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# *ACMA- Financial Analysis*

## *Q3 FY-19*

*Strictly private  
and confidential*

*May 2019*



**pwc**

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From the contents listing on any section divider – click on the title of the sub-section

# *List of Companies*

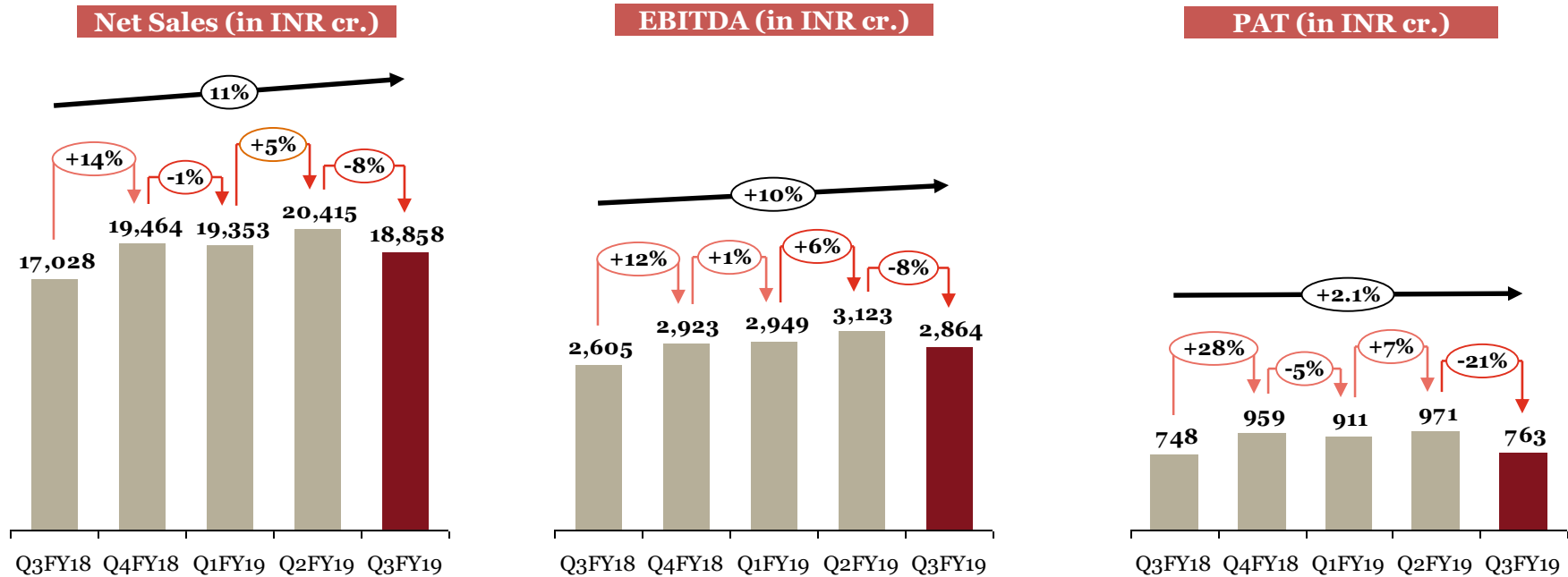
## Classification of 73 Auto component companies

Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	<b>12</b>	<b>22</b>	<b>13</b>	<b>26</b>
Segment based classification				
Segment	# companies	List of companies		
<b>Transmission</b>	<b>14</b>	Automotive Axles, Bharat Gears, Endurance Tech., JMT Auto, L G Balakrishnan, RACL Geartech, Rane (Madras), Remsons Inds., Setco Automotive, Shivam Autotech, Sona Koyo Steer., 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, Shriram Pistons, Sundaram Clayton, Sundram Fasten., Talbros Auto., Triton Valves, Ucal Fuel Sys.		
<b>Suspension</b>	<b>15</b>	Gabriel India,Hind.Composites,Sundaram Brake,Wheels India,Munjal Showa,Jamna Auto Inds.,Steel Str. Wheel,G S Auto Intl.,Simm. Marshall,Spectra Inds.,Talbros Engg.,WABCO India,Rane Brake Lin.,GNA Axles,Enkei Wheels		
<b>Electrical and Electronics</b>	<b>10</b>	Autolite (I), Bhagwati Auto, Fiem Inds., India Nipp.Elec., Lumax Auto Tech., Lumax Inds., Minda Corp, Minda Inds., Motherson Sumi, Subros,		
<b>Interior</b>	<b>3</b>	Bharat Seats, Harita Seating, Swaraj Automot.		
<b>Body and Chassis</b>	<b>9</b>	ANG Inds, 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*

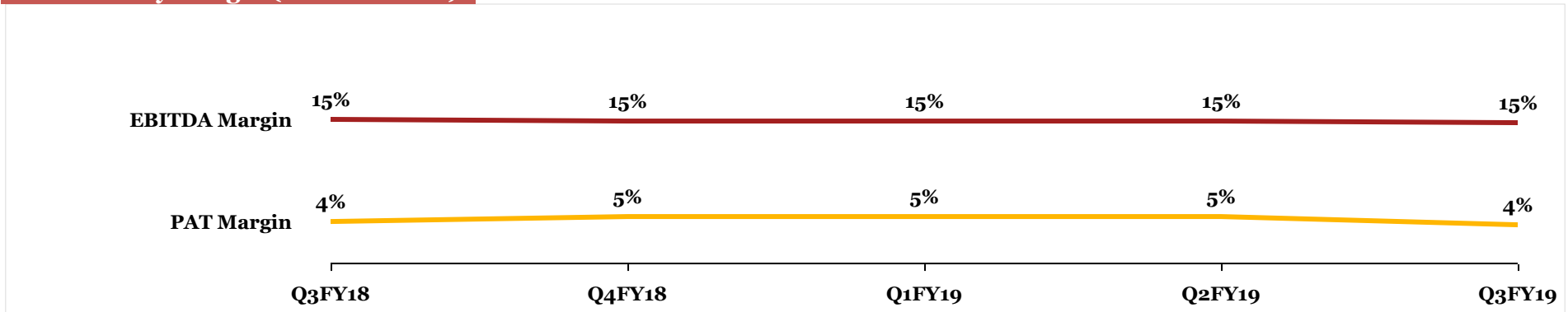
## Aggregate financial analysis (73 in-scope companies)



- Net Sales, EBITDA and PAT has increased Y-o-Y in Q3 FY19, though there has been a decline in all three from last quarter owing to subdued demand from OEMs
- Interiors and Electrical & Electronics were the only segments to record a decline in EBITDA
- Engine segment recorded the highest EBITDA growth of 24 percent and the highest PAT of 31 percent from Q3 FY18
- Only Transmission, Engine and Suspension segments recorded increase in PAT Y-o-Y in Q3 FY19

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

### Profitability margin (% of net sales)



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

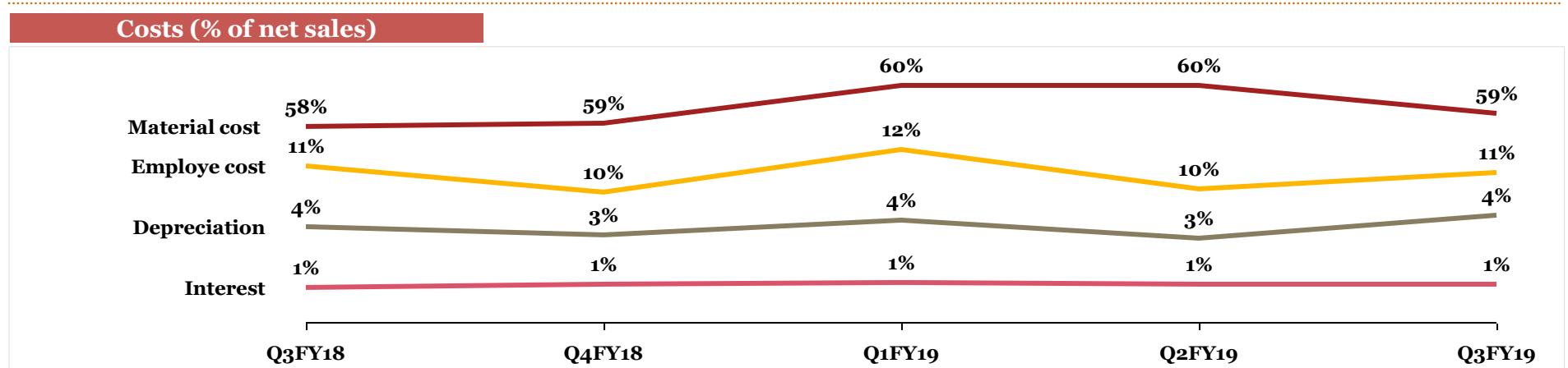
Range	Q3FY 18 Number of companies	Q3FY 19 Number of companies
Less than 0%	3	2
0-10%	11	14
10-20%	39	39
more than 20%	20	18

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

Range	Q3FY 18 Number of companies	Q3FY 19 Number of companies
less than 0%	13	13
0-5%	37	42
5-10%	19	16
more than 10%	4	2

- The number of companies having negative EBITDA margin decreased and companies with 0-10% EBITDA margin increased in Q3 FY 19, compared with Q3 FY 18
- Companies with >10% EBITDA and PAT margin decreased in Q3 FY 19

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



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

Range	Q3FY 18 # companies	Q3FY 19 # companies
20-50%	25	23
50-70%	36	38
more than 70%	12	12

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

Range	Q3FY 18 # companies	Q3FY 19 # companies
0-10%	28	29
10-20%	39	39
more than 20%	6	5

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

Range	Q3FY 18 # companies	Q3FY 19 # companies
0-2%	46	49
2-5%	22	20
more than 5%	5	4

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

Range	Q3FY 18 # companies	Q3FY 19 # companies
0-2%	11	20
2-5%	44	42
more than 5%	18	11

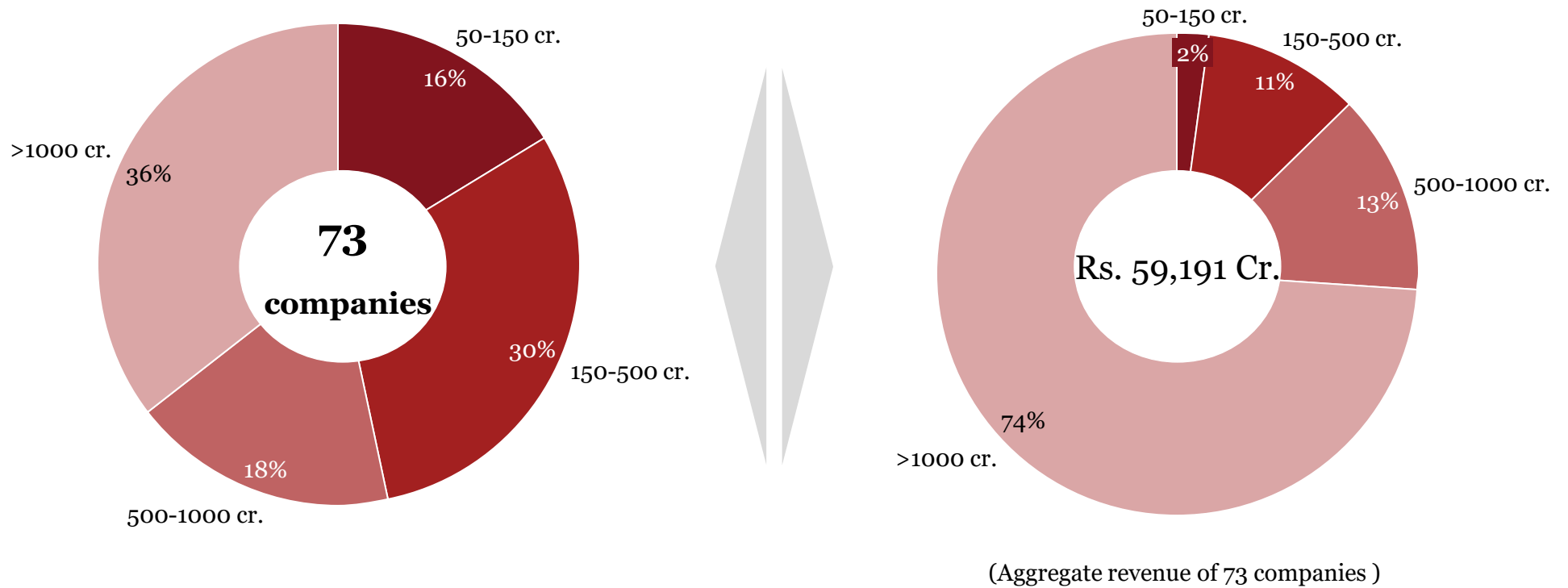
- The % material cost increased and % employee cost remained constant in Q3 FY-o-FY; suggesting a higher combined cost of raw materials and labour for the auto-component manufacturers as compared with Q3 FY 18
- Average % depreciation cost remained constant in Q3 FY 19 compared to Q3 FY 18



# *Size based analysis*

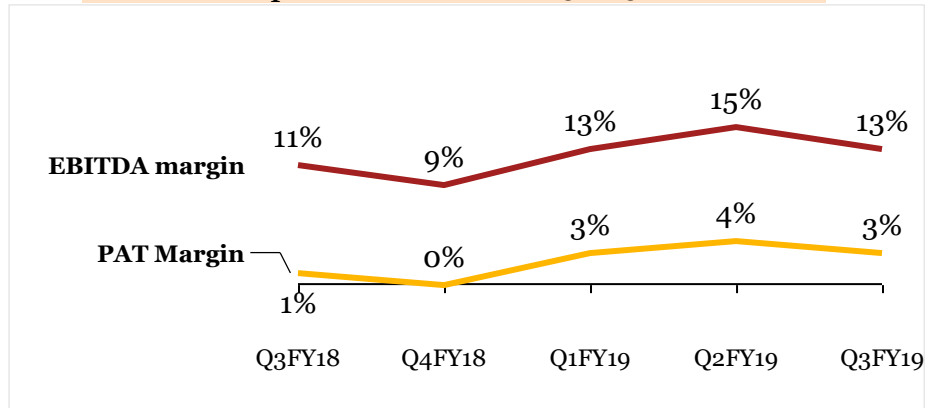
## Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	<b>12</b>	<b>22</b>	<b>13</b>	<b>26</b>

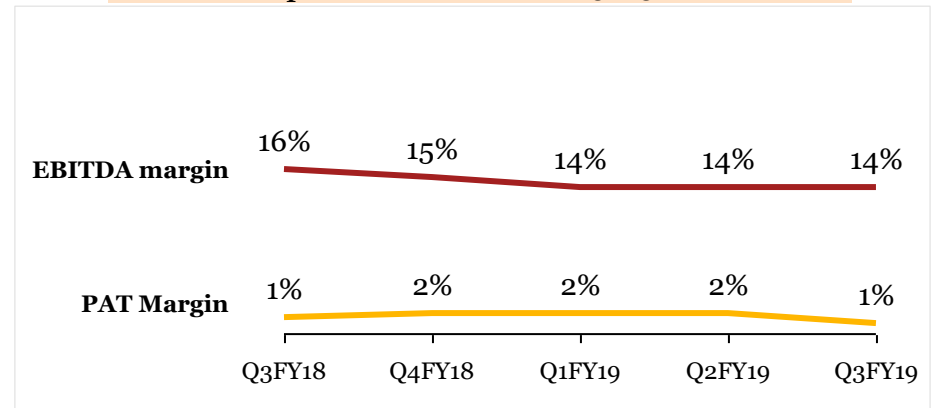


## Trends in profitability (as % of Net sales)

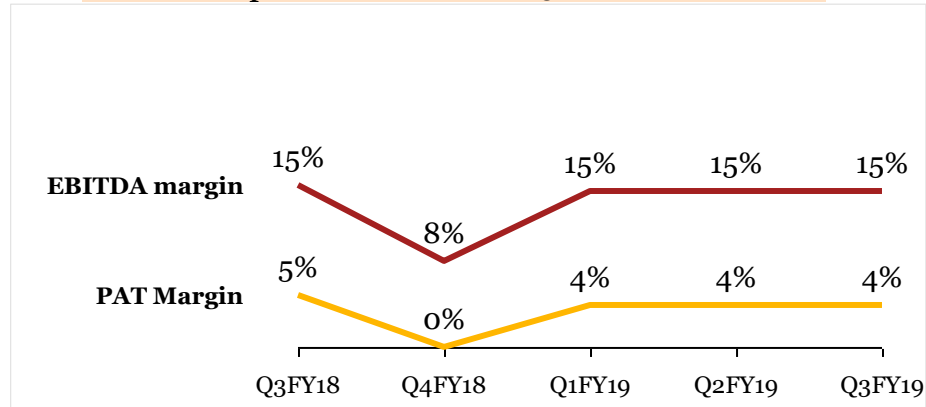
Companies with revenue 50-150 cr.



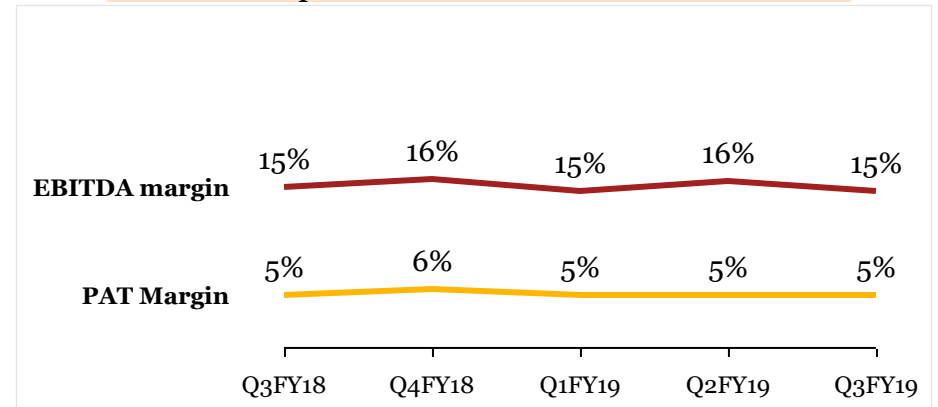
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

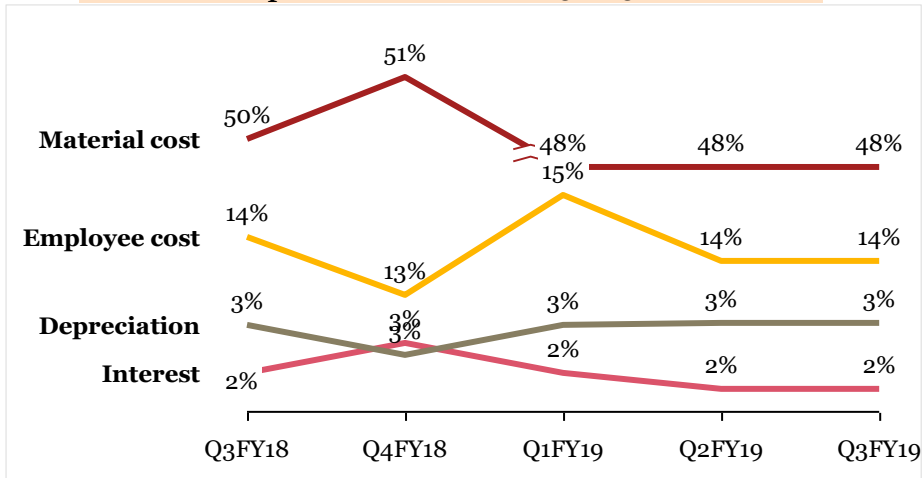


Companies with revenue >1000 cr.

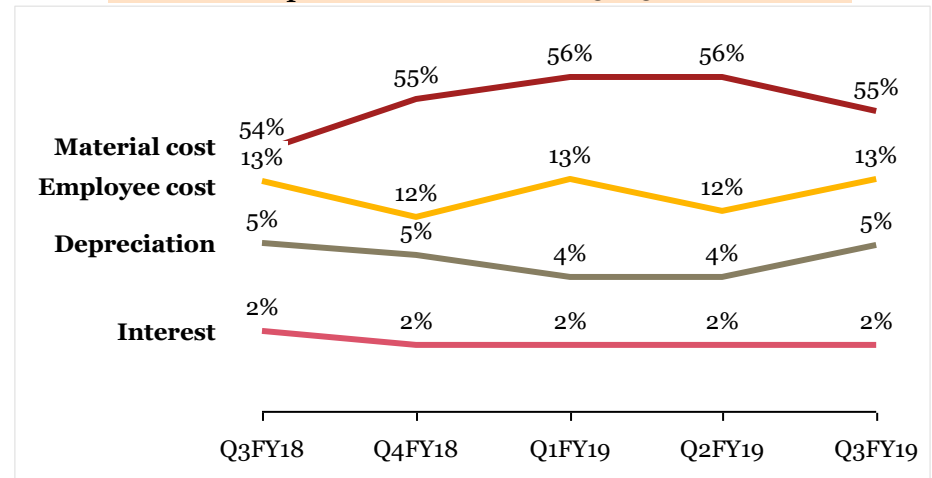


## Trends in costs (as % of Net sales)

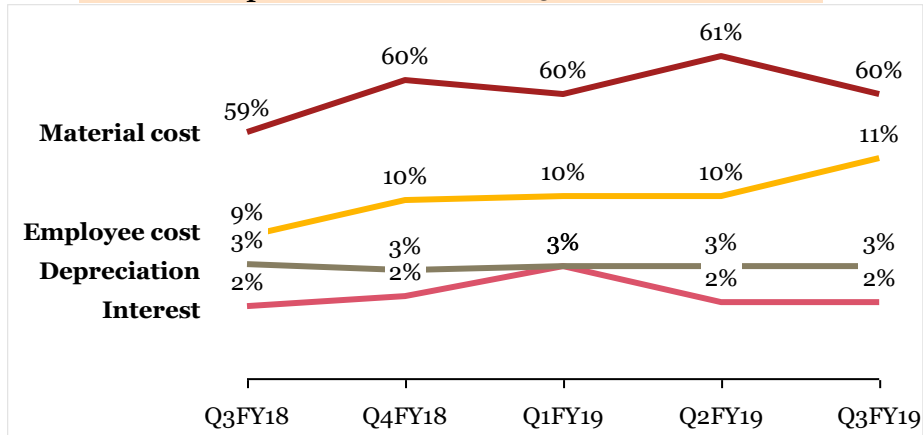
Companies with revenue 50-150 cr.



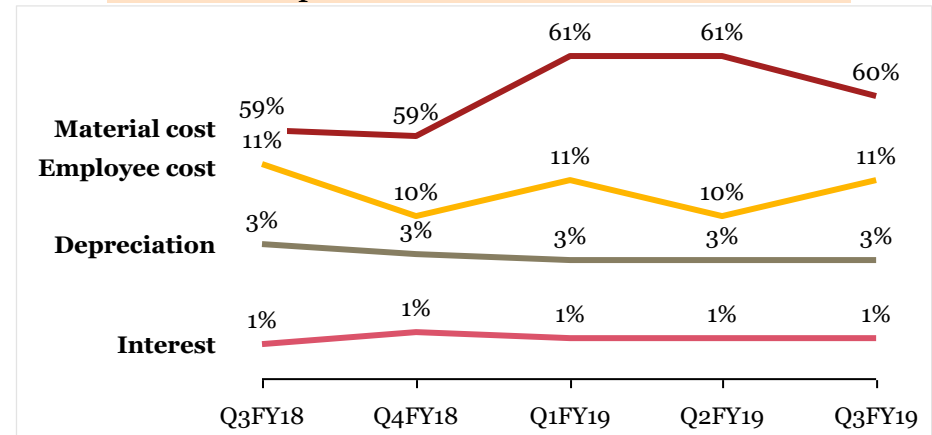
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

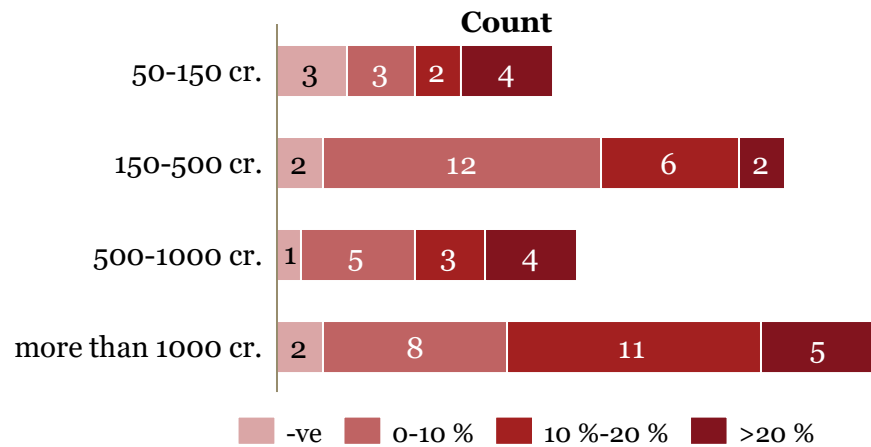


Companies with revenue >1000 cr.

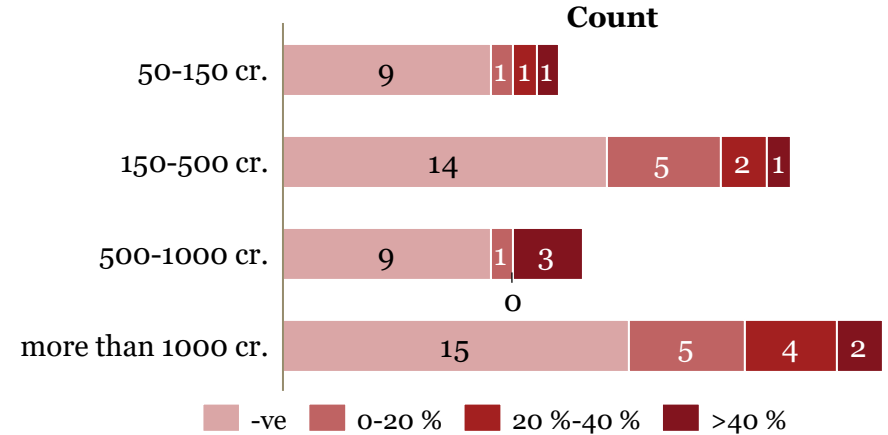


## Count of companies per growth % range : by revenue segment Q3FY19 vs. Q3FY18

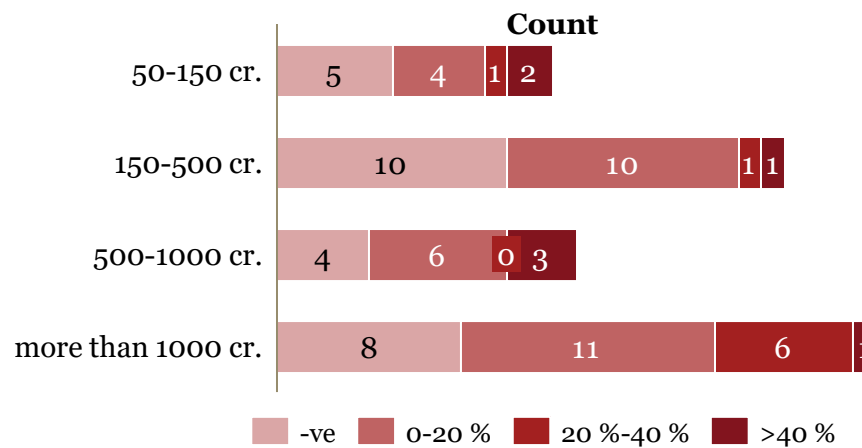
Count of companies by Y-o-Y Net Sales growth %



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

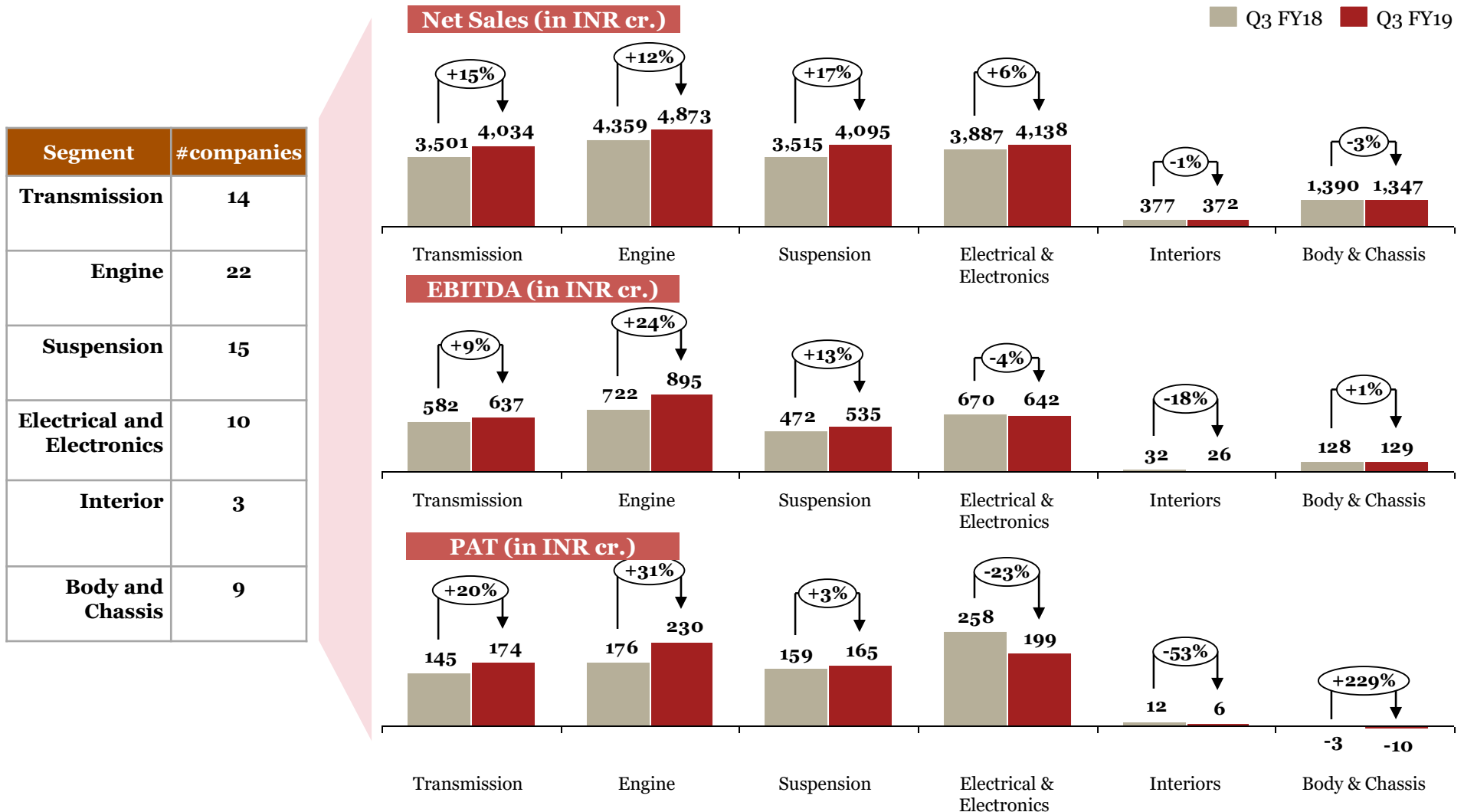


Count of companies by Y-o-Y EBITDA growth %



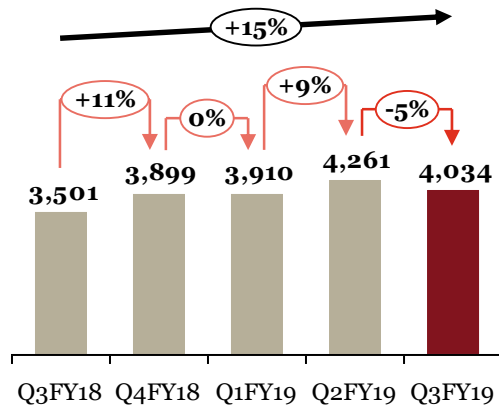
# *Segment analysis*

## Segment-wise analysis of in-scope companies: Q3 FY19 vs. Q3FY18

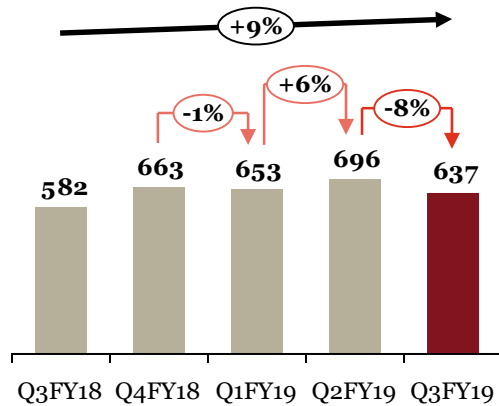


## Transmission segment (14 companies)

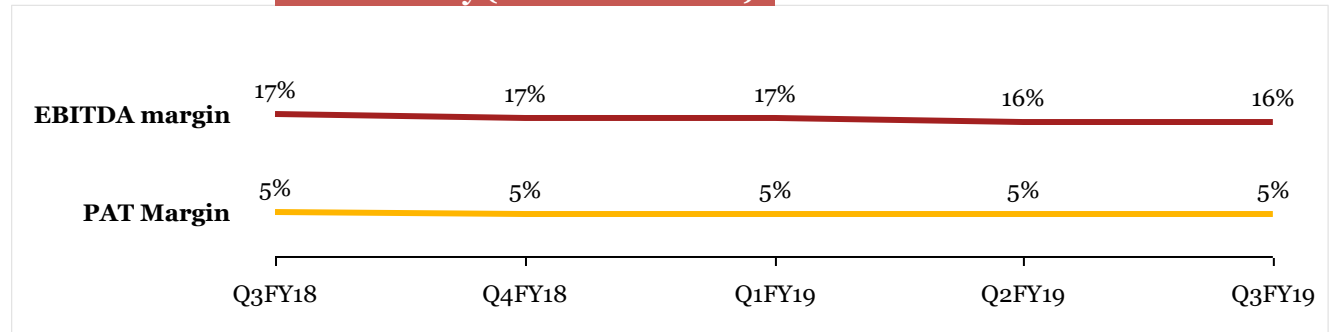
Net Sales (in INR cr.)



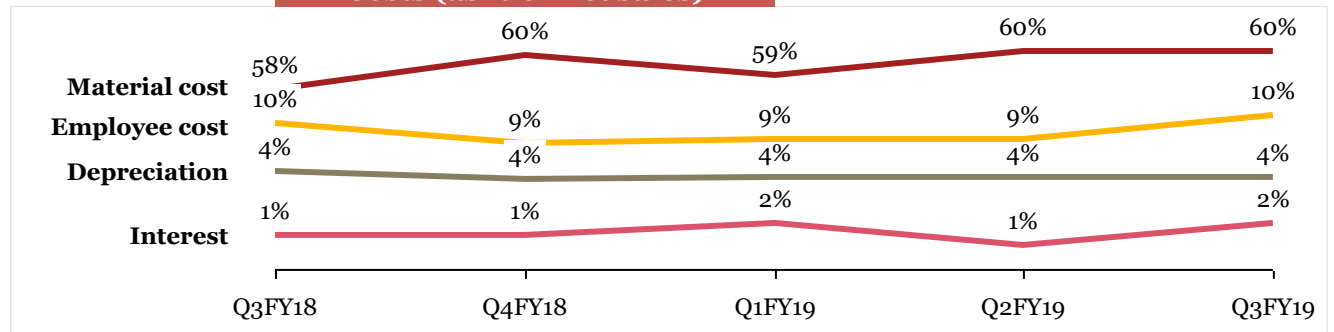
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



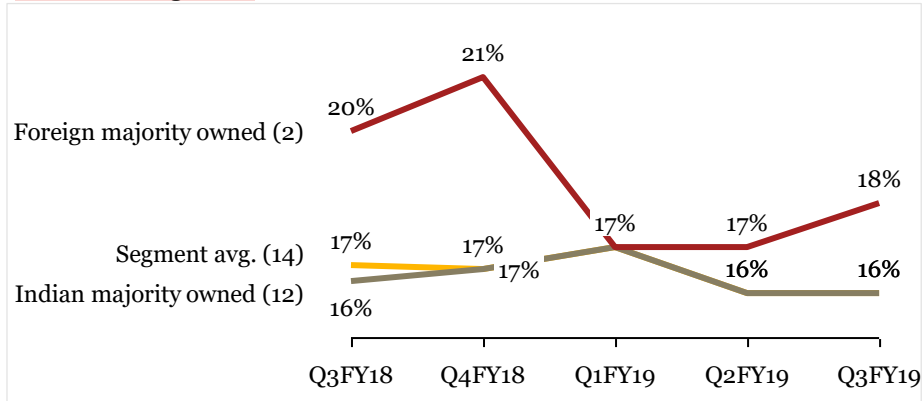
- Net sales increased for all companies and EBITDA increased for ~71% companies in transmission segment in Q3 FY-o-FY
- % employee cost and % interest increased marginally while other %costs ratios have remained unchanged or decreased marginally between Q3 FY 18 and Q3 FY 19



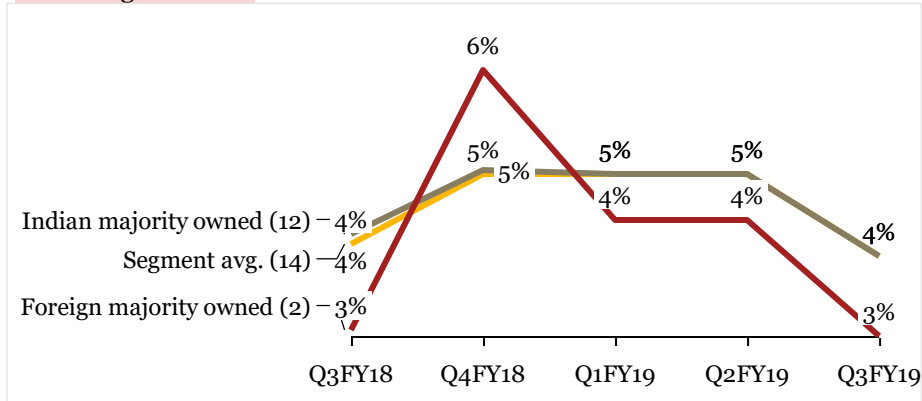
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

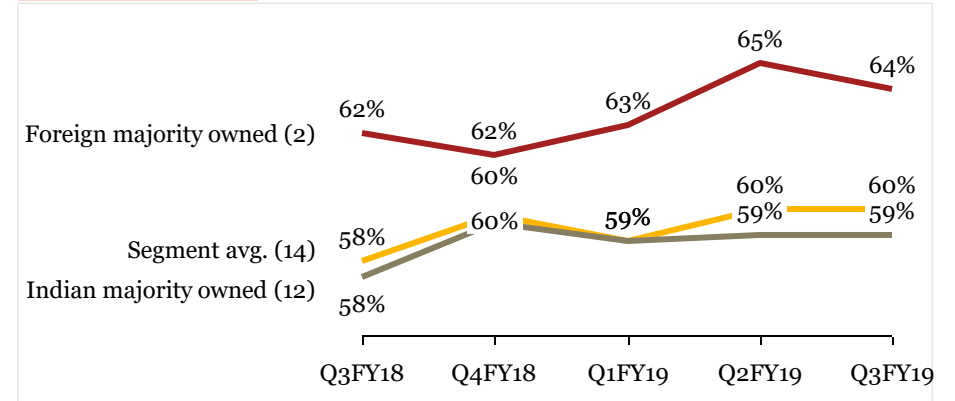


#### PAT Margin

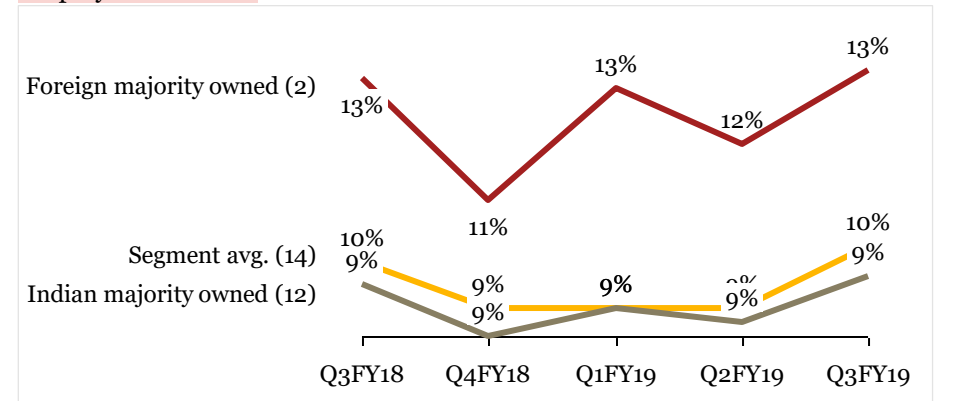


### Costs (as % of Net sales)

#### Material cost

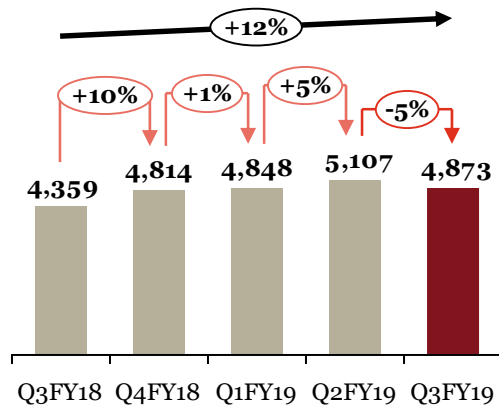


#### Employee cost

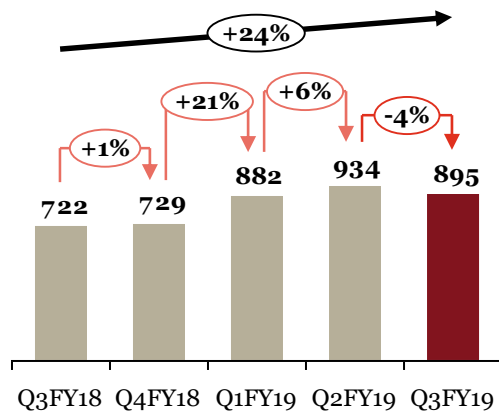


## Engine segment (22 companies)

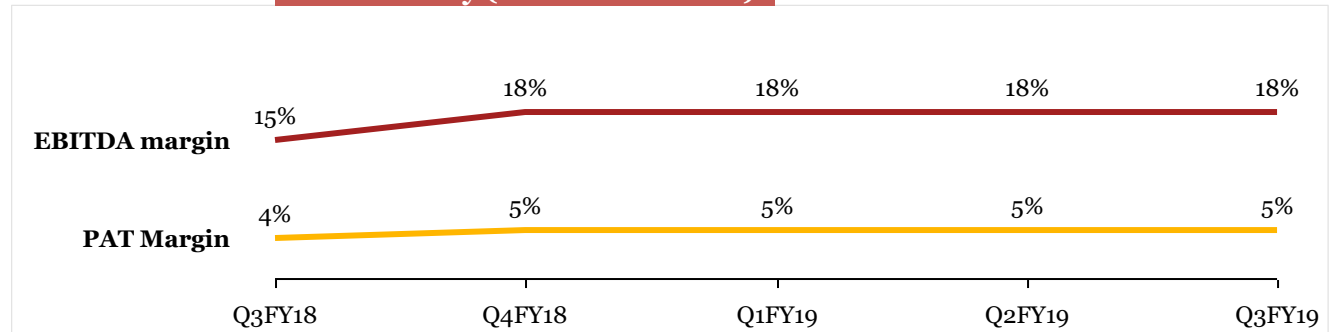
Net Sales (in INR cr.)



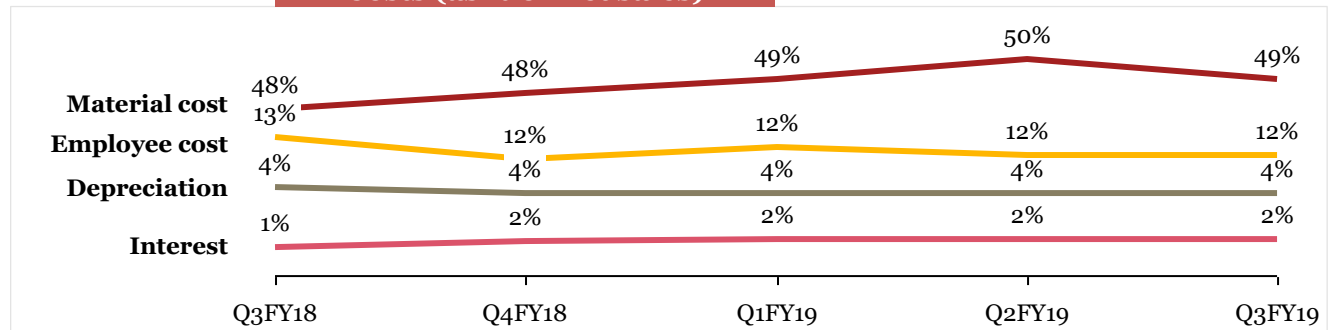
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

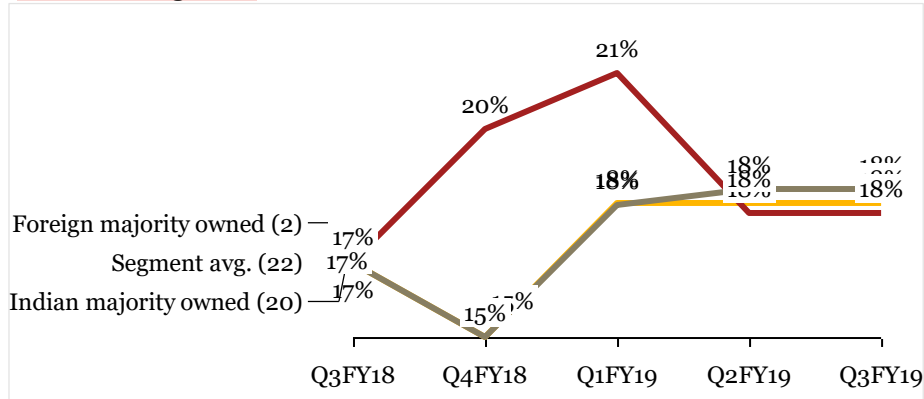


- All in-scope engine companies quoted increase in Net Sales in Q3 FY 19, ~73% quoted increase in EBITDA and >55% quoted increase in PAT in comparison with Q3 FY18
- EBITDA and PAT margin remained constant in Q3-FY 19 vs. Q3- FY 18

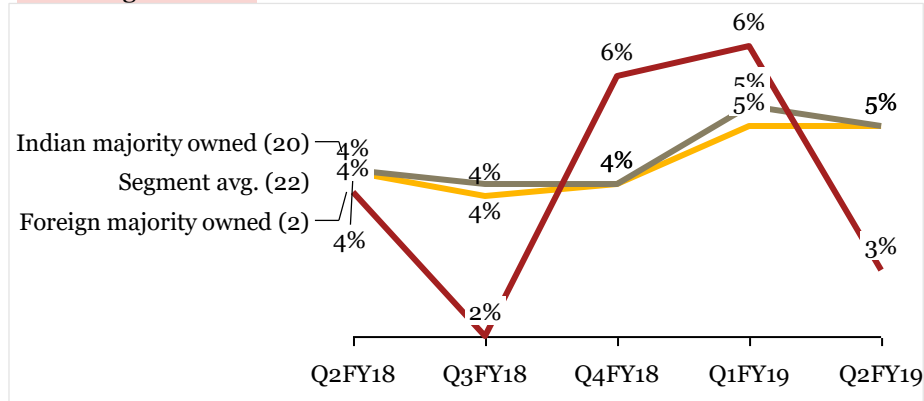
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

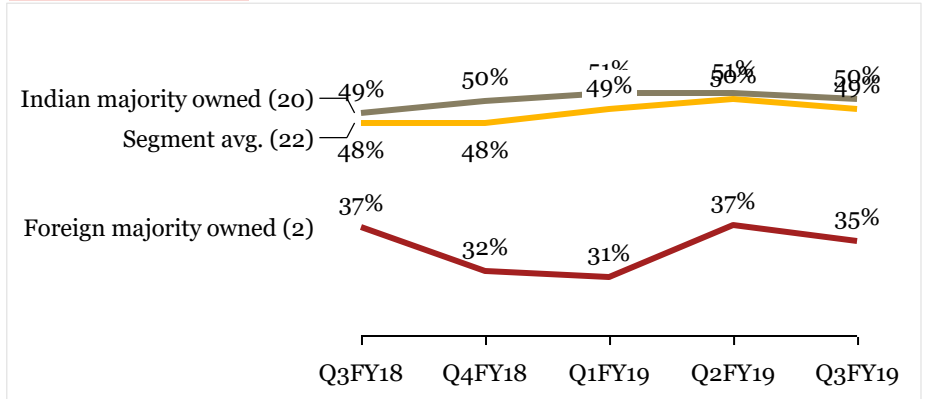


#### PAT Margin

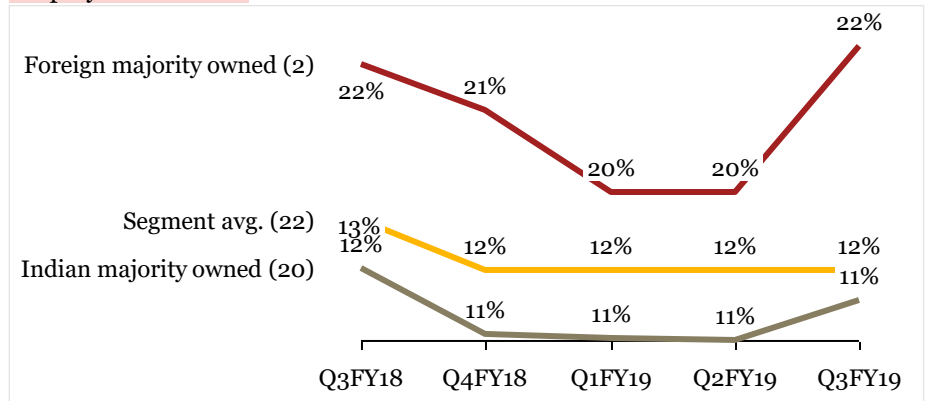


### Costs (as % of Net sales)

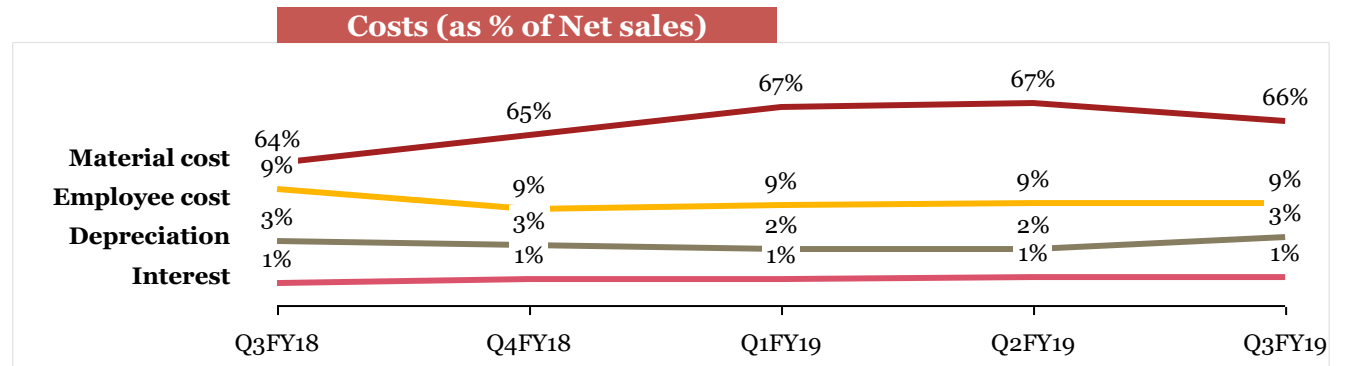
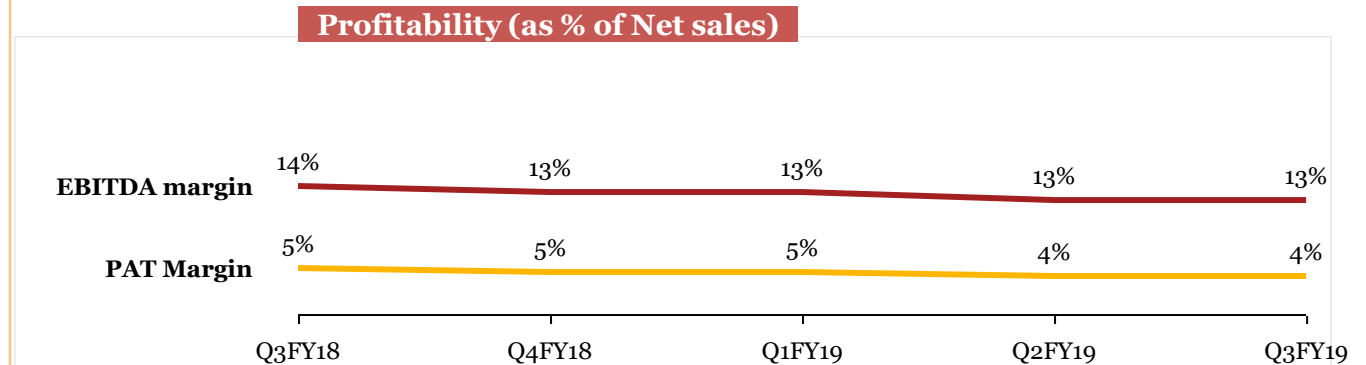
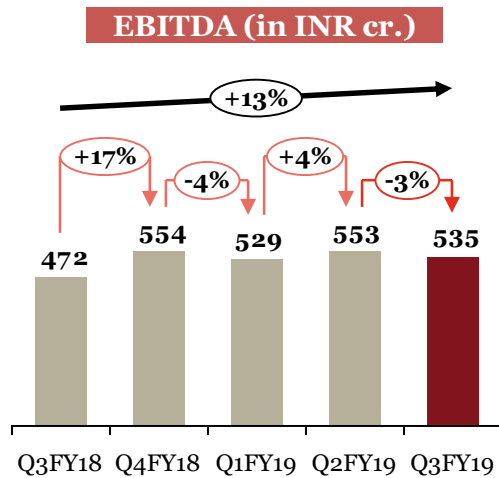
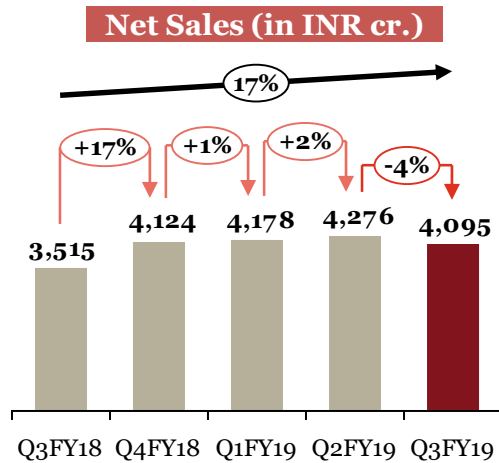
#### Material cost



#### Employee cost



## Suspension segment (15 companies)

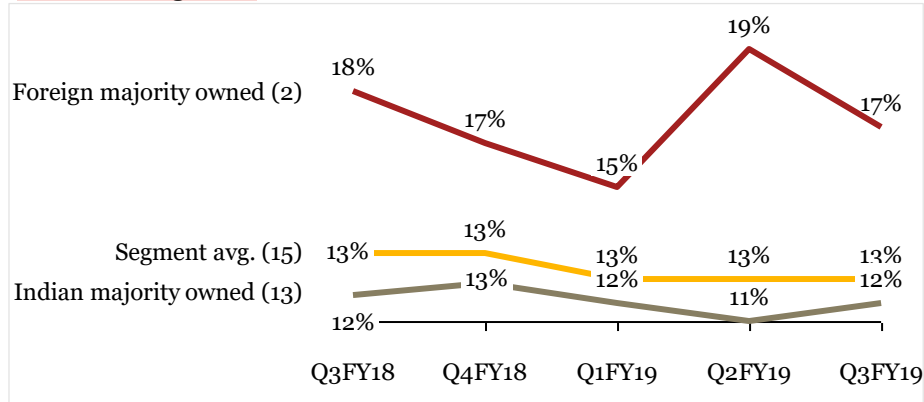


- >80% in-scope suspension companies reported increase in Net Sales in Q3 FY-o-FY
- Other than % material cost all other %costs ratios have remained constant or increased between Q3 FY 18 and Q3 FY 19

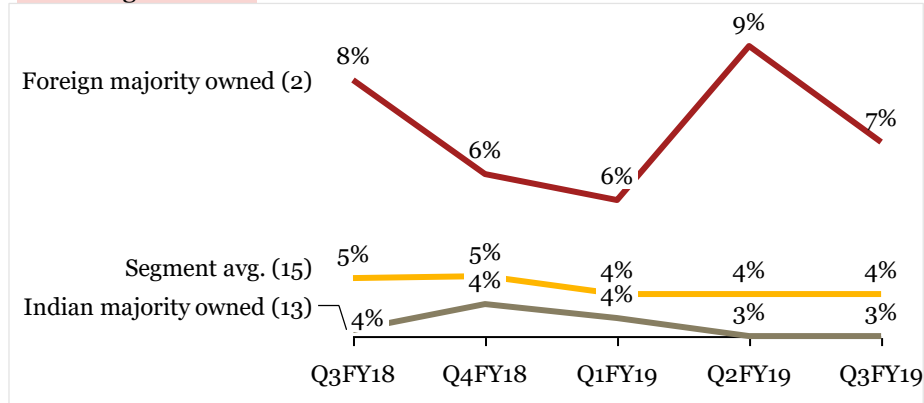
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

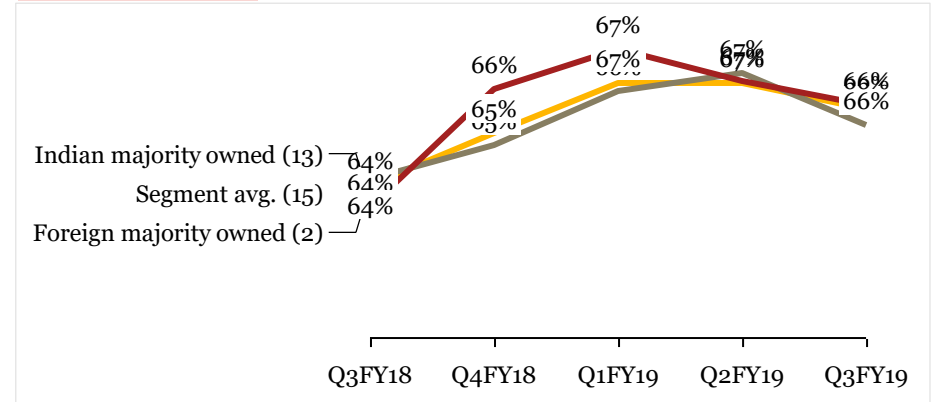


#### PAT Margin

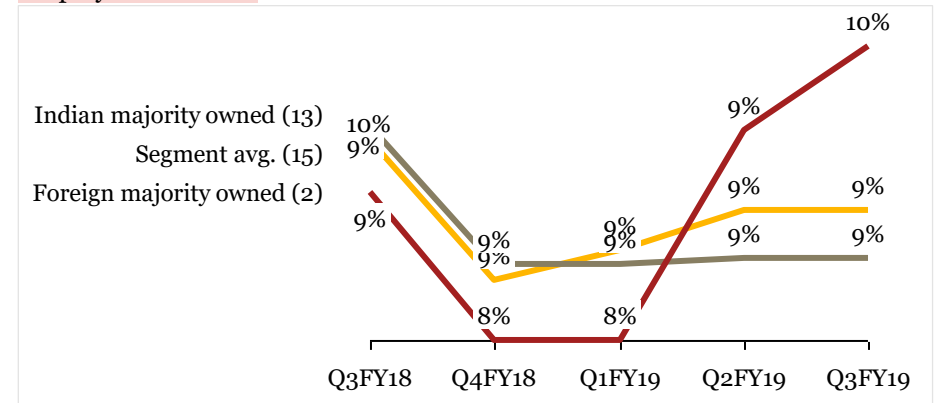


### Costs (as % of Net sales)

#### Material cost

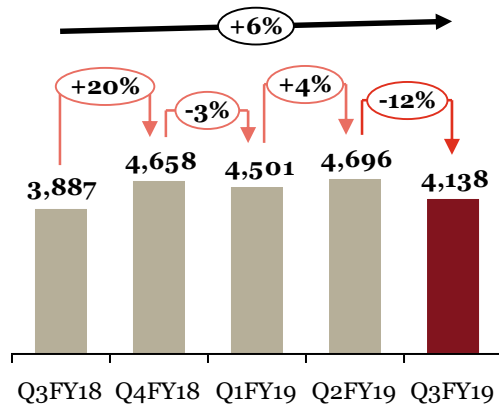


#### Employee cost

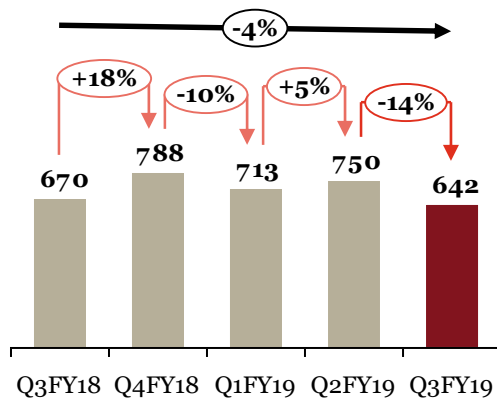


## Electrical and Electronics segment (10 companies)

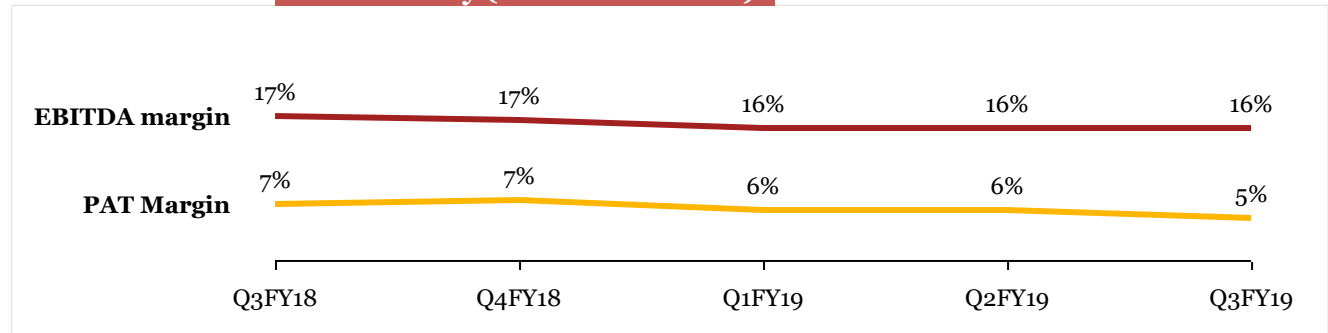
Net Sales (in INR cr.)



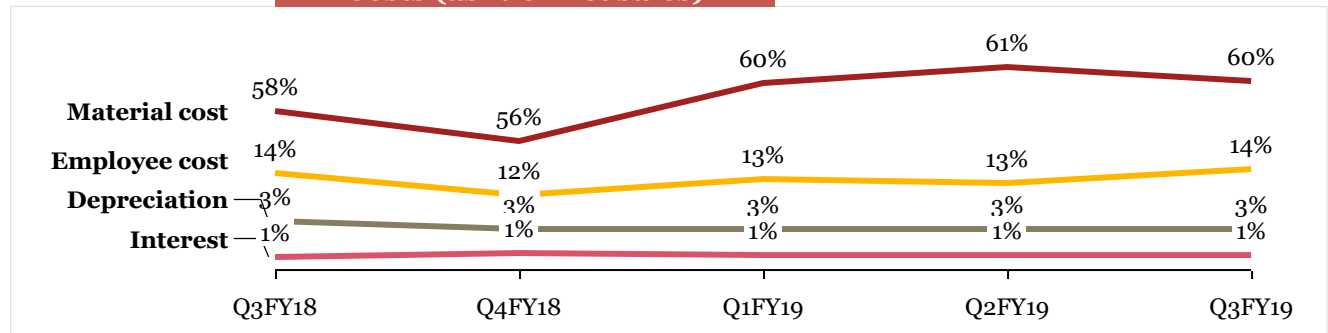
EBITDA (in INR cr.)



Profitability (as % of Net sales)



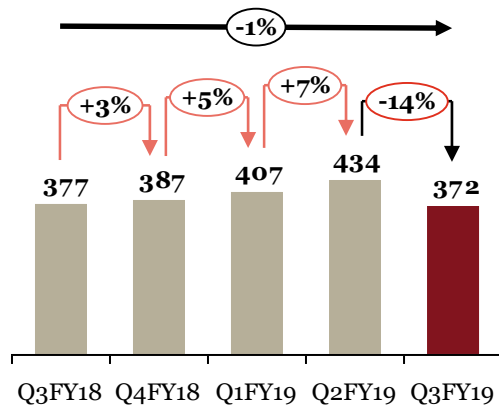
Costs (as % of Net sales)



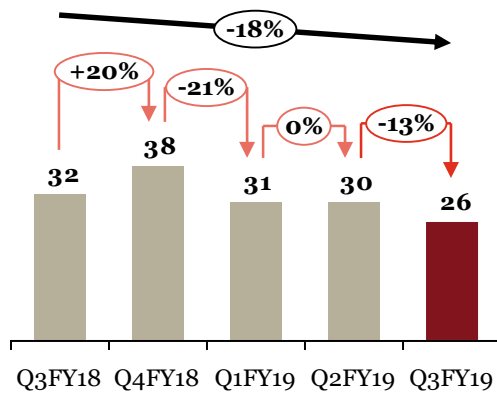
- This segment registered significant increase in Net sales but decline in EBITDA in Q3 FY-o-FY
- This segment is expected to register strong growth in the foreseeable future owing to the increasing overall importance of electronics and electrical components in the vehicle systems

## Interior segment (3 companies)

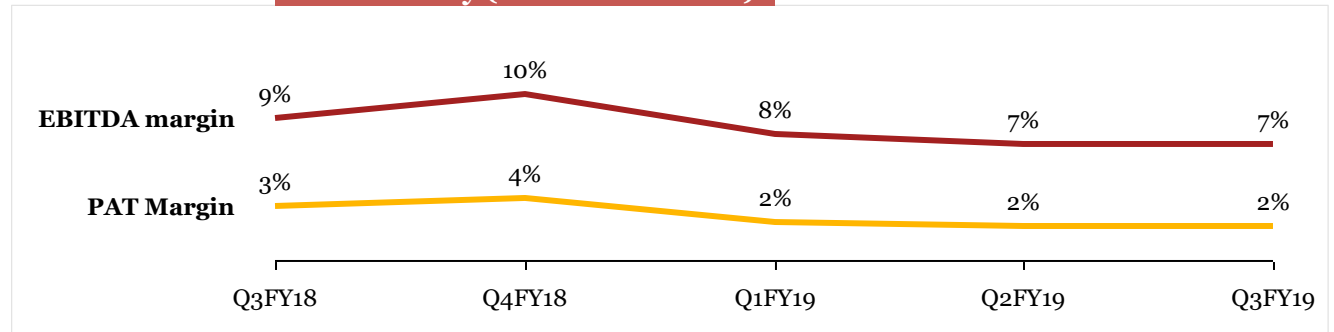
Net Sales (in INR cr.)



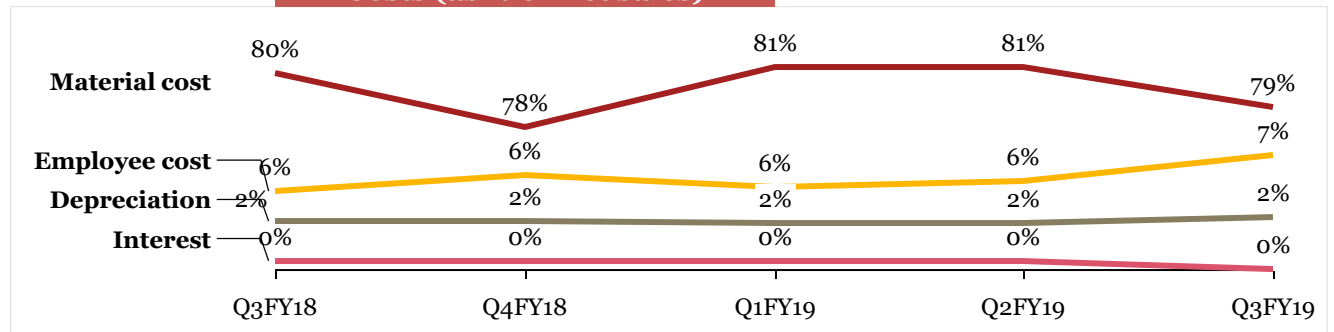
EBITDA (in INR cr.)



Profitability (as % of Net sales)



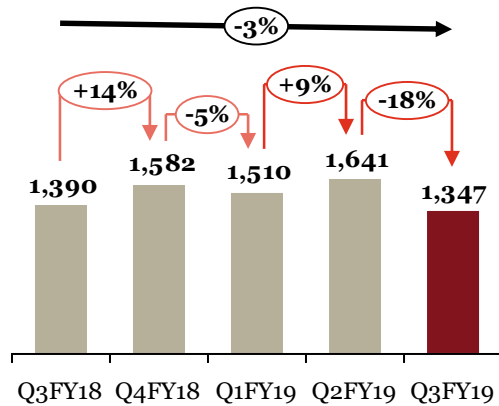
Costs (as % of Net sales)



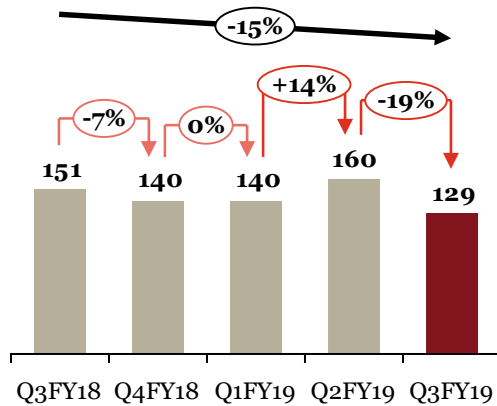
- 2 out of 3 in-scope companies registered growth in Net sales while 2 companies recorded decline in EBITDA and in PAT in Q3 FY-o-FY
- The interest cost has been consistently low for all the 3 in-scope companies

## Body and chassis segment (9 companies)

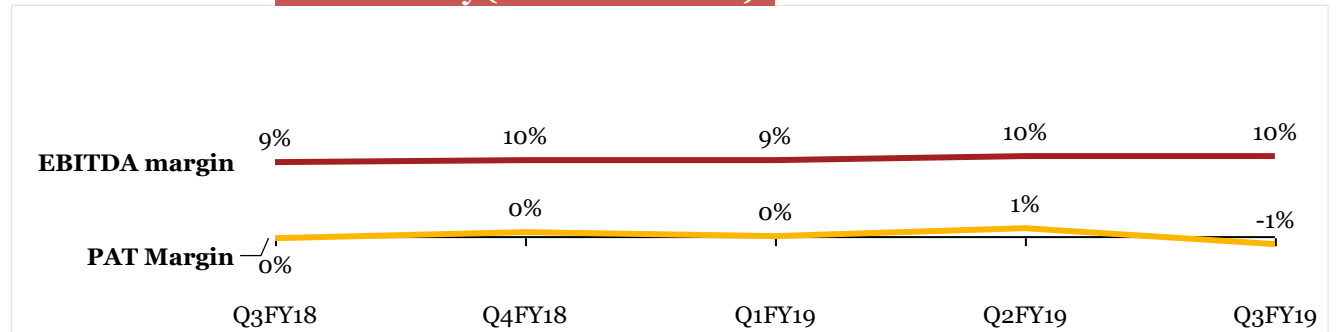
Net Sales (in INR cr.)



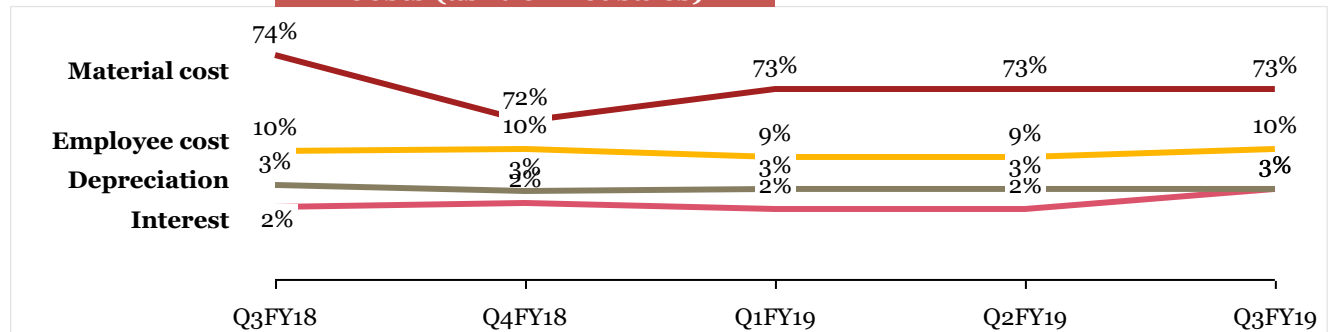
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- Net Sales and EBITDA decreased majorly for almost all nine companies in Q3 FY19 as compared with Q3 FY 18
- The raw material cost increased for the segment in Q3 FY 19 by ~31% as compared with Q3 FY18



## 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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