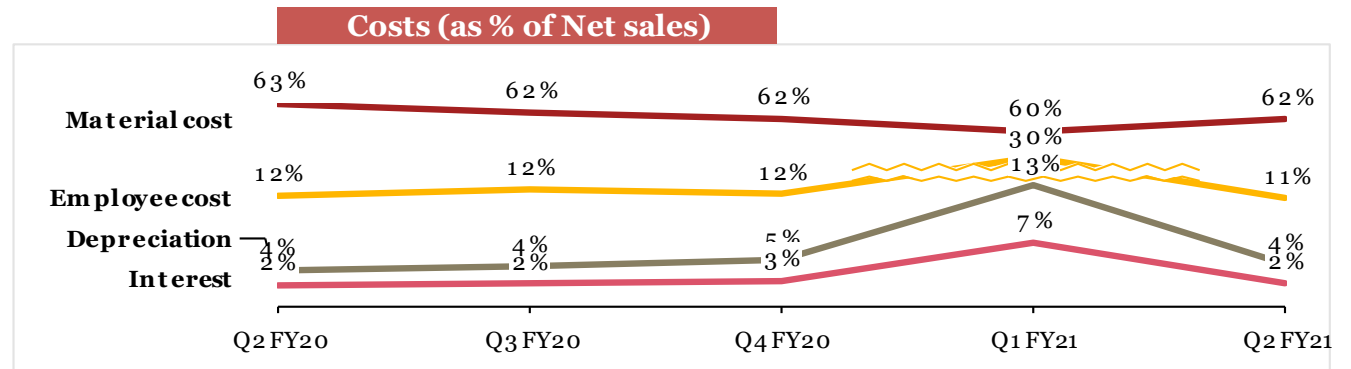
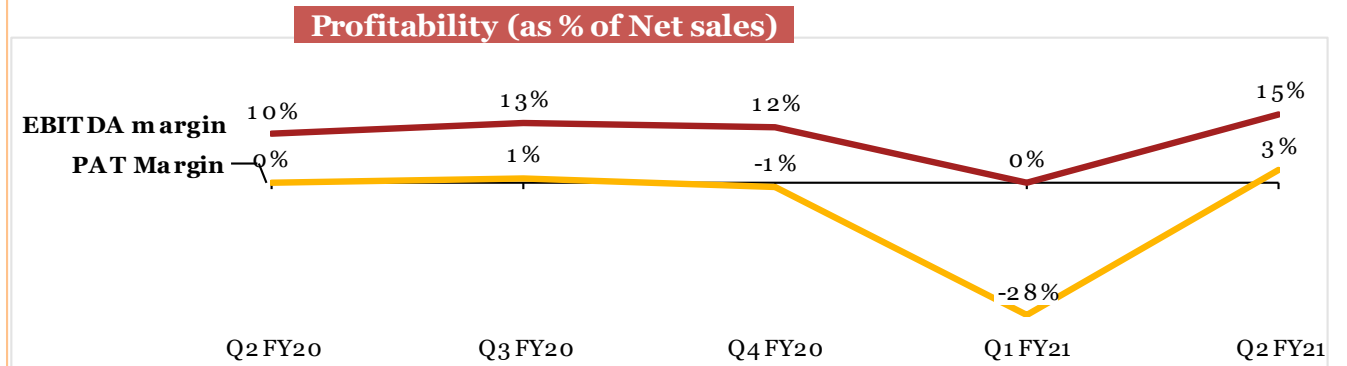
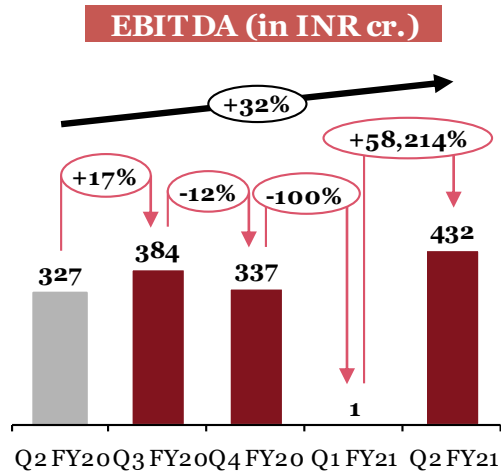
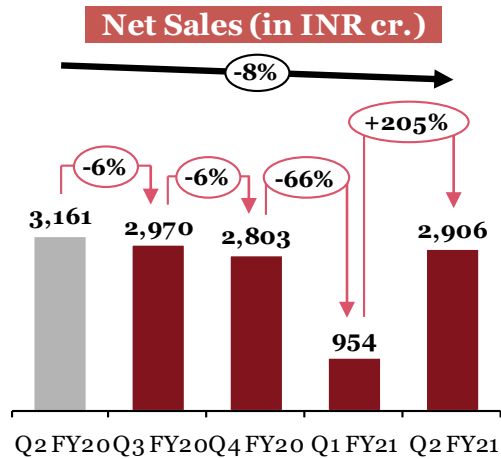
Material cost



Employee cost



Suspension segment (14 companies)

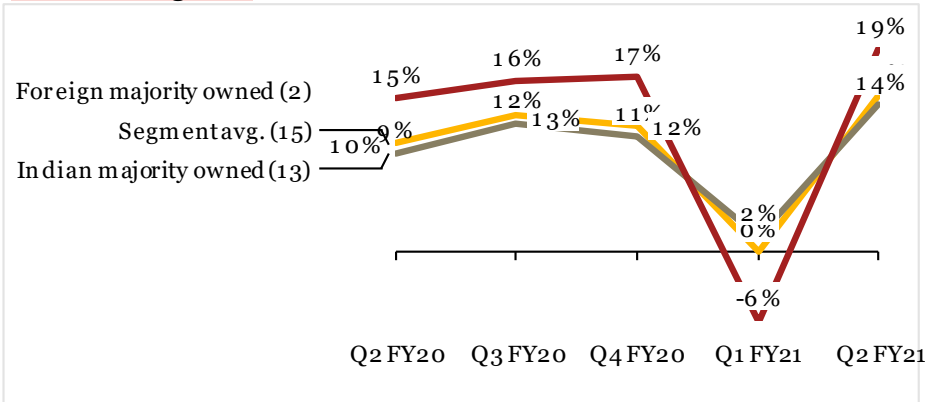


- Suspension segment saw net sales return to pre Covid-19 Q3 levels, while still trailing Q2 of last year.
- While material costs remained stable, interest expense dipped in Q2 as Net sales increased

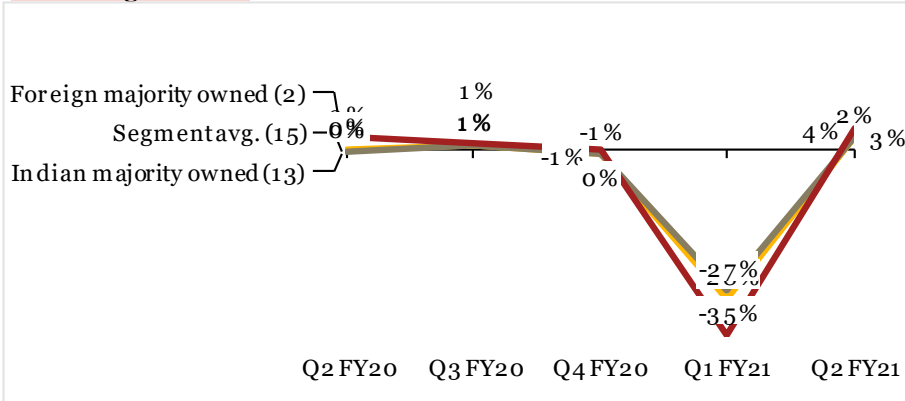
Suspension segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

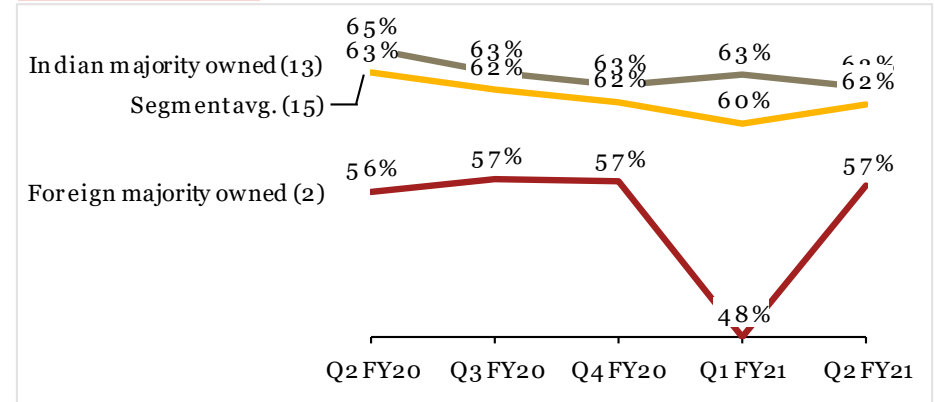


PAT Margin

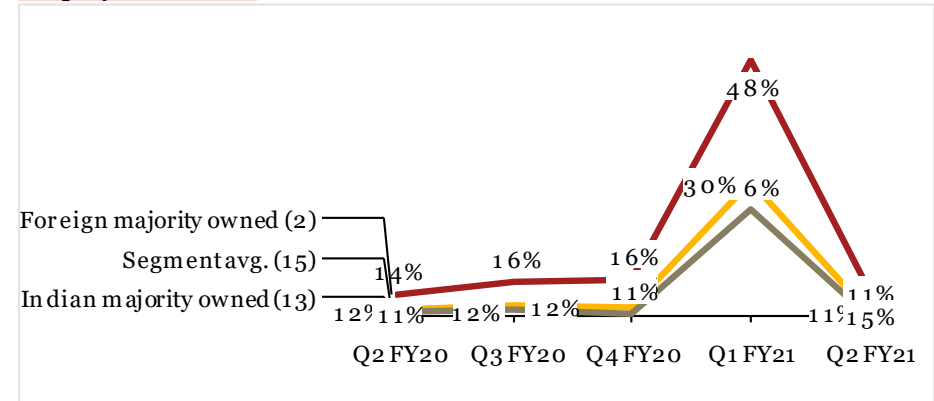


Costs (as % of Net sales)

Material cost

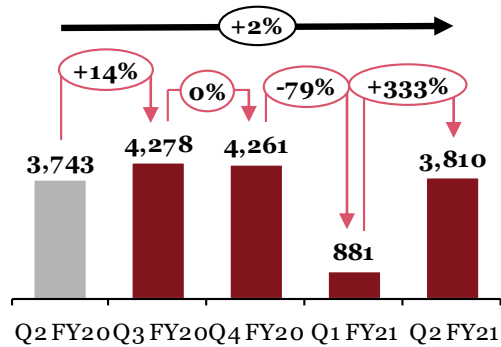


Employee cost

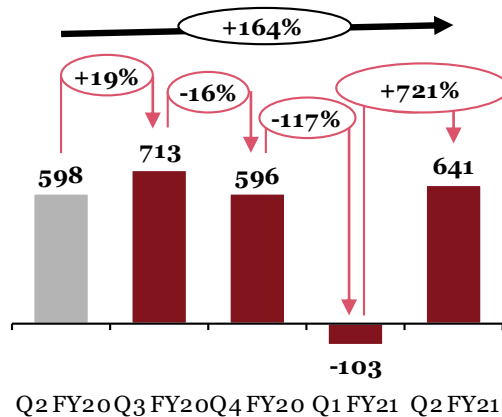


Electrical and Electronics segment (10 companies)

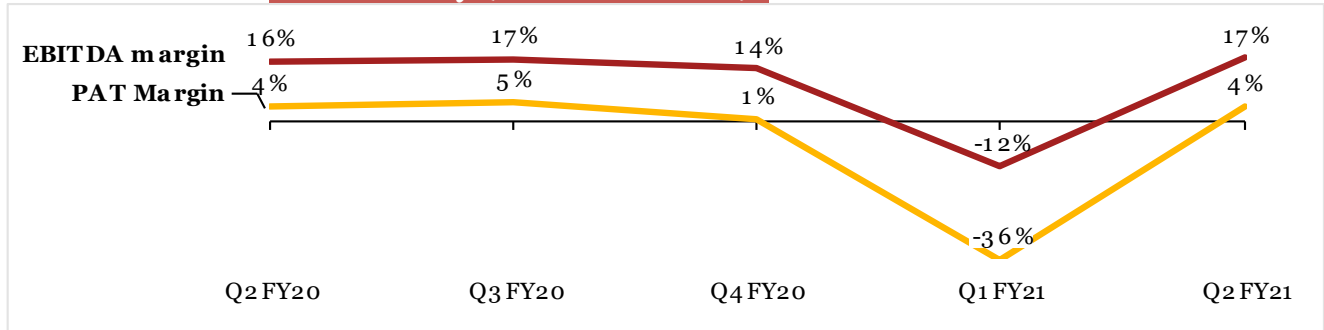
Net Sales (in INR cr.)



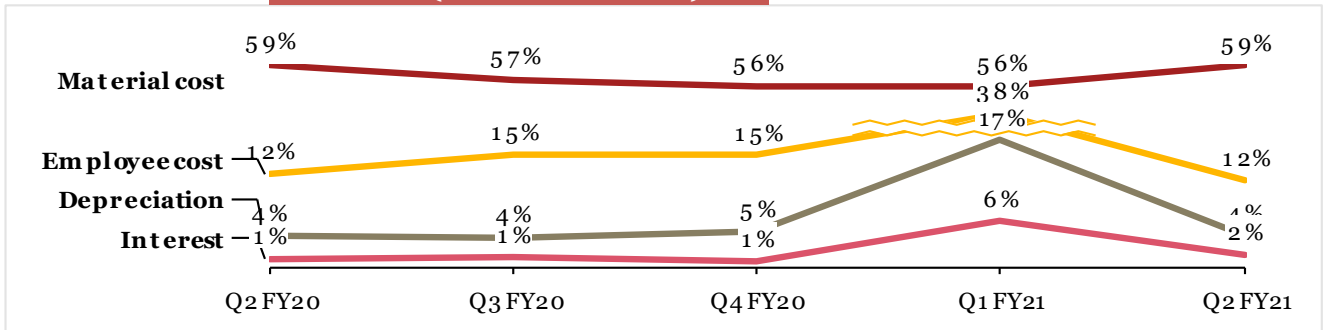
EBITDA (in INR cr.)



Profitability (as % of Net sales)



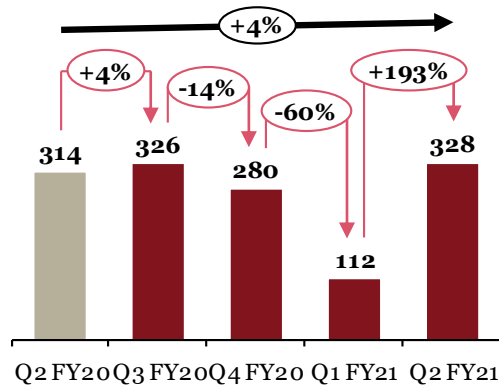
Costs (as % of Net sales)



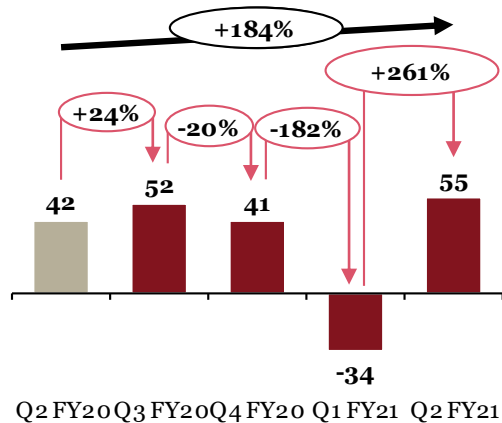
- The industry needs to gear up for the growing spend per vehicle on electronics/software/electrical categories.
- With increased focus on deep localisation and recent announcement of PLI schemes for the sector and cell/battery manufacturing for the government will augur well going forward.

Interior segment (3 companies)

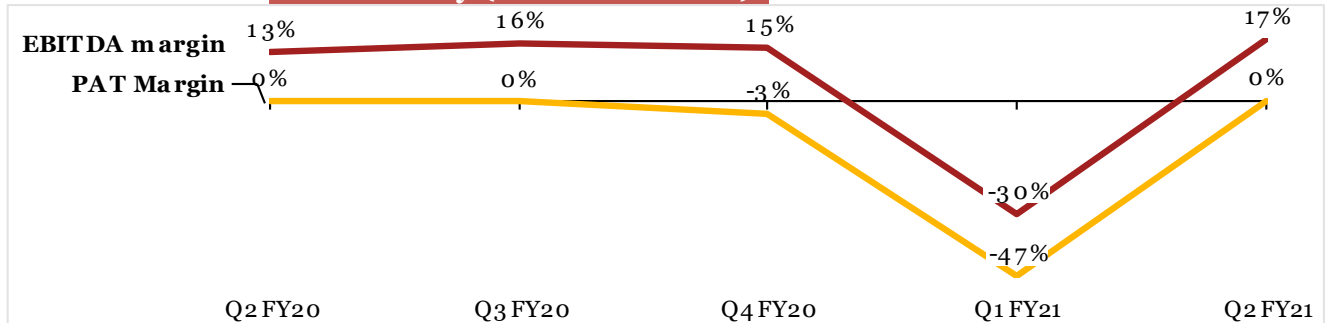
Net Sales (in INR cr.)



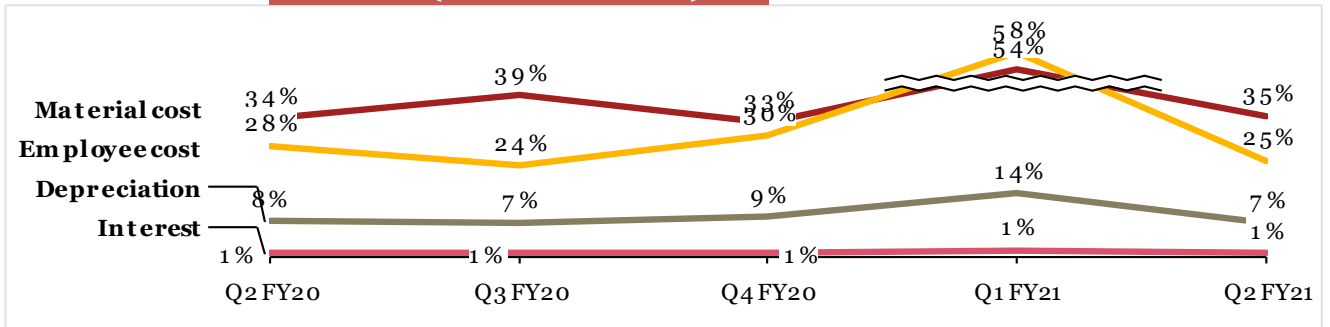
EBITDA (in INR cr.)



Profitability (as % of Net sales)



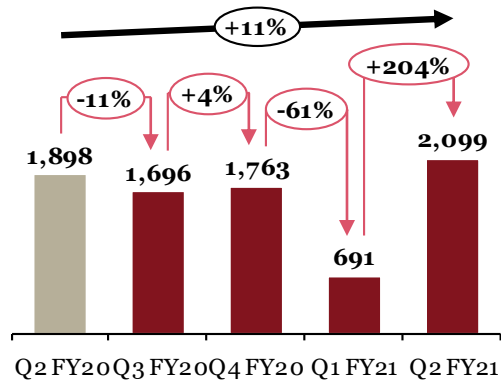
Costs (as % of Net sales)



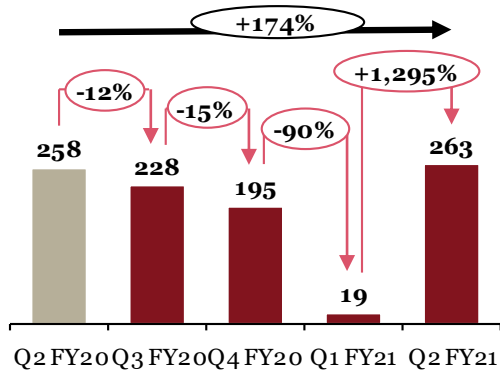
- While interest remained constant, an upward spike in material cost, employee and depreciation led to a positive EBITDA
- Material costs, after a high spike in Q1, returned to normal levels relative to net sales

Body and chassis segment (8 companies)

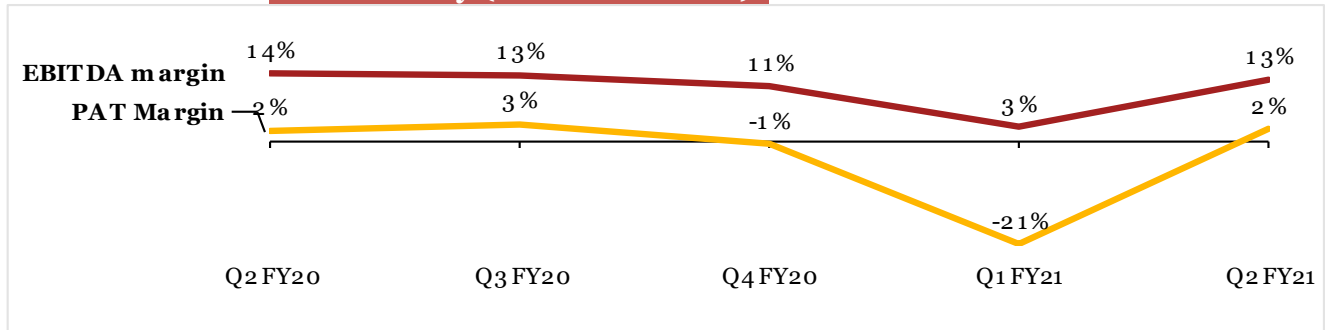
Net Sales (in INR cr.)



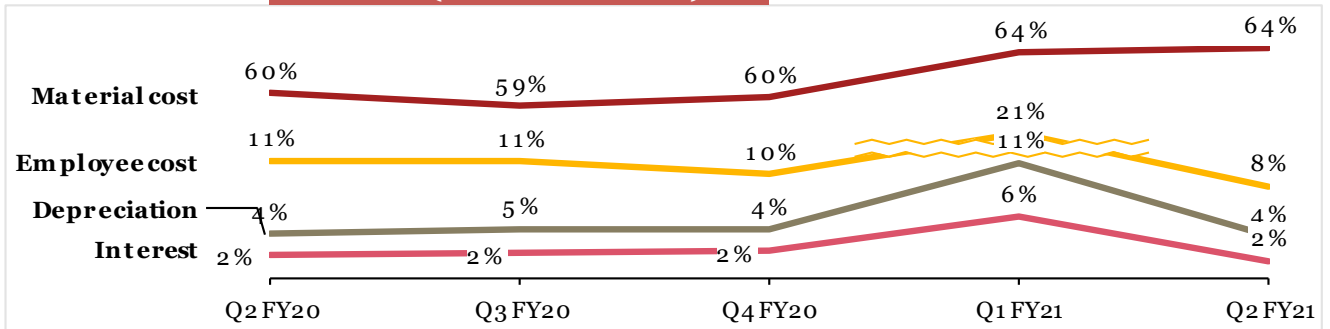
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- Body and chassis segment saw the biggest percentage rise in EBITDA for Q2 FY 21
- There is growing optimism on the back of strong demand ahead of the festive season and in the coming quarters of FY 21.

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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