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ACMA- Financial Analysis FY 18

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and confidential*

January 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 73 Auto component companies

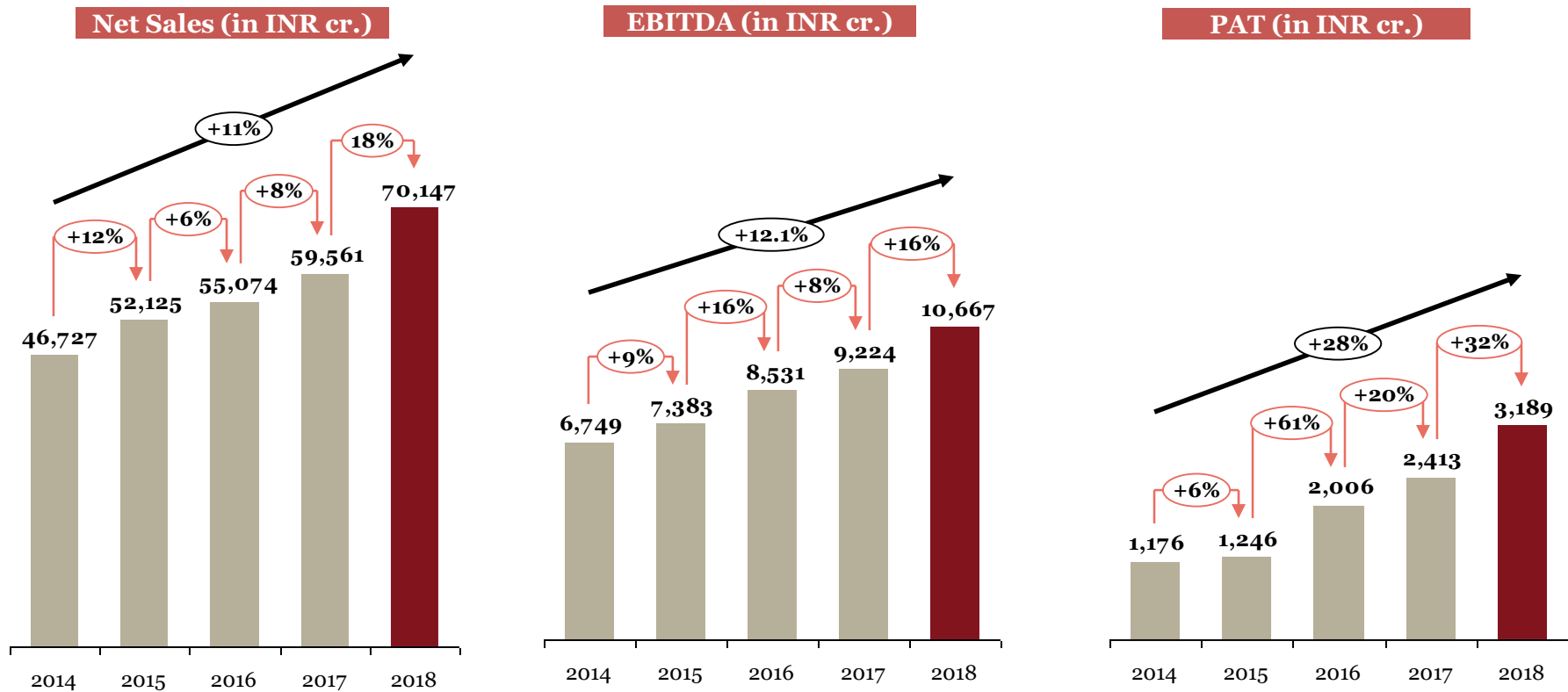
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	10	23	13	27
Segment based classification				
Segment	# companies	List of companies		
Transmission	15	Automotive Axles, Bharat Gears, Endurance Tech., Exedy India, JMT Auto, L G Balakrishnan, RACL Geartech, Rane (Madras), Remsons Industries, Setco Automotive, Shivam Autotech, Sona Koyo Steering, Suprajit Engineering, The Hi-Tech Gear, Z F Steering		
Suspension	15	Gabriel India, Hind Composites, Sundaram Brake, Wheels India, Munjal Showa, Jamna Auto Industries, Steel Str. Wheel, G S Auto Intl., Simmonds Marshall, Spectra Industries, Talbros Engineering, WABCO India, Rane Brake Lining, Rane TRW, Enkei Wheels		
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 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	10	Autolite, Bhagwati Auto, Fiem Industries, India Nipp.Elec., Lumax Auto Tech., Lumax Industries, Minda Corp, Minda Industries, Motherson Sumi, Subros		
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 11 companies have been excluded from scope this year due to unavailability of complete financials for comparative analysis

Collective Financial Summary of In-scope Auto-component Manufacturers

Aggregate financial analysis (73 in-scope companies)

73 in-scope companies

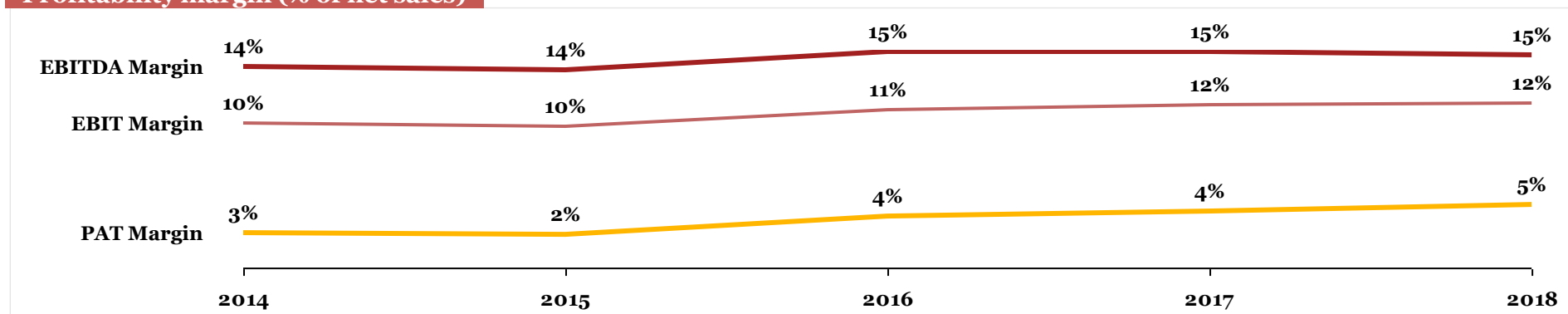


As observed from the above charts, the growth in Net sales is exceeded by the growth in EBITDA and PAT. This seemingly indicates better performance by the auto-component sector in the past 5 FYs.

Trends in profitability (as % of Net sales)

73 in-scope companies

Profitability margin (% of net sales)



PAT margin distribution of in-scope companies

PAT margin % Range	2017 Number of companies	2018 Number of companies
Less than 0	14	10
0-2	11	10
2-5	28	27
5-10	18	24
More than 10	2	2

EBITDA margin distribution of in-scope companies

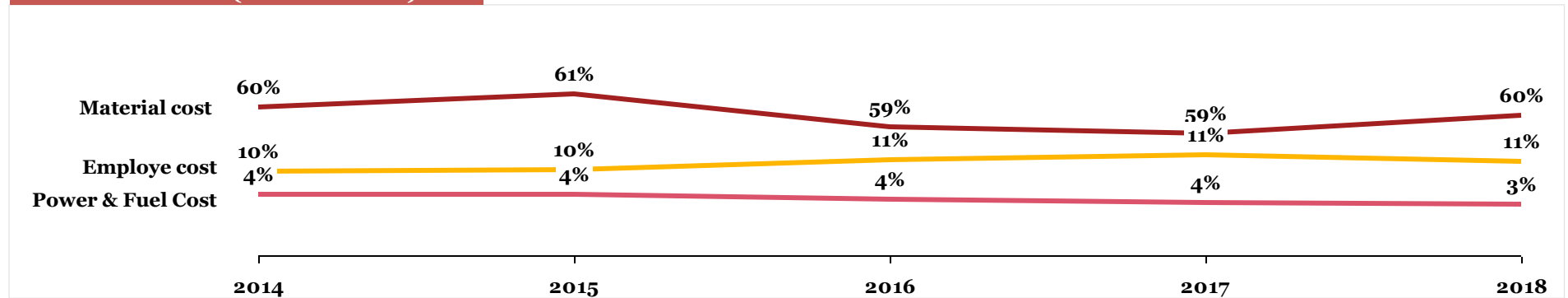
EBITDA margin % Range	2017 Number of companies	2018 Number of companies
Less than 0	0	3
0-5	4	1
5-10	11	13
10-20	39	40
More than 20	18	16

- A gradual rise in the profitability margins is observed between FY 14 and FY 18
- Compared to FY 17, companies having >2% PAT decreased and moved to a higher PAT % bracket

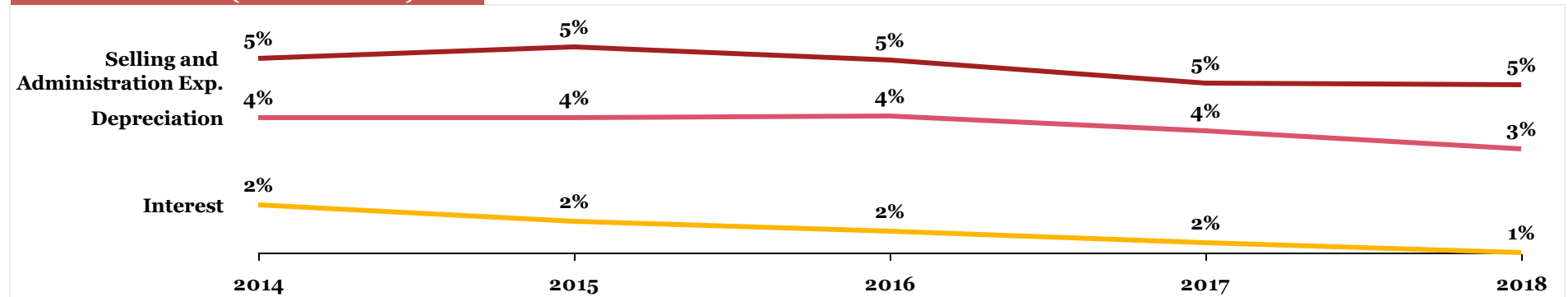
Trends in costs (as % of Net sales)

73 in-scope companies

Direct Costs (% of net sales)



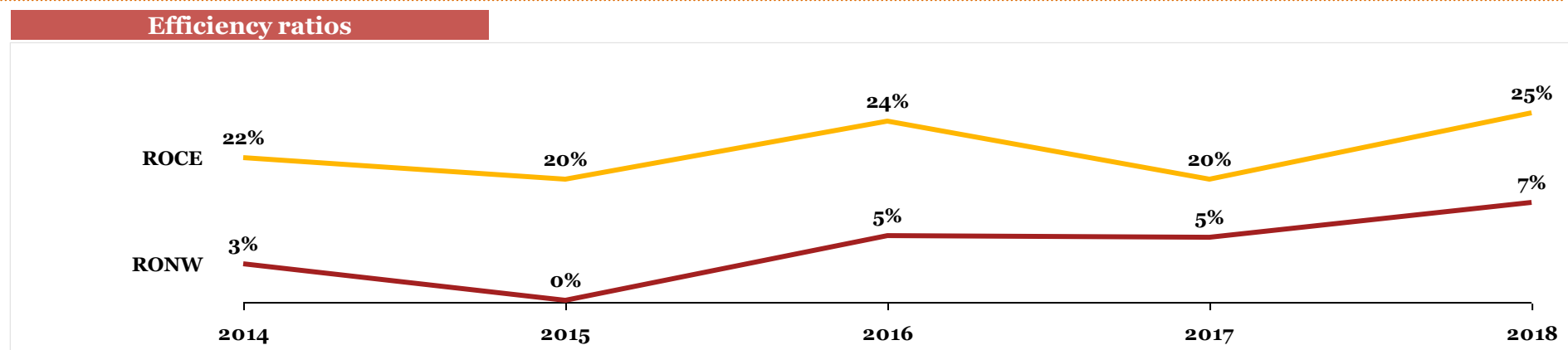
Other Costs (% of net sales)



- The employee cost ratio has increased gradually in the last 5 FYs.
- The Interest and depreciation cost ratios have both decreased during the in-scope period

Trends in efficiency-1

73 in-scope companies



ROCE distribution of in-scope companies

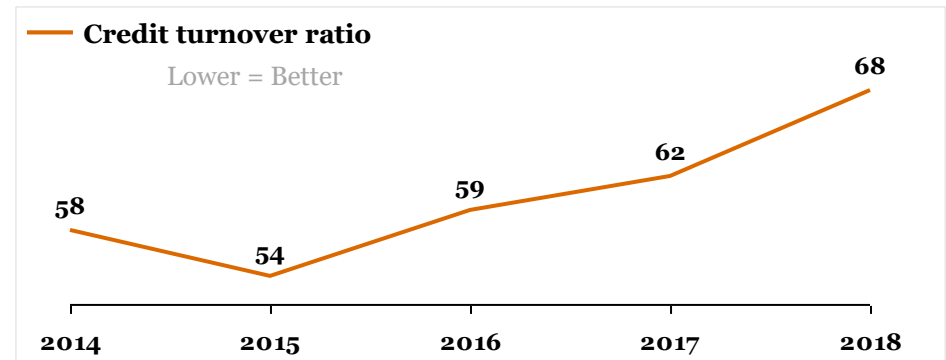
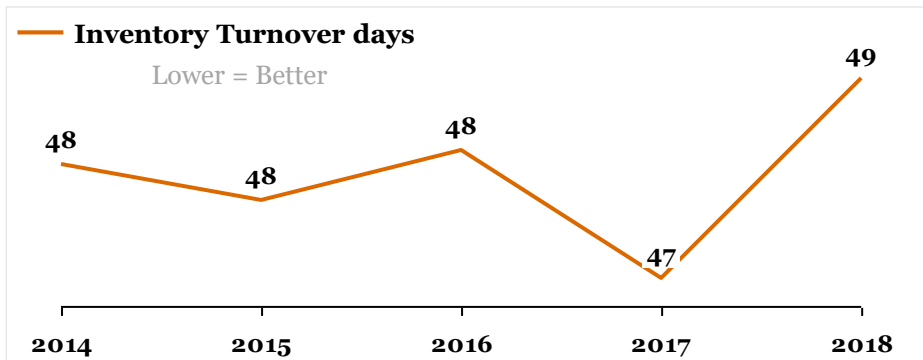
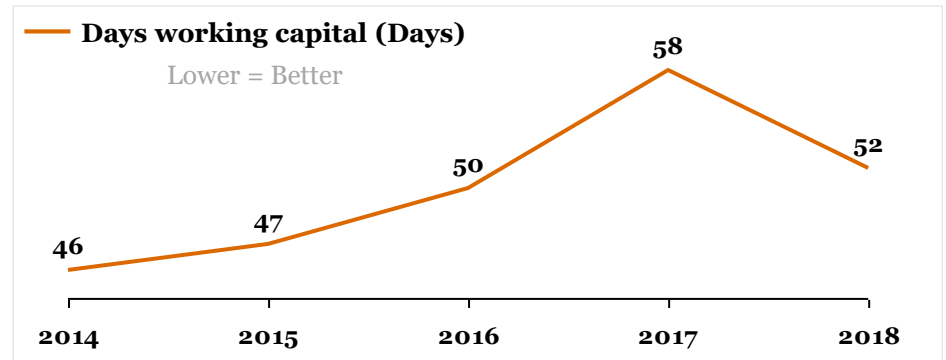
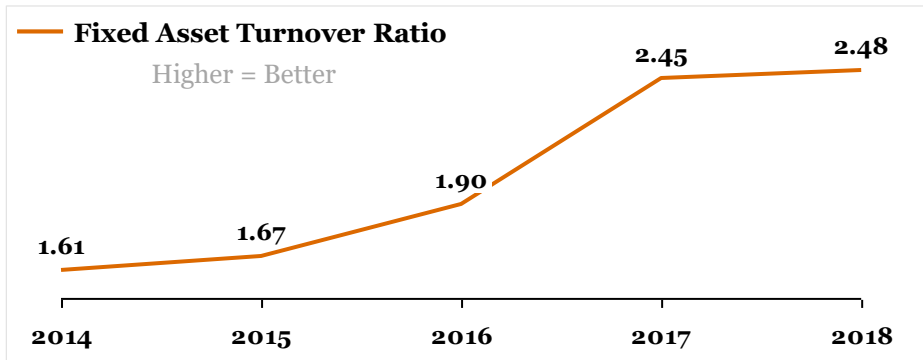
ROCE % Range	2017 Number of companies	2018 Number of companies
Less than 0	5	6
0-5	3	2
5-10	4	3
10-20	25	15
More than 20	36	47

RONW distribution of in-scope companies

RONW % Range	2017 Number of companies	2018 Number of companies
Less than 0	16	11
0-5	8	9
5-10	21	15
10-20	26	33
More than 20	2	5

- Compared to FY 17, 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 14 to FY 18

Trends in efficiency-2



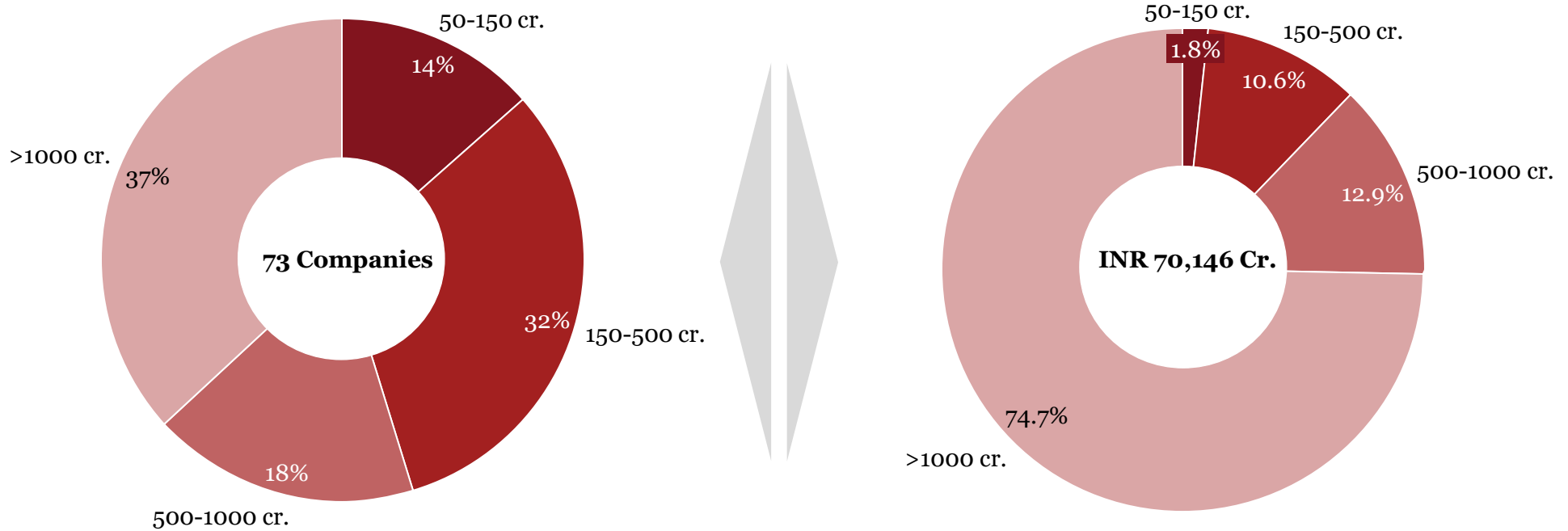
- The increase in the average FATO over the years indicates an improvement in fixed asset usage by the auto-component sector
- However, an increase in the credit turnover ratio indicates decrease in speedy payments to creditors

Size based analysis

Revenue based classification

Revenue based classification (n=73)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
10	23	13	27

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	10	23	13	27

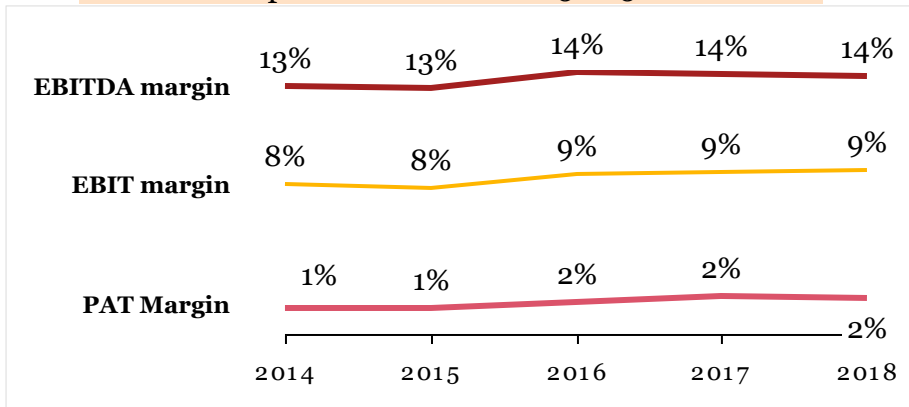


(Aggregate revenue of 73 companies)

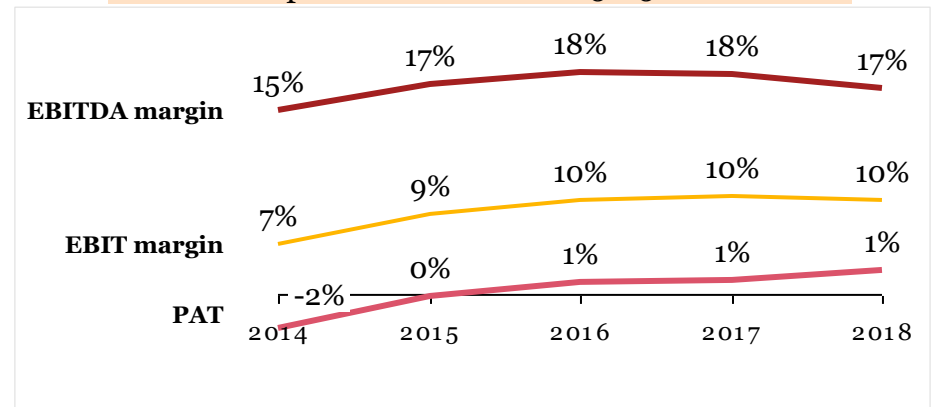
Trends in profitability (as % of Net sales)

Revenue based classification (n=73)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
10	23	13	27

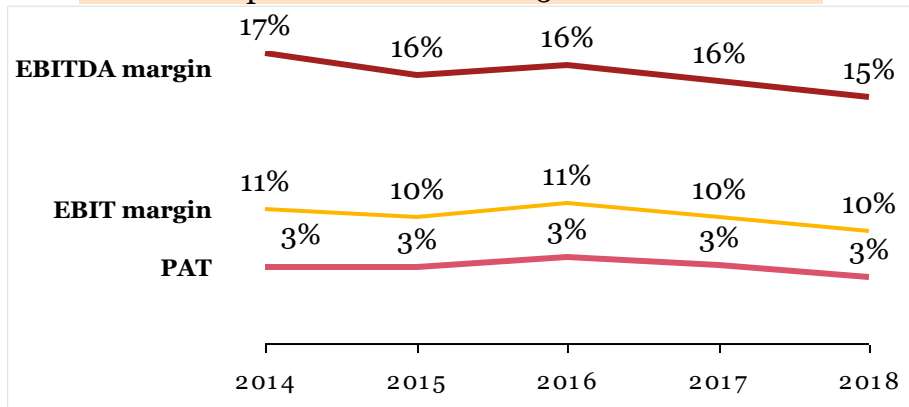
Companies with revenue 50-150 cr.



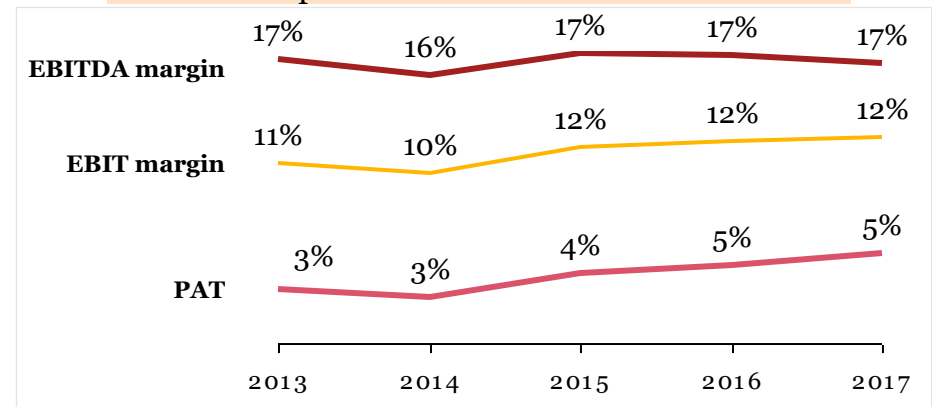
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



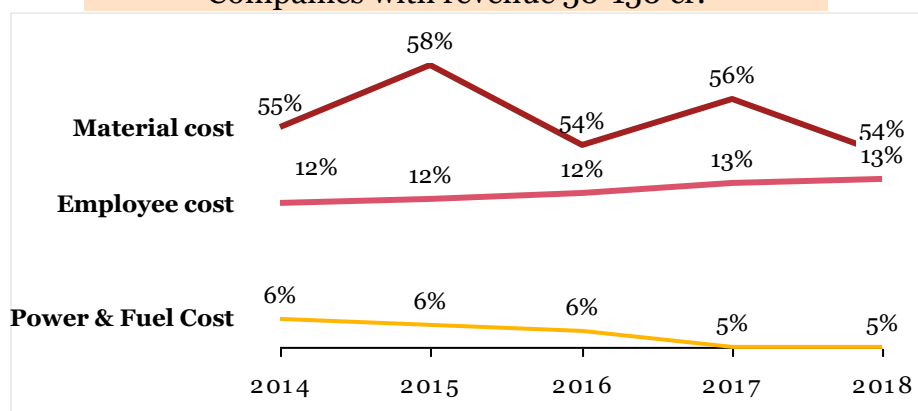
Companies with revenue >1000 cr.



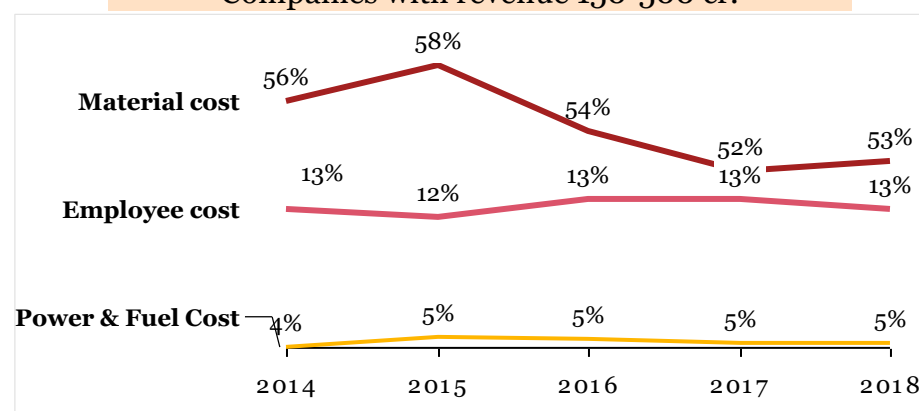
Trends in direct costs (as % of Net sales)

Revenue based classification (n=73)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
10	23	13	27

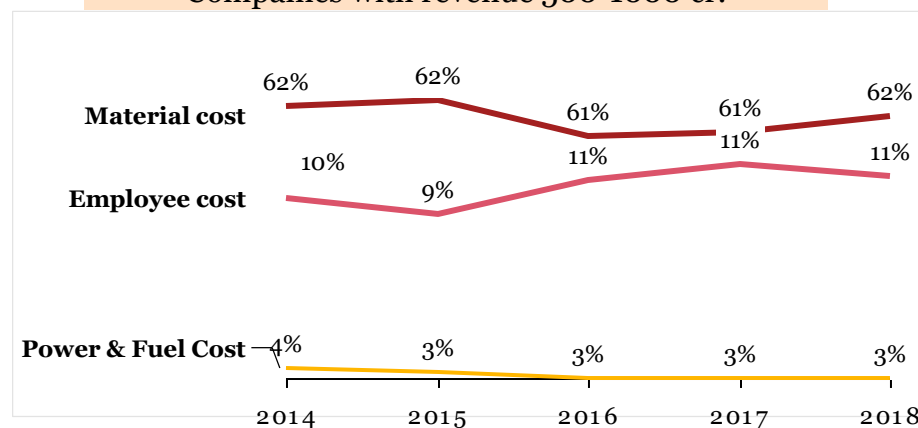
Companies with revenue 50-150 cr.



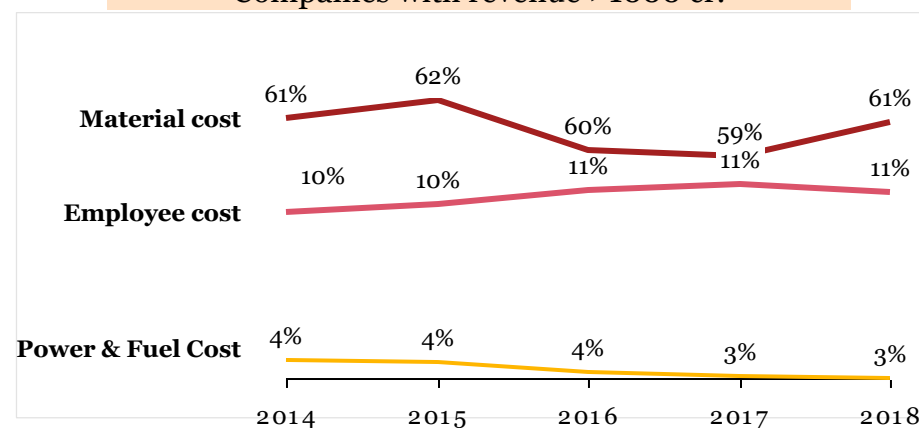
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



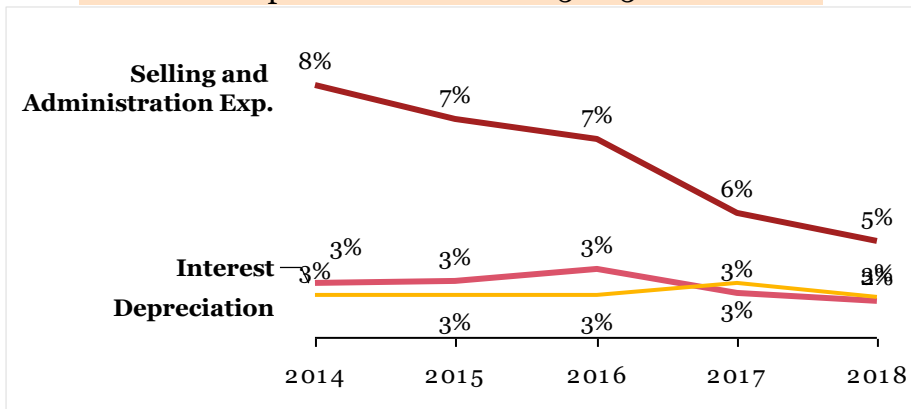
Companies with revenue >1000 cr.



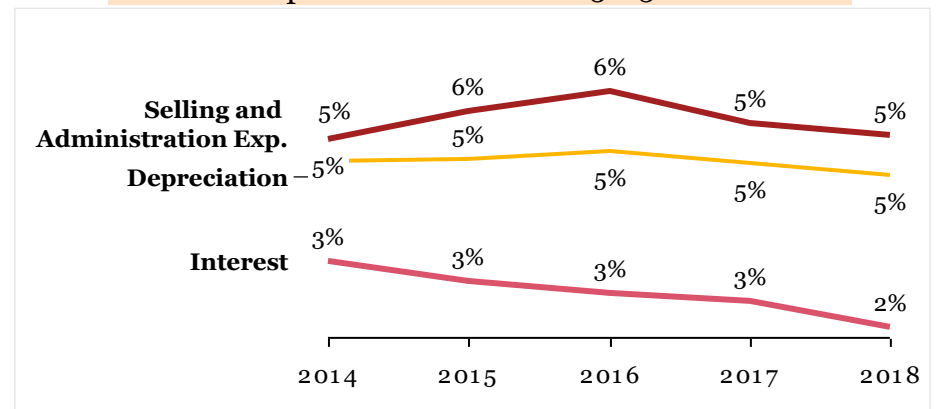
Trends in other costs (as % of Net sales)

Revenue based classification (n=73)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
10	23	13	27

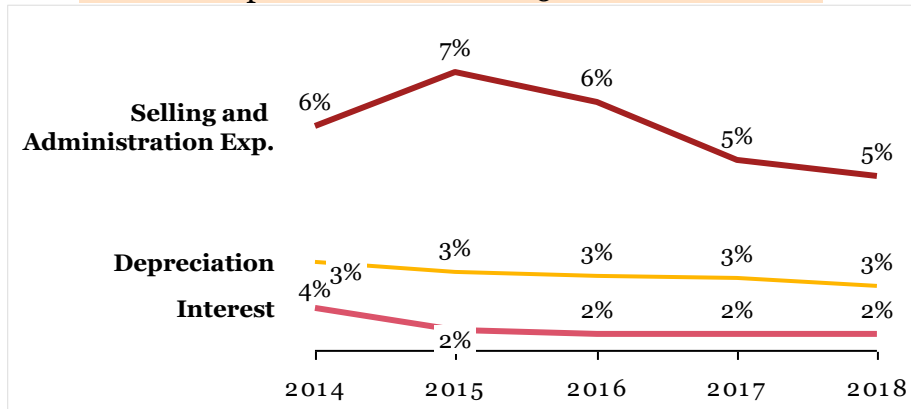
Companies with revenue 50-150 cr.



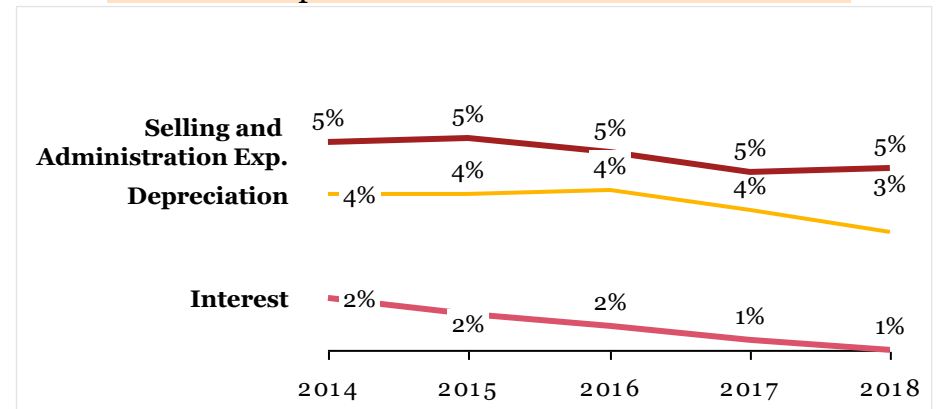
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



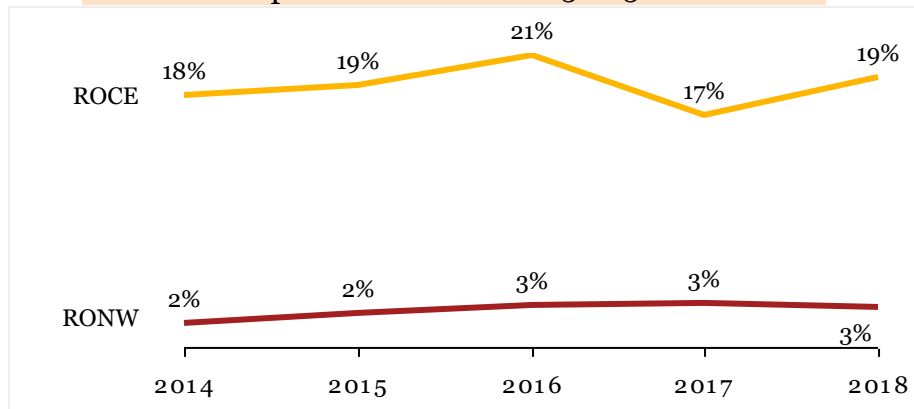
Companies with revenue >1000 cr.



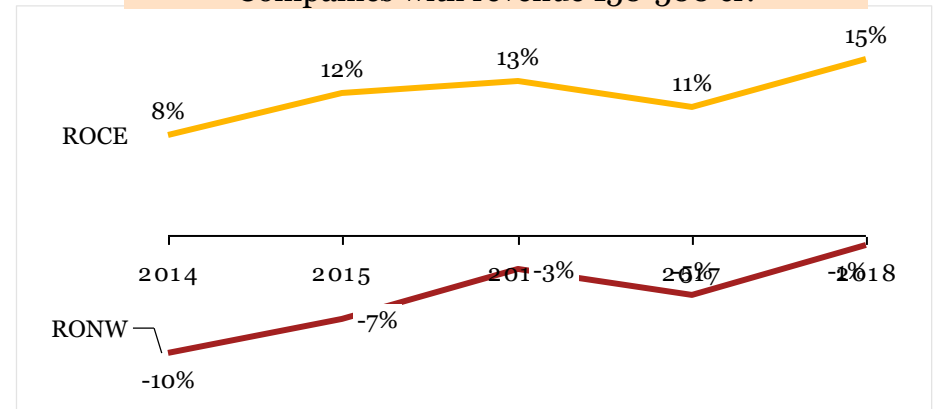
Trends in efficiency-1

Revenue based classification (n=73)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
10	23	13	27

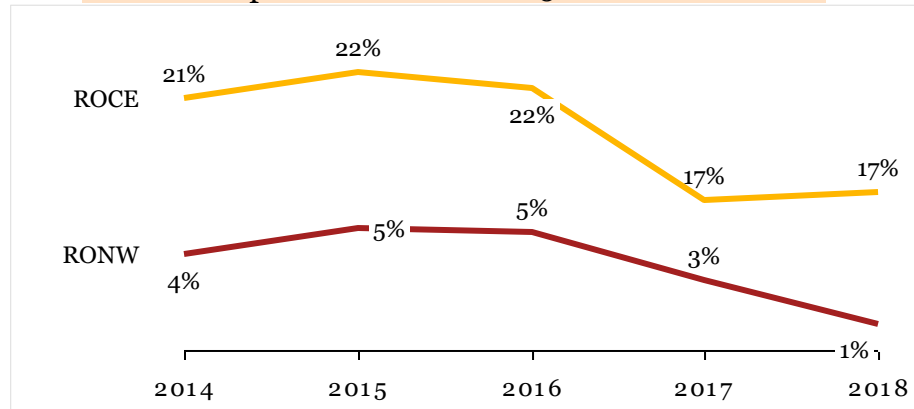
Companies with revenue 50-150 cr.



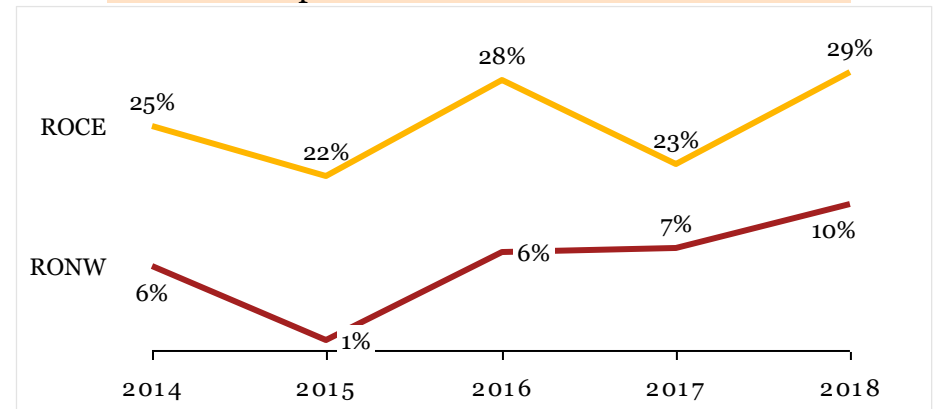
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



Companies with revenue >1000 cr.

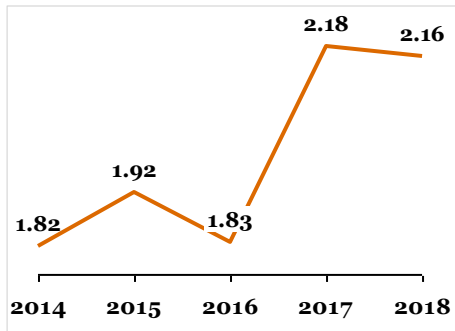


Trends in efficiency-2

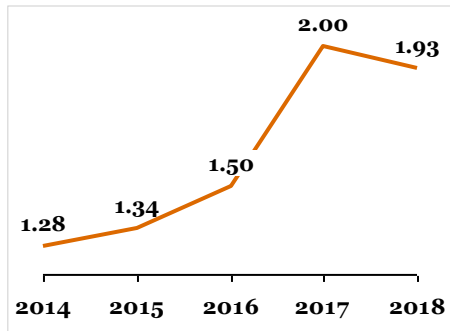
Revenue based classification (n=73)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
10	23	13	27

Fixed asset turnover ratio (FATO)

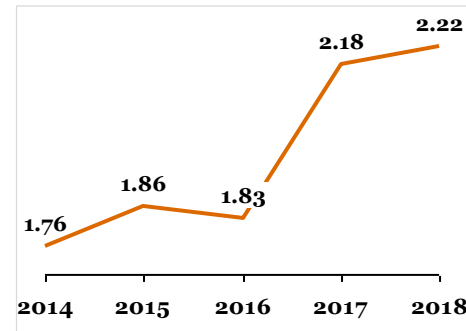
Companies: 50-150 cr.



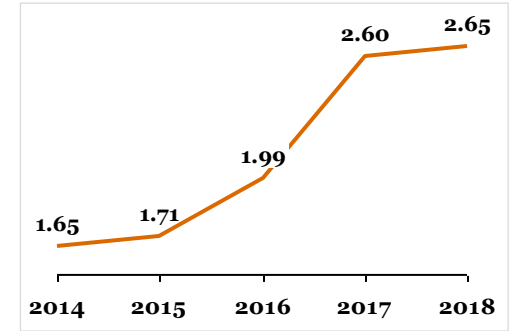
Companies: 150-500 cr.



Companies: 500-1000 cr.

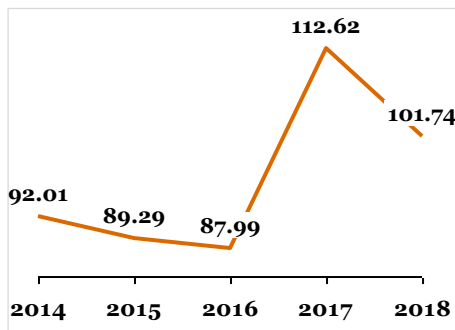


Companies: more than 1000 cr.

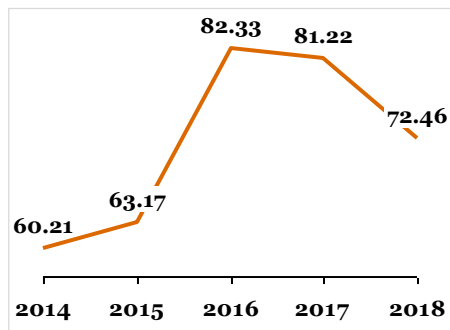


Working capital days (days)

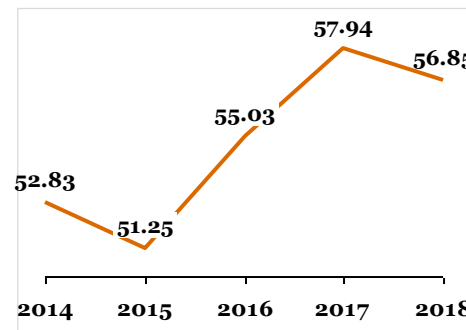
Companies: 50-150 cr.



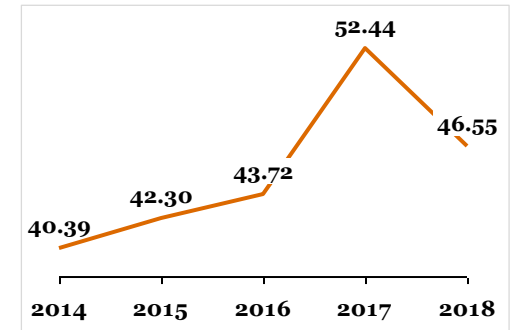
Companies: 150-500 cr.



Companies: 500-1000 cr.



Companies: more than 1000 cr.

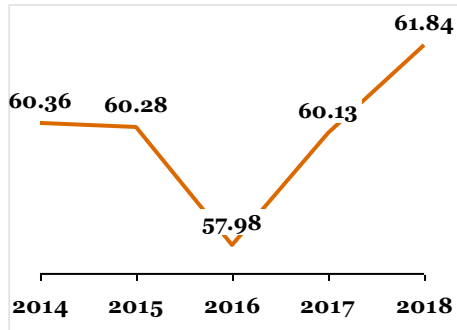


Trends in efficiency-2

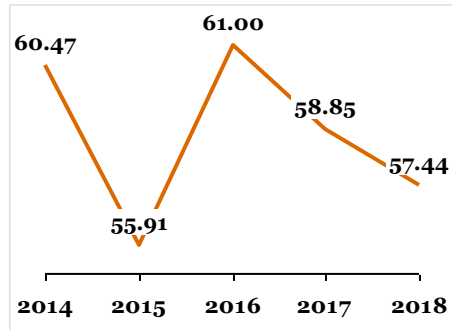
Revenue based classification (n=73)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
10	23	13	27

Inventory Turnover (days)

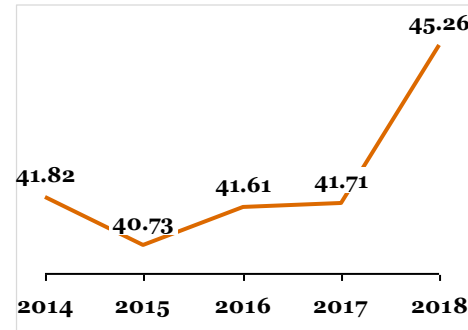
Companies: 50-150 cr.



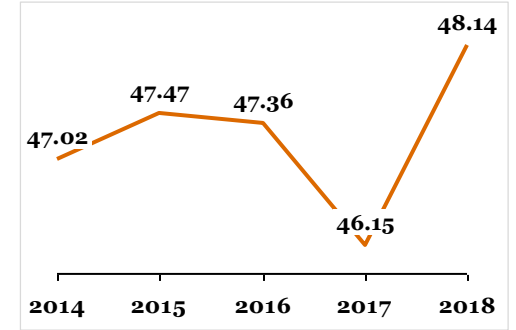
Companies: 150-500 cr.



Companies: 500-1000 cr.

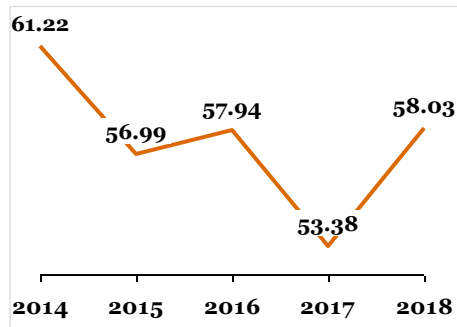


Companies: more than 1000 cr.

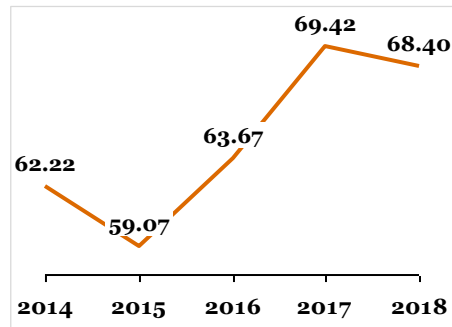


Credit turnover (days)

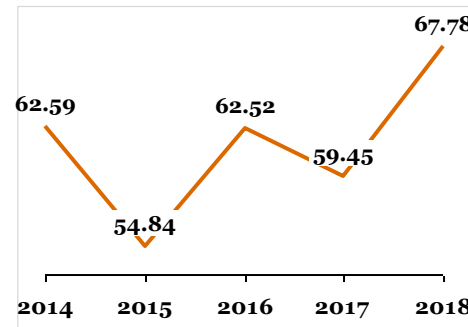
Companies: 50-150 cr.



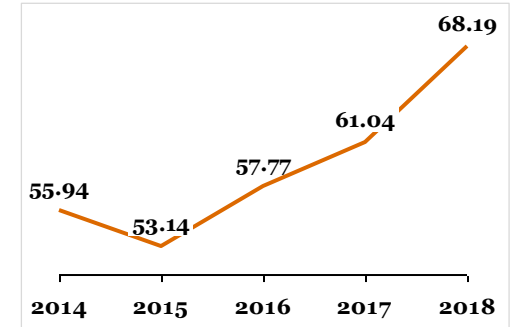
Companies: 150-500 cr.



Companies: 500-1000 cr.



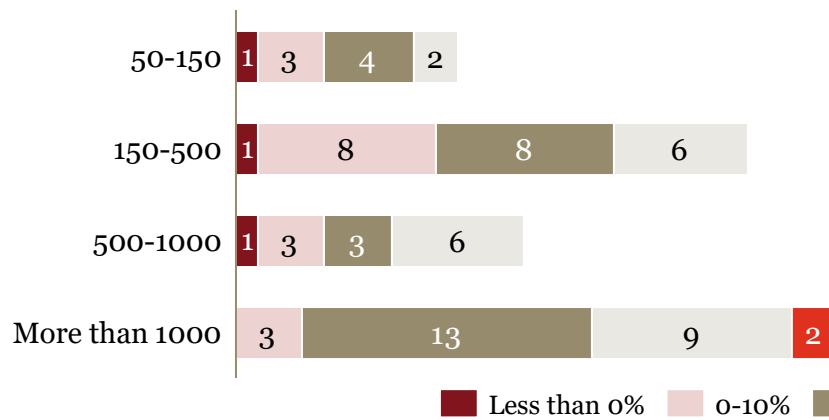
Companies: more than 1000 cr.



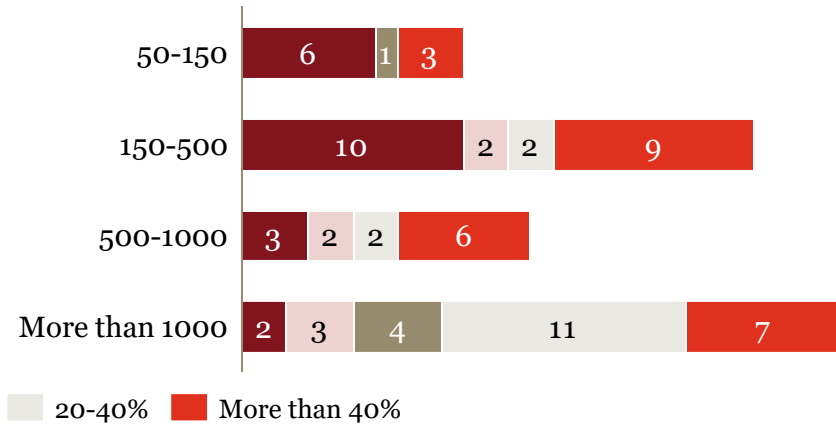
Revenue segment X growth % of in scope companies: FY17 vs. FY18

Revenue based classification (n=73)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
10	23	13	27

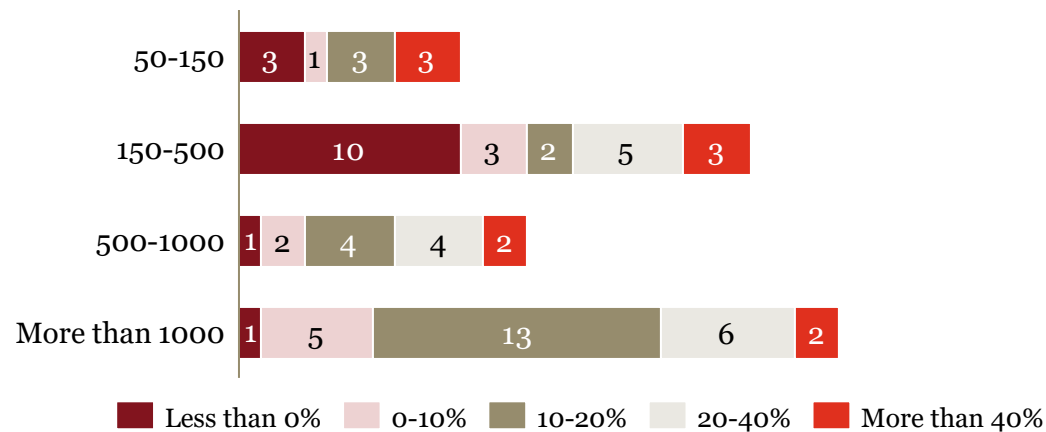
Count of companies by Y-o-Y Net Sales growth %



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

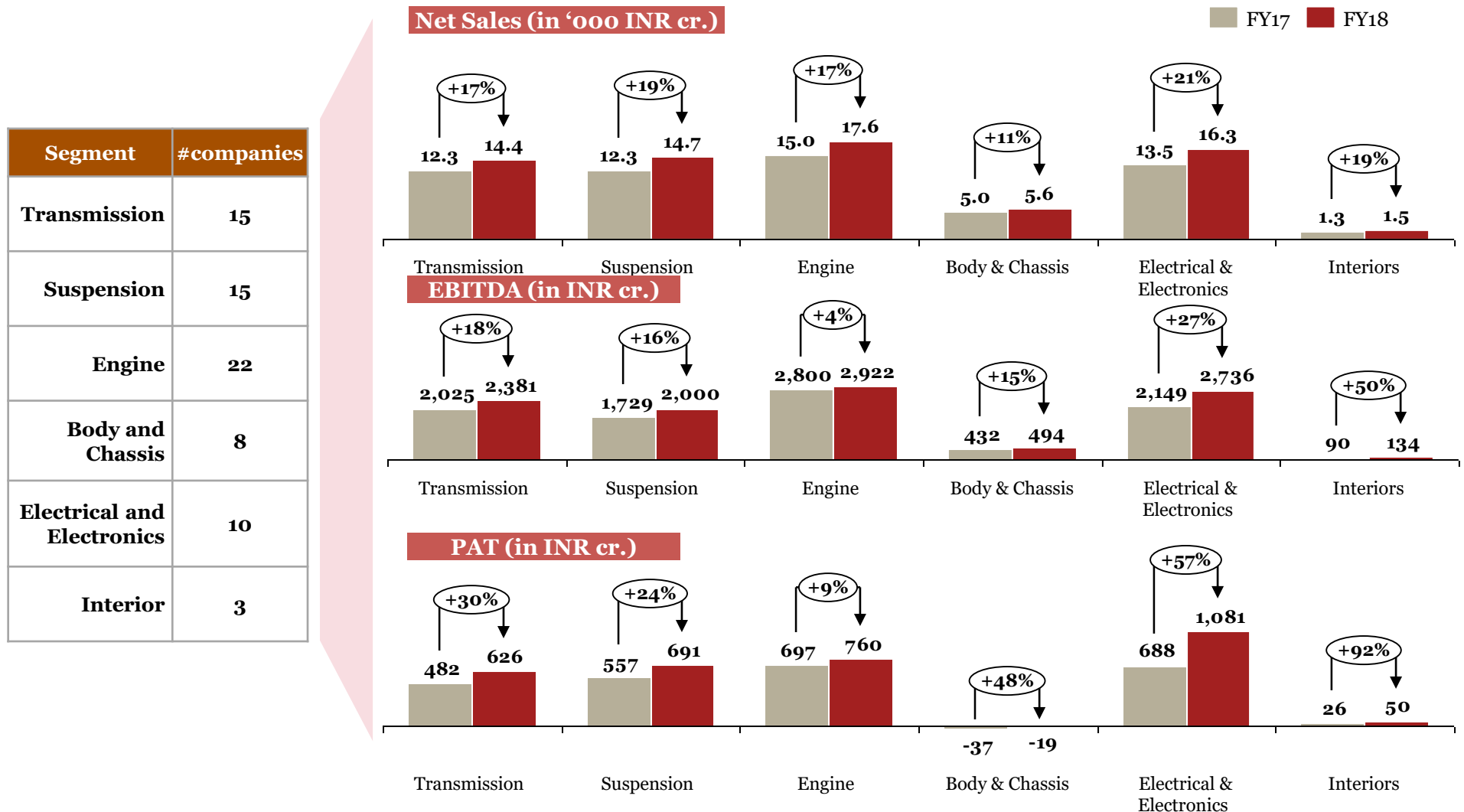


Count of companies by Y-o-Y EBITDA growth %



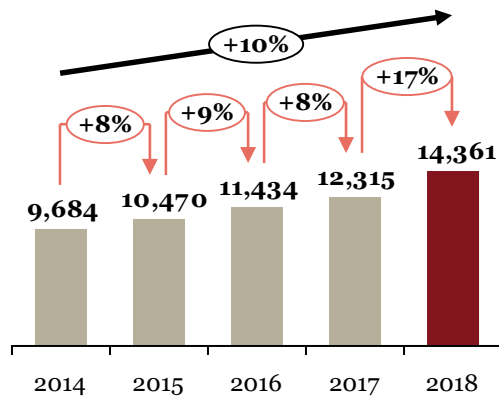
Segment based analysis

Segment-wise analysis of in-scope companies: FY17 vs. FY18

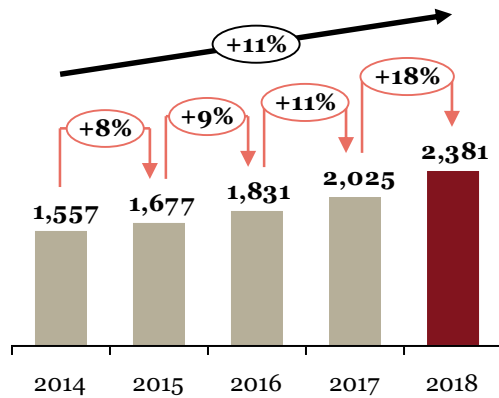


Transmission segment (19 companies)

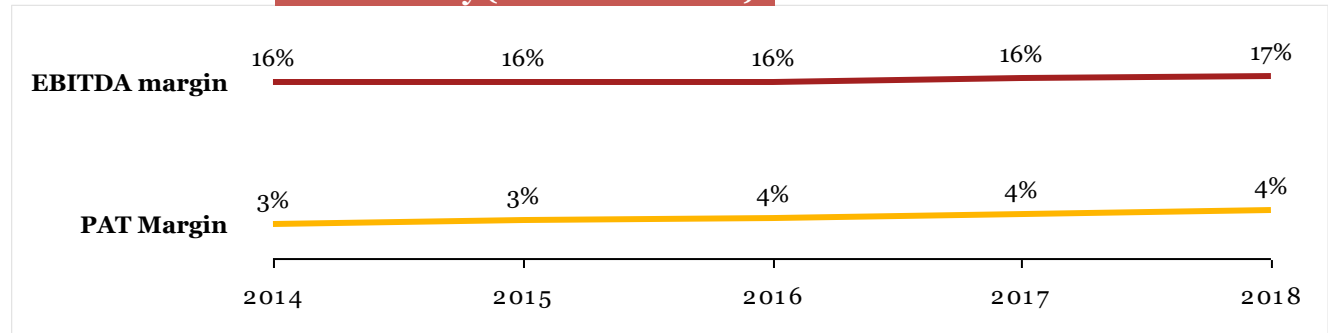
Net Sales (in INR cr.)



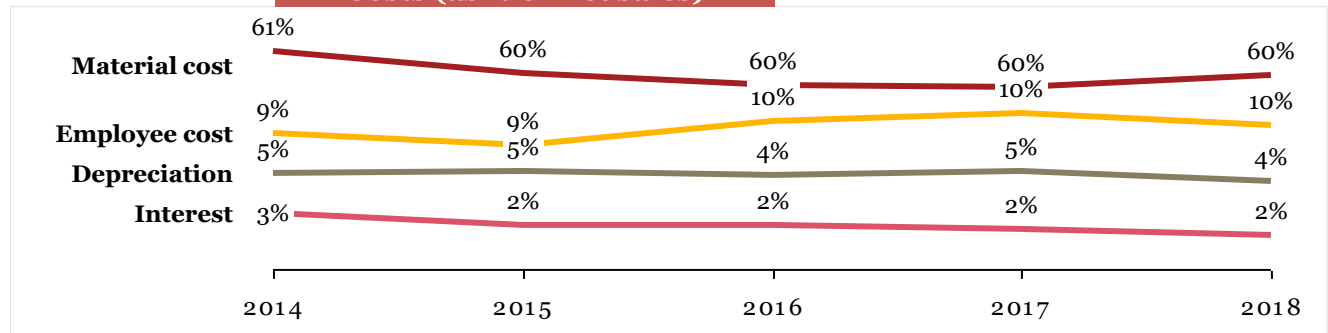
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

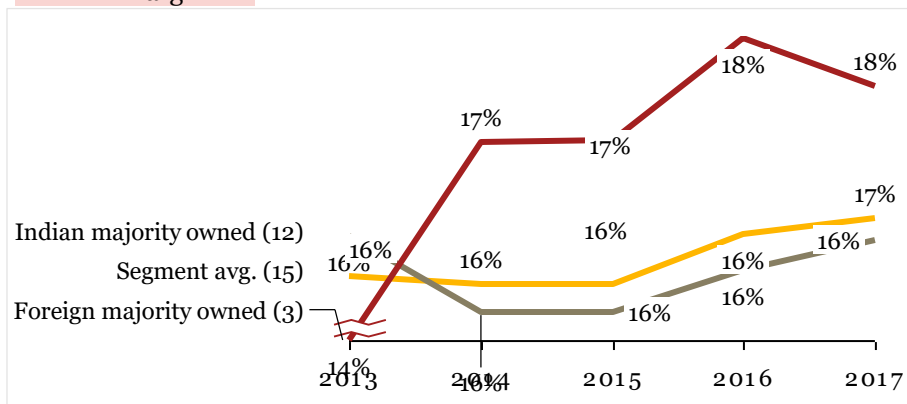


- Overall, 13 out of 19 in-scope companies registered EBITDA margin >10%
- In FY 18, highest EBITDA was recorded by a foreign majority holdings company.
- The in-scope foreign majority holdings companies collectively registered similar profit margins and higher ROCE ratios compared to their Indian counterparts

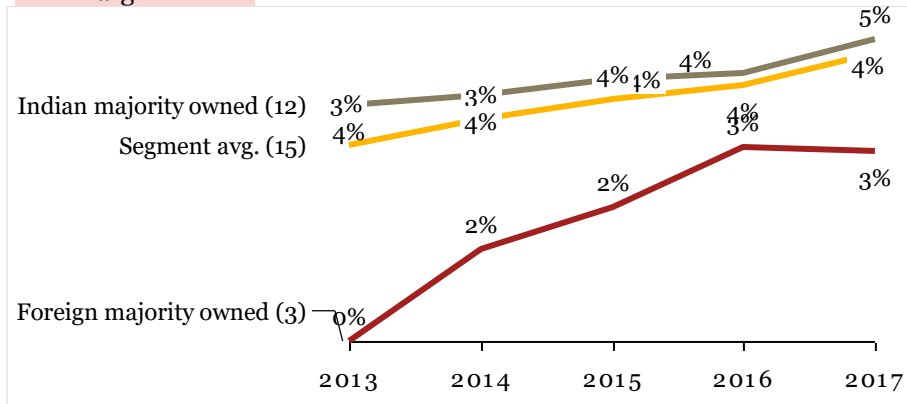
Transmission segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

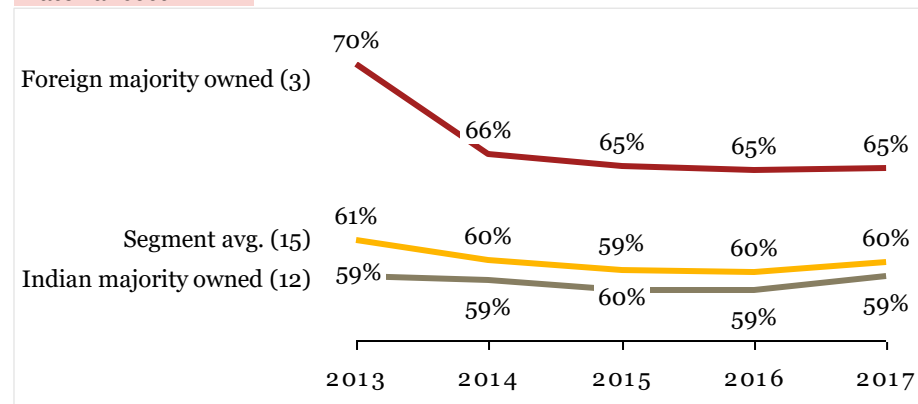


PAT Margin

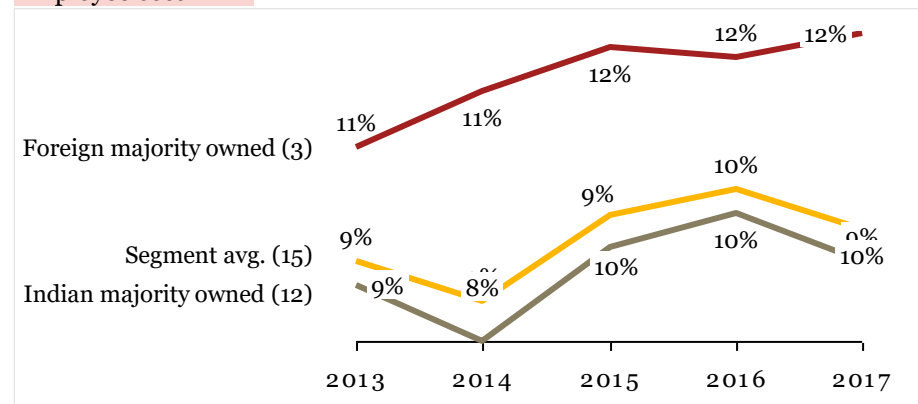


Costs (as % of Net sales)

Material cost

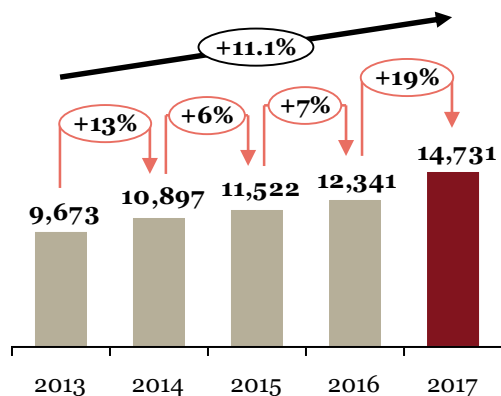


Employee cost

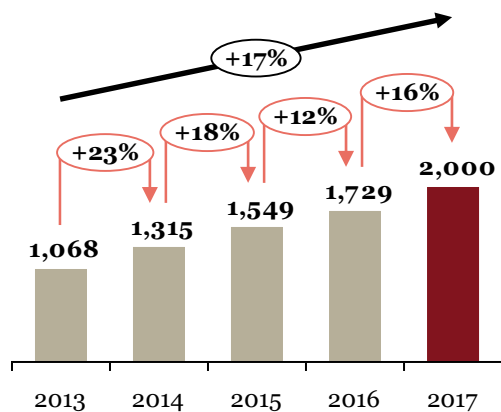


Suspension segment (18 companies)

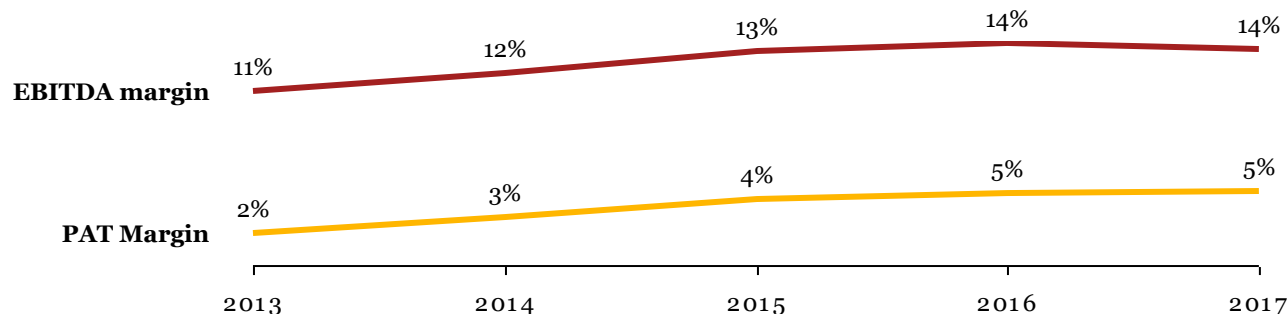
Net Sales (in INR cr.)



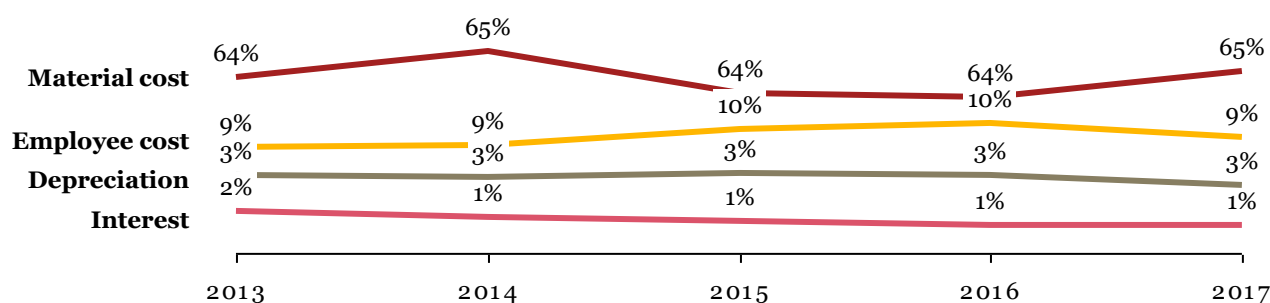
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

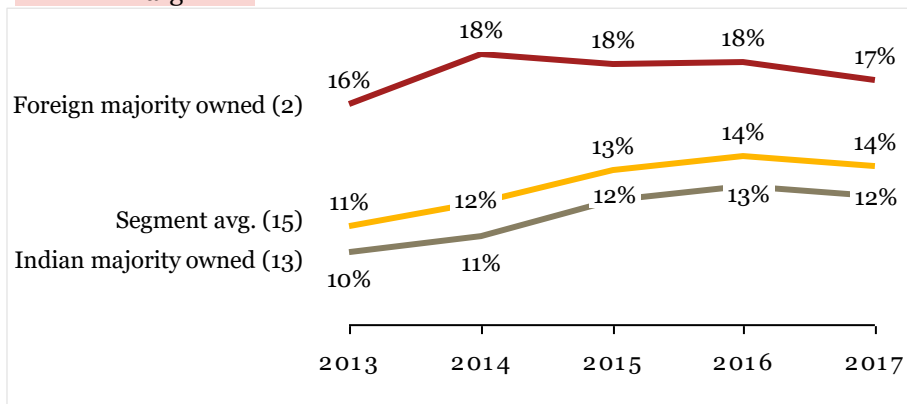


- 2 in-scope companies registered an EBITDA margin of >20%, both of which were Indian-owned companies
- 13 of 18 in-scope companies are Indian majority holdings companies and registered collectively a lower average EBITDA margin compared to their foreign counterparts

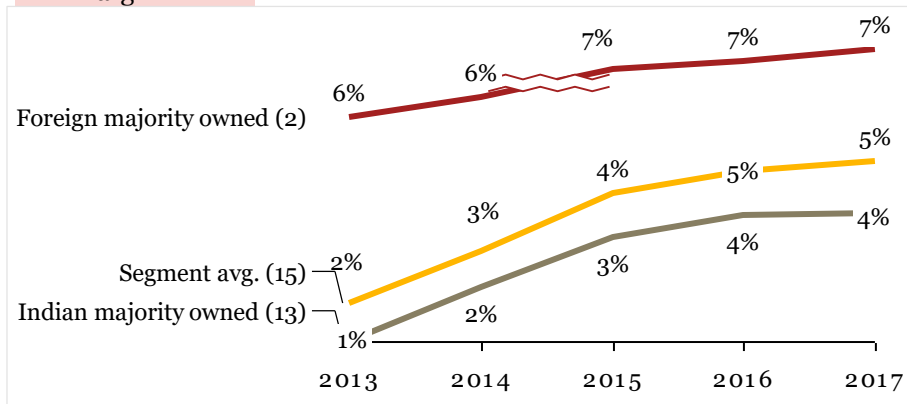
Suspension segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

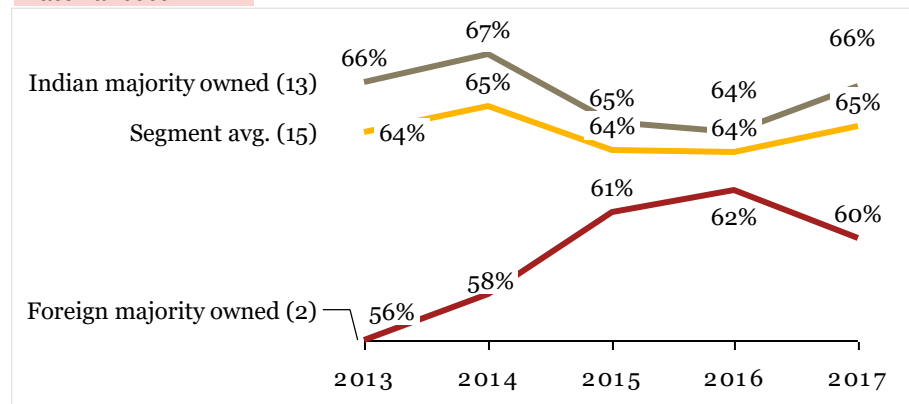


PAT Margin

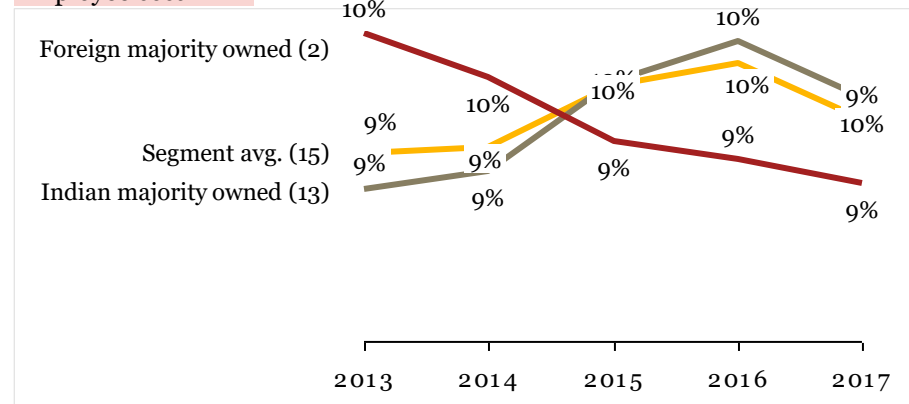


Costs (as % of Net sales)

Material cost

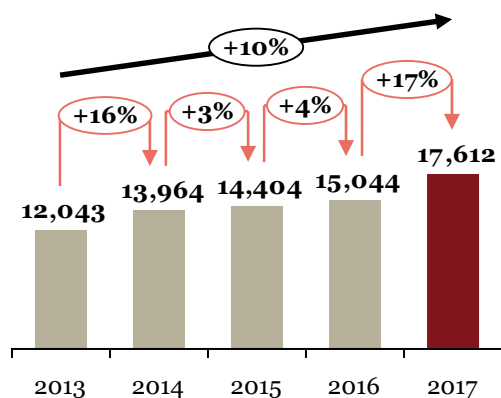


Employee cost

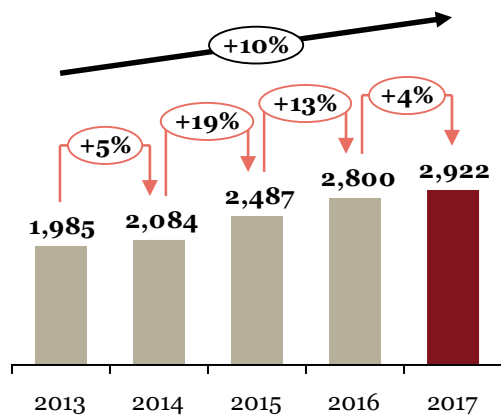


Engine segment (23 companies)

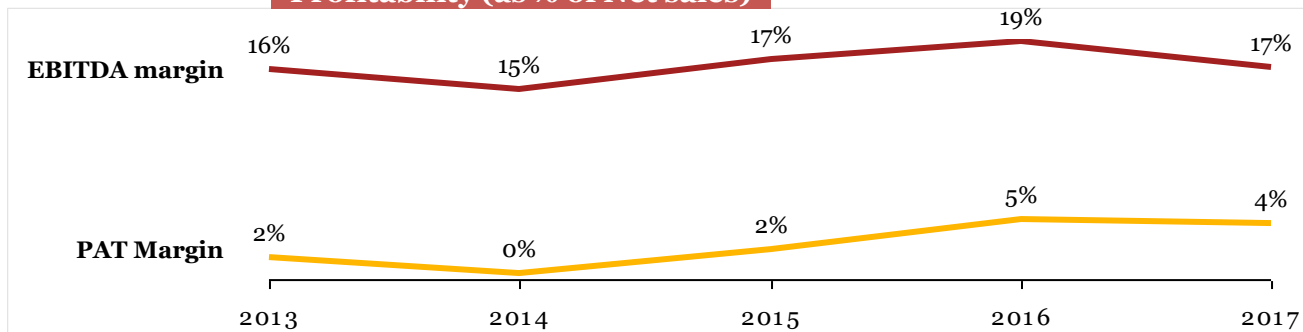
Net Sales (in INR cr.)



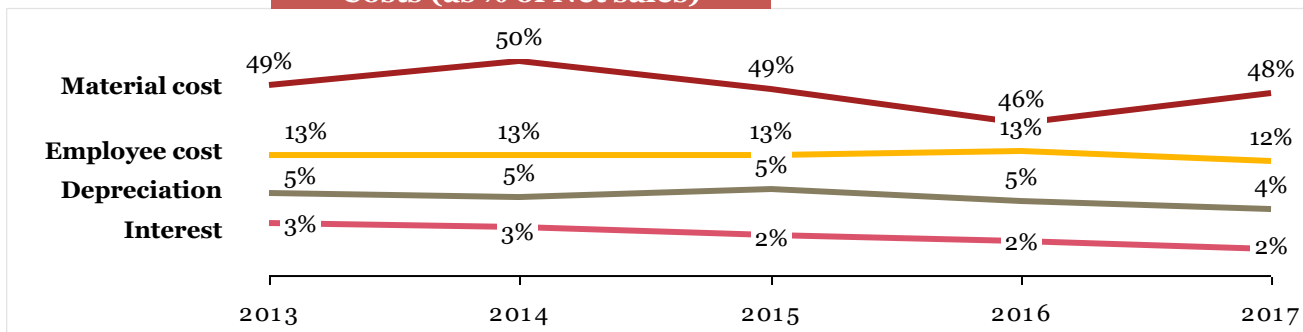
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

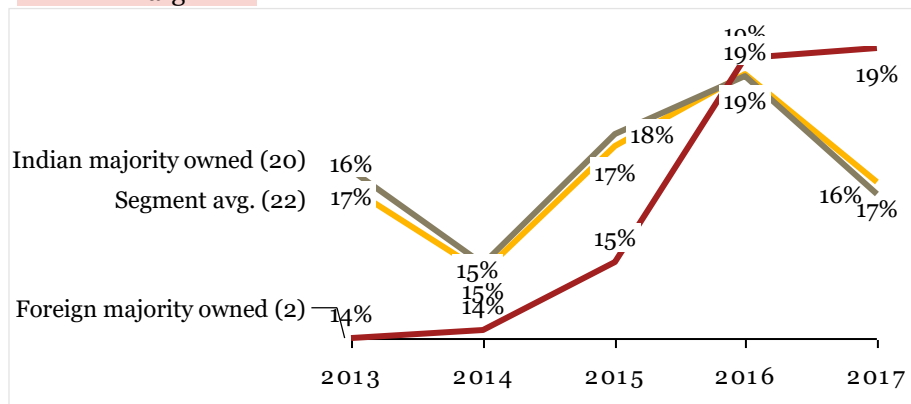


- In this segment 8 companies registered an EBITDA margin of > 20% and 1 company of > 0% in FY 18
- 6 of 23 in-scope companies registered an Y-o-Y net sales growth of >20% between FY 17 and FY 18

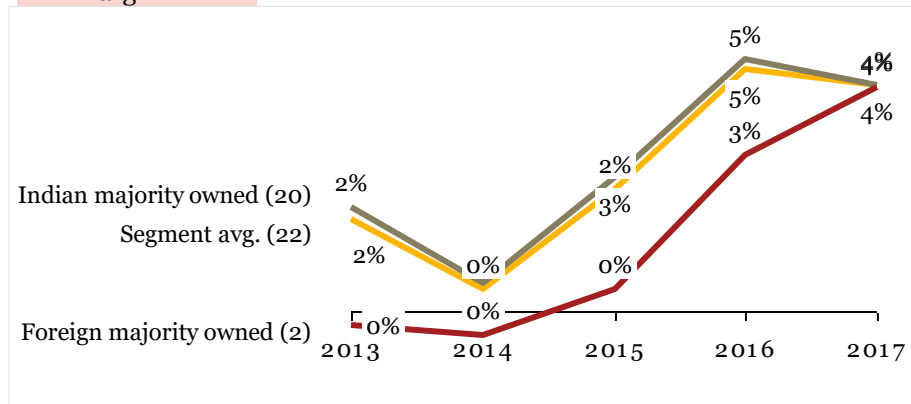
Engine segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

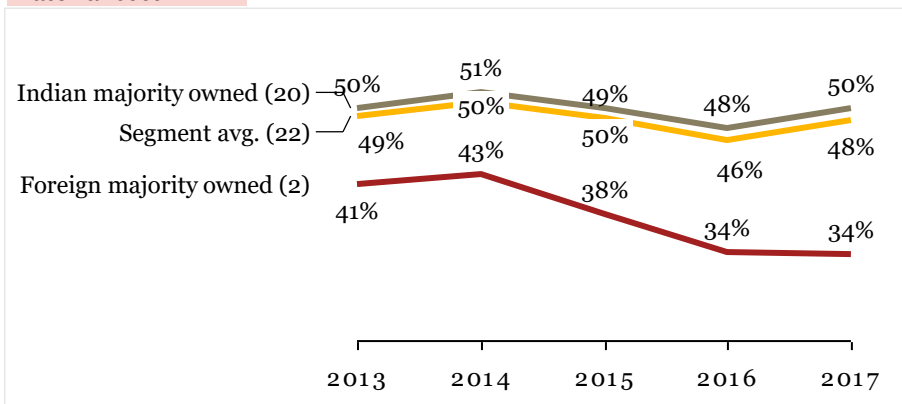


PAT Margin

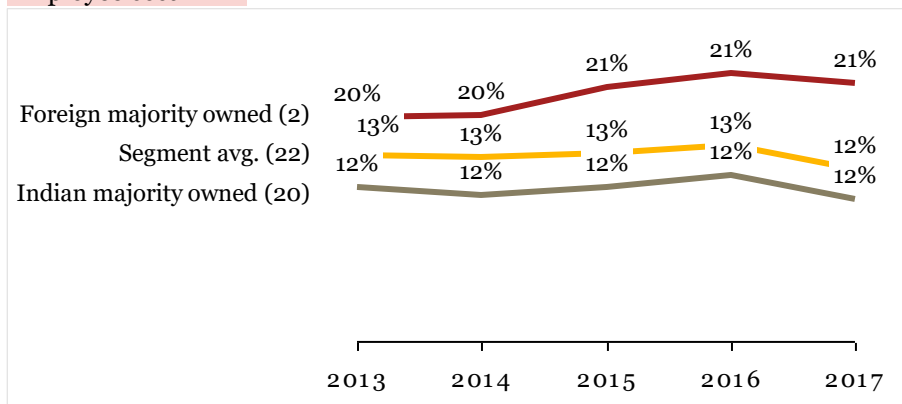


Costs (as % of Net sales)

Material cost

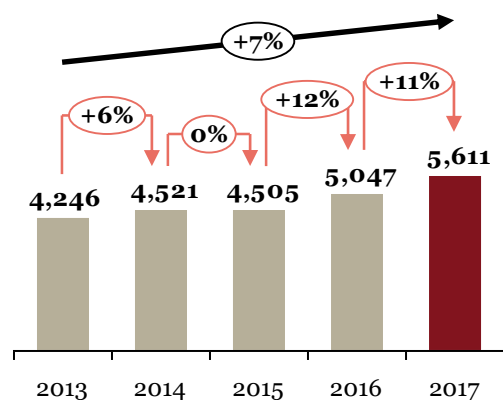


Employee cost

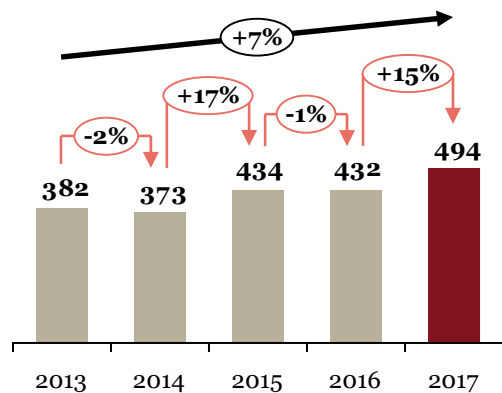


Body and chassis segment (8 companies)

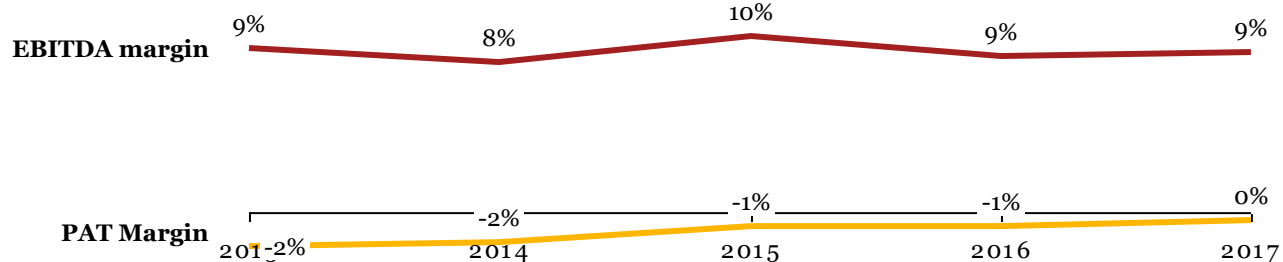
Net Sales (in INR cr.)



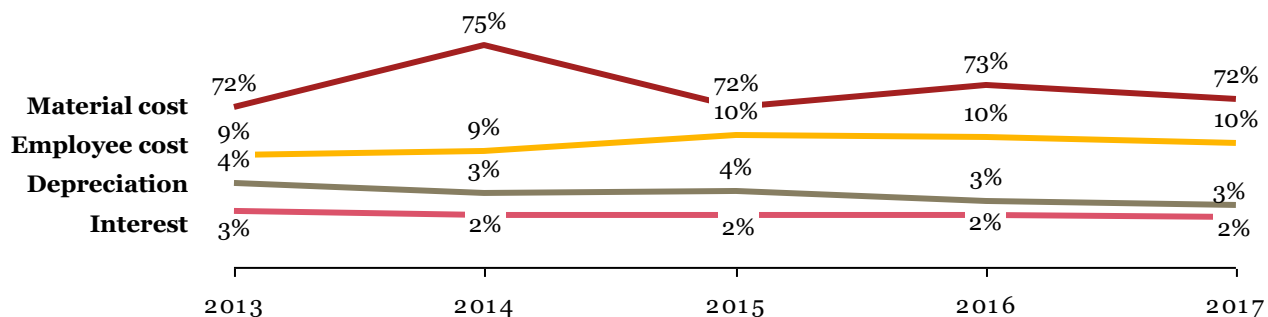
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

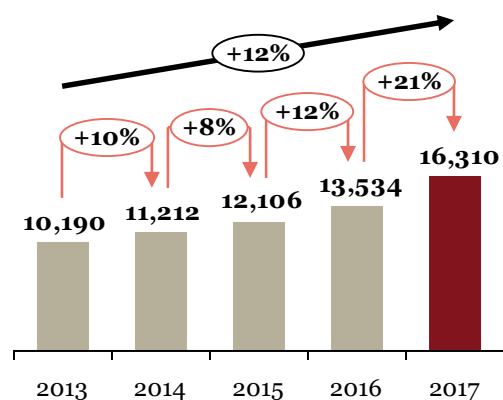


- 4 out of 8 in-scope companies registered >10% Y-o-Y net sales growth between FY 17 and FY 18 whereas 7 out of 8 in-scope companies registered the same growth between FY 17 and FY 18
- 3 companies registered EBITDA margin of >5% and 1 company registered EBITDA margin of >10% in FY 18

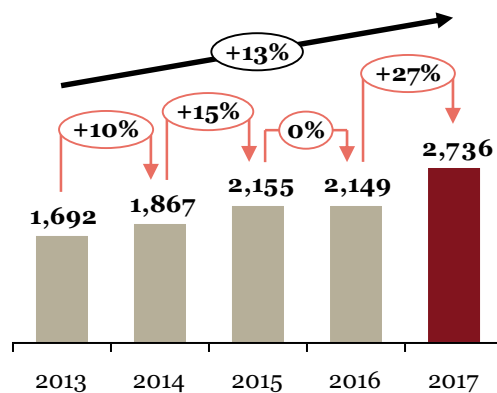
No foreign majority holdings company in-scope

Electrical and Electronics segment (13 companies)

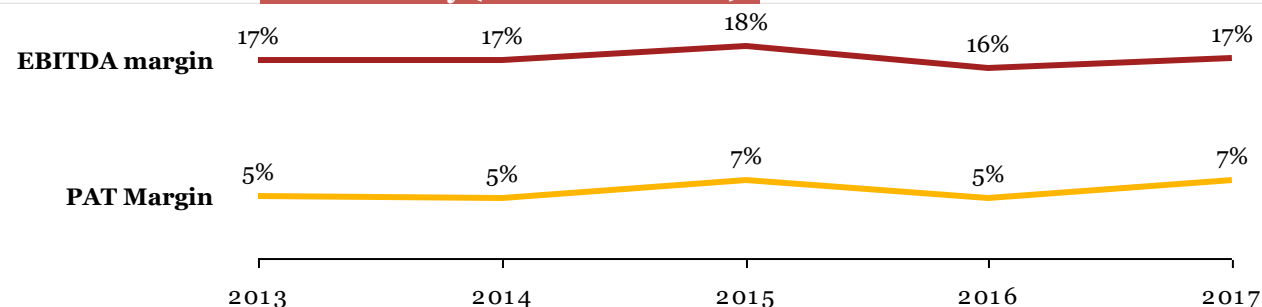
Net Sales (in INR cr.)



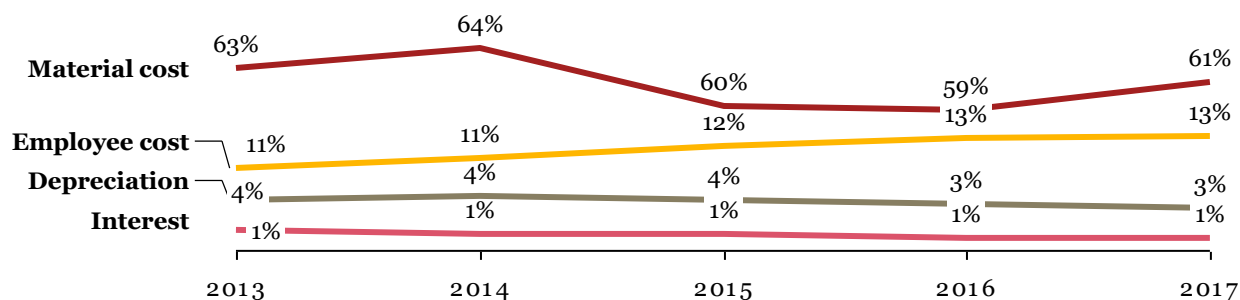
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

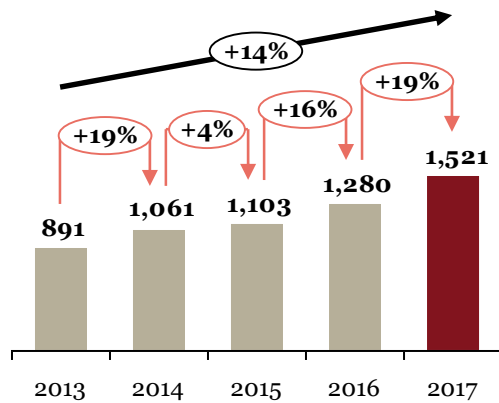


- All companies registered an EBITDA margin of >5%, 8 companies of >10% and 1 company of >20%
- 1 company registered an Y-o-Y net sales growth of <10 % and 7 companies recorded net sales growth of >20% between FY 17 and FY 18

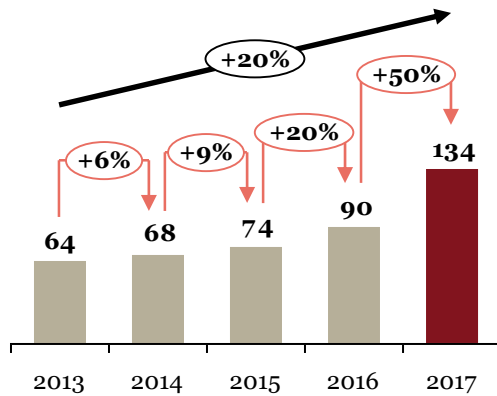
<2 foreign majority holdings company in-scope

Interior segment (3 companies)

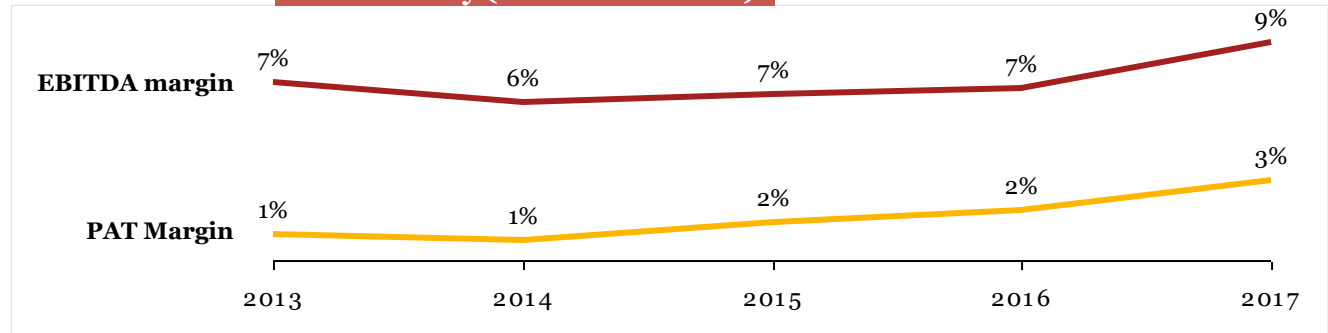
Net Sales (in INR cr.)



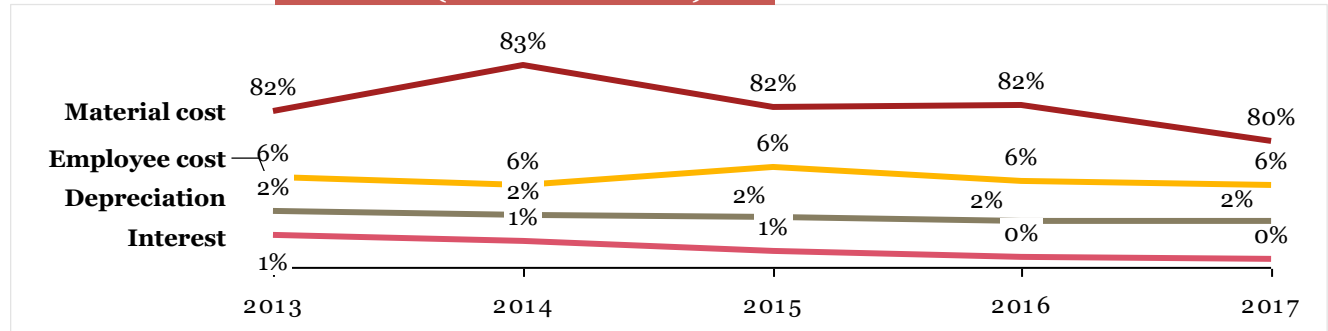
EBITDA (in INR cr.)



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 17 and FY 18
- All the 3 companies registered a positive EBITDA margin in FY 17

No foreign majority holdings company in-scope



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