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# *ACMA- Financial Analysis* Q1 FY-18

*Strictly private  
and confidential*

*24 November 2017*



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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*

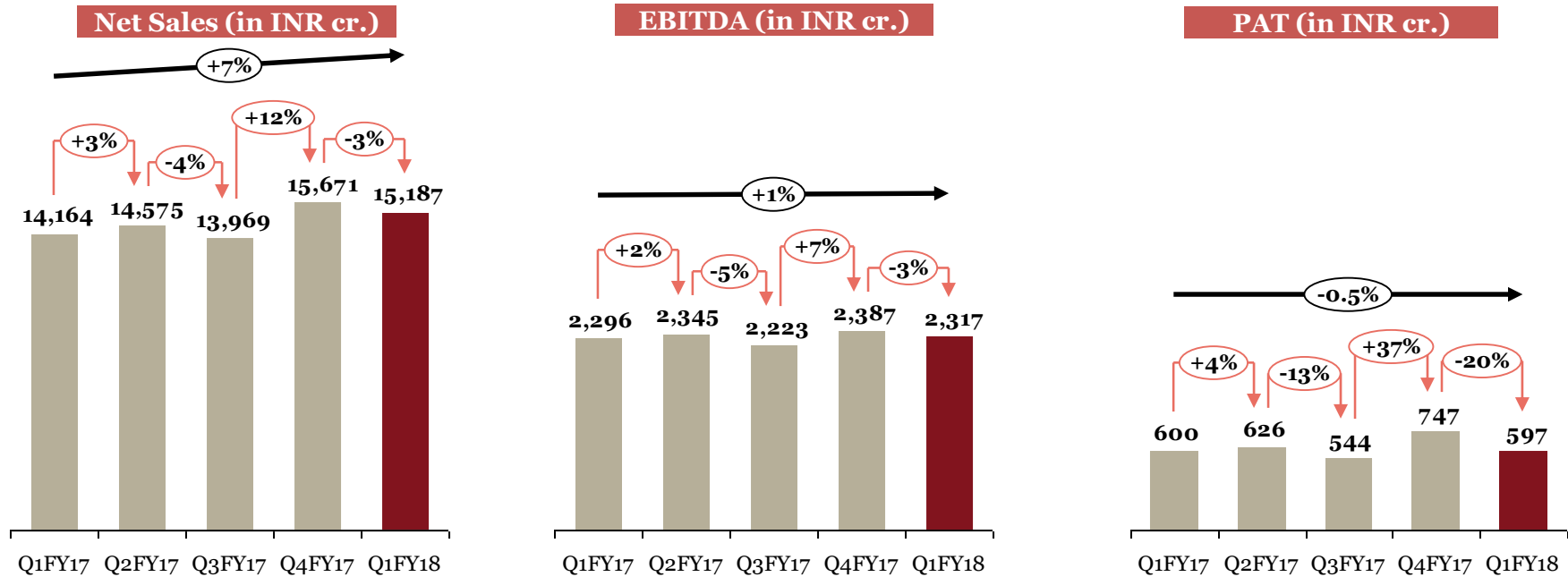
## Classification of 73 Auto component companies

Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	<b>13</b>	<b>24</b>	<b>13</b>	<b>23</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*

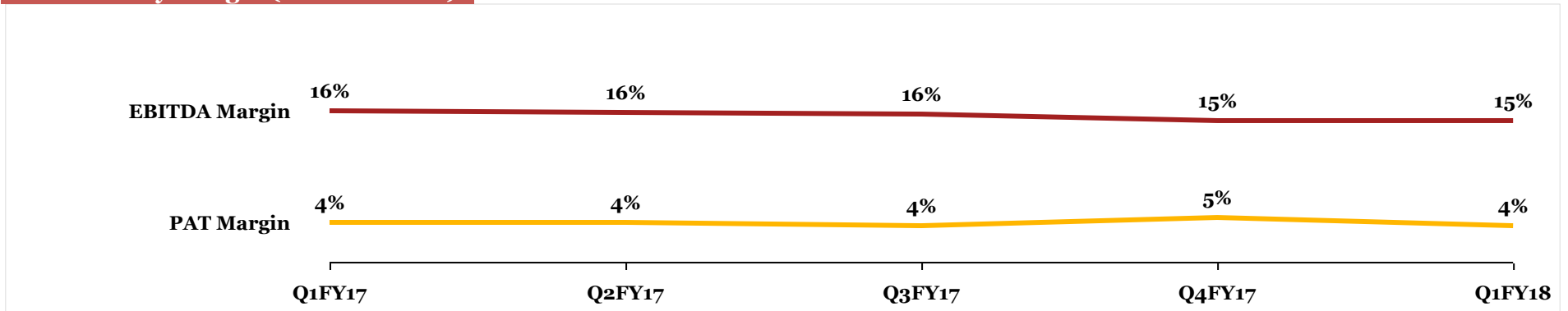
## Aggregate financial analysis (73 in-scope companies)



- PAT has decreased Y-o-Y in Q1 FY18. One of the probable reasons can be attributed to the increased cost of raw materials. Moreover, the Engine, Transmission and Suspension segments recorded a significant drop in PAT by 9%, 8% and 20% respectively; whereas, the Engine and Suspension segments recorded substantial decrease in the EBITDA by 3% and 10% resp. Y-o-Y in Q1 FY 18

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

### Profitability margin (% of net sales)



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

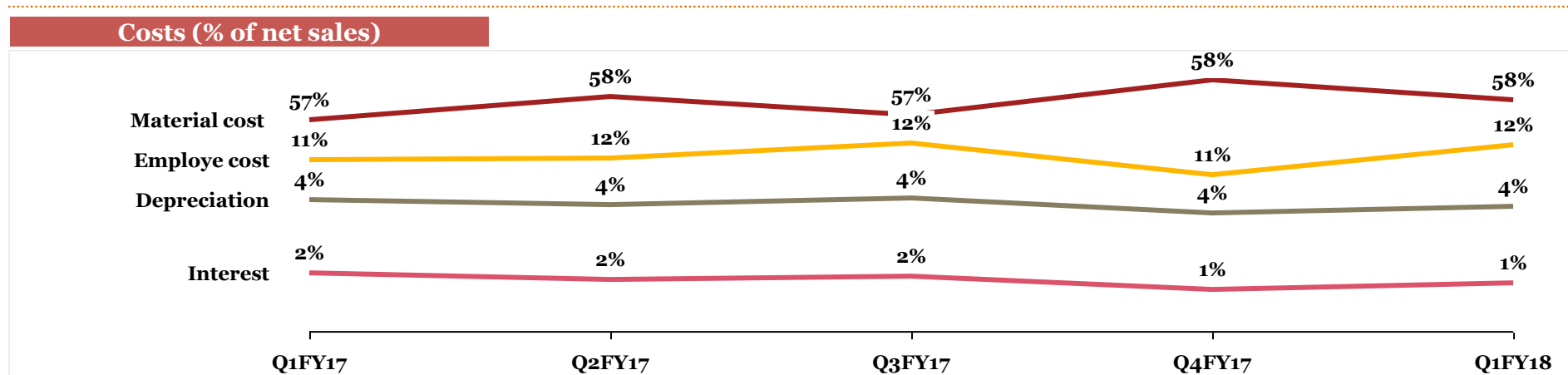
Range	Q1FY 17 Number of companies	Q1FY 18 Number of companies
Less than 0%	1	3
0-10%	13	14
10-20%	35	36
more than 20%	24	20

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

Range	Q1FY 17 Number of companies	Q1FY 18 Number of companies
less than 0%	14	17
0-5%	40	39
5-10%	15	14
more than 10%	4	3

- The EBITDA margin reduced marginally in Q1 FY 18 compared to Q1 FY 17; moreover, the number of companies having negative EBITDA margin increased and companies with >20% EBITDA margin decreased in Q1 FY 18, compared to Q1 FY 17
- Similar trends were observed in the PAT margin; companies with negative PAT margin increased in Q1 FY 18

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



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

Range	Q1FY 17 # companies	Q1FY 18 # companies
20-50%	28	31
50-70%	33	29
more than 70%	12	13

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

Range	Q1FY 17 # companies	Q1FY 18 # companies
0-10%	26	23
10-20%	42	42
more than 20%	5	8

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

Range	Q1FY 17 # companies	Q1FY 18 # companies
0-2%	24	22
2-5%	40	42
more than 5%	9	9

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

Range	Q1FY 17 # companies	Q1FY 18 # companies
0-2%	46	45
2-5%	8	9
more than 5%	19	19

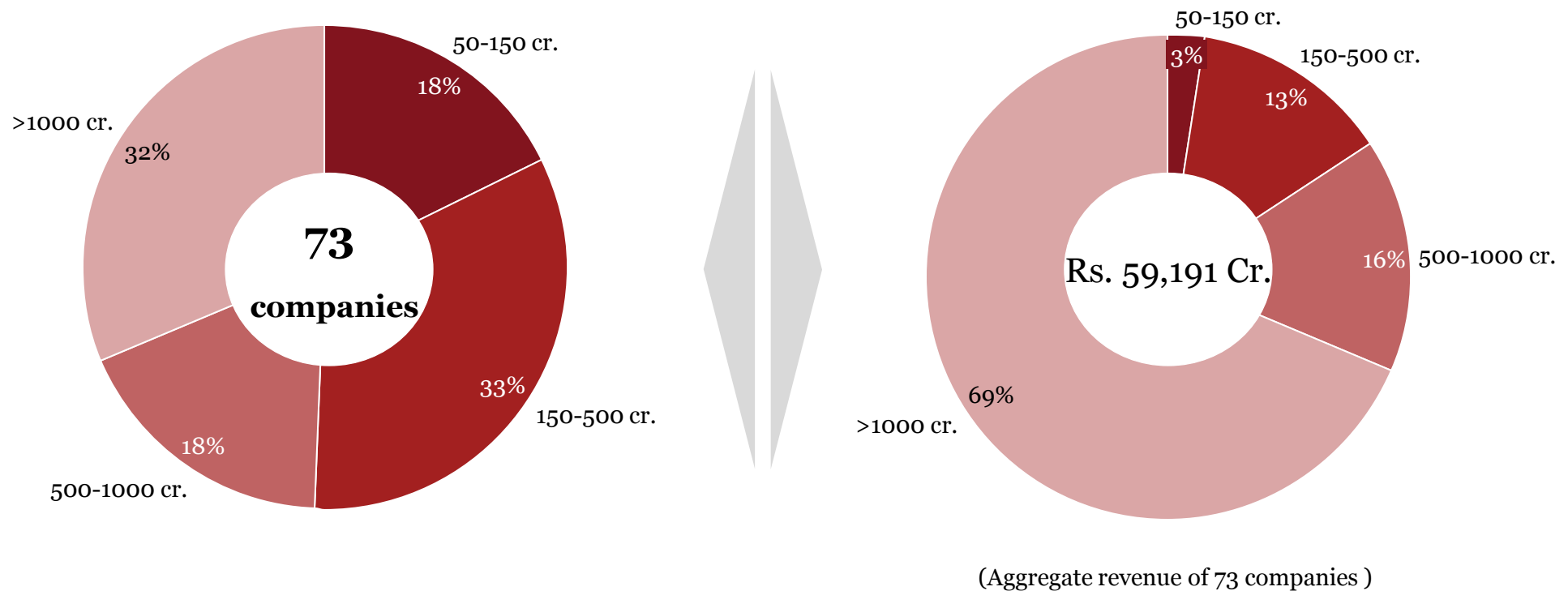
- The % material cost and % employee cost increased in Q1 FY-o-FY; suggesting a higher costs of raw materials and labour to the auto-component manufacturers in Q1 FY 18
- The number of companies with 'more than 20%' % employee cost increased in Q1 FY 18 compared to Q1 FY 17



# *Size based analysis*

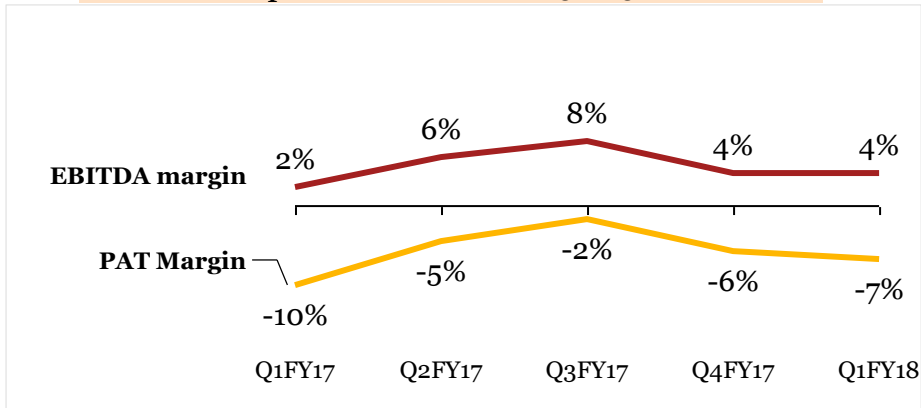
## Revenue based classification

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	<b>13</b>	<b>24</b>	<b>13</b>	<b>23</b>

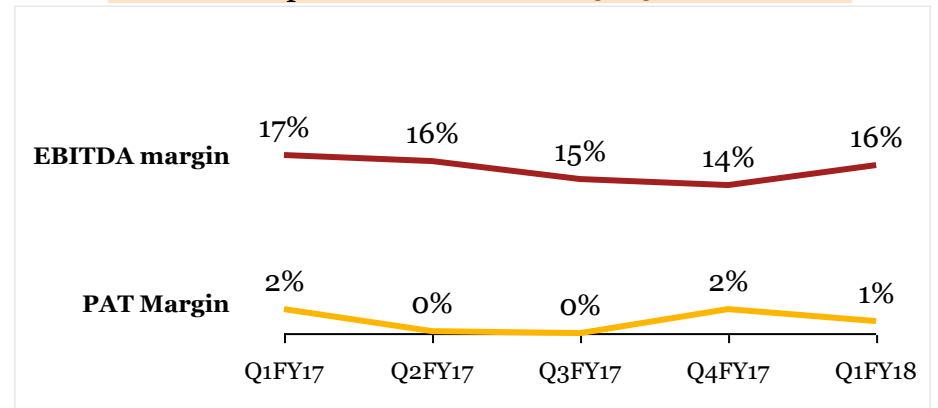


## Trends in profitability (as % of Net sales)

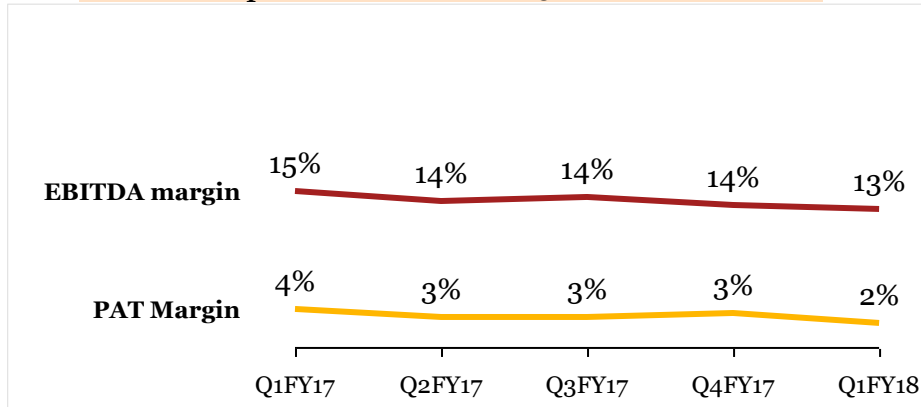
Companies with revenue 50-150 cr.



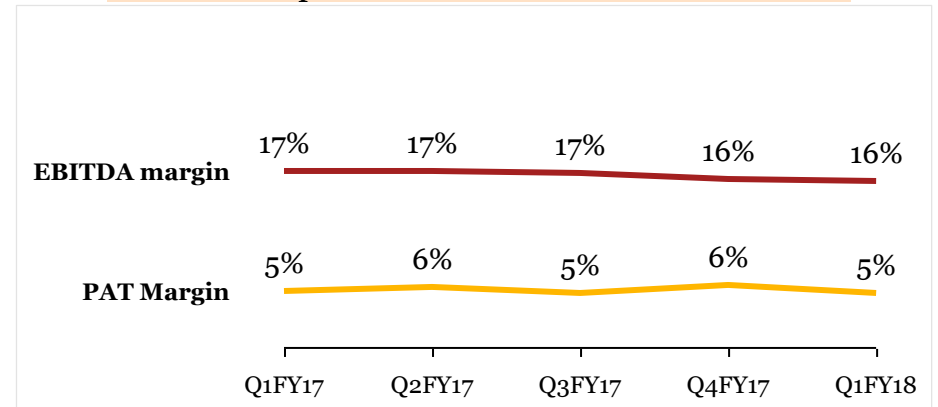
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

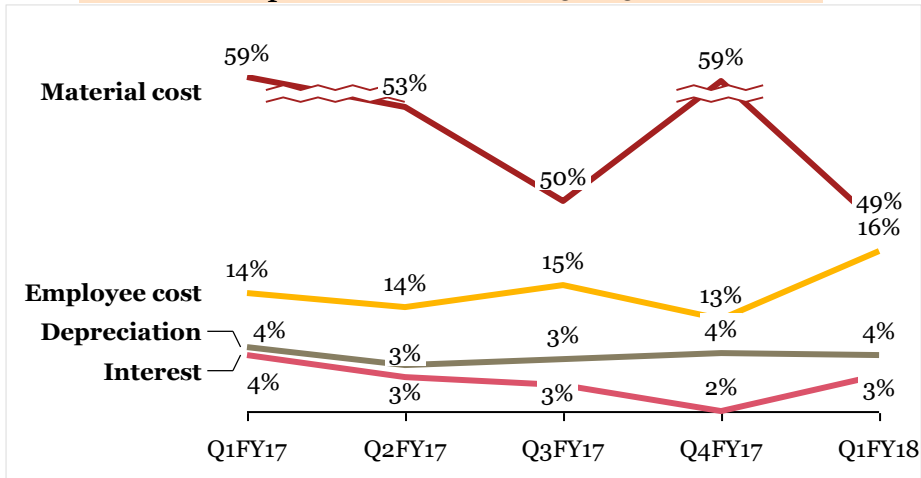


Companies with revenue >1000 cr.

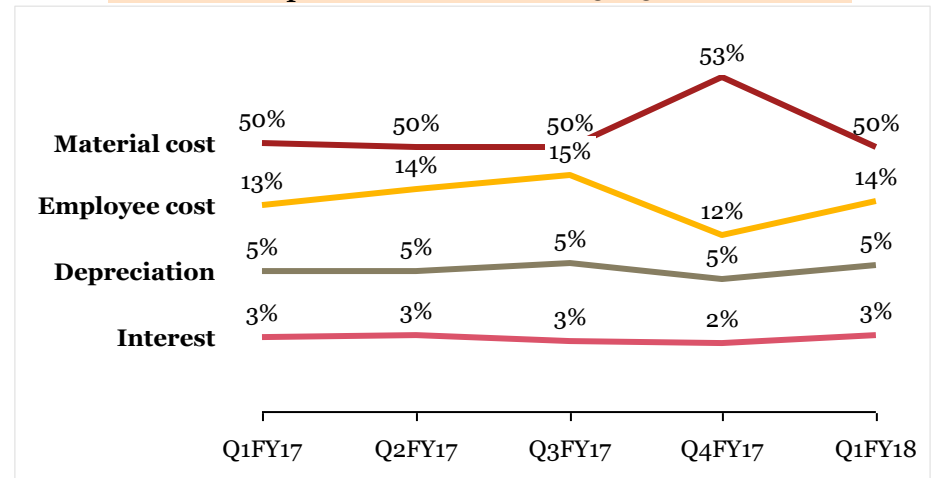


## Trends in costs (as % of Net sales)

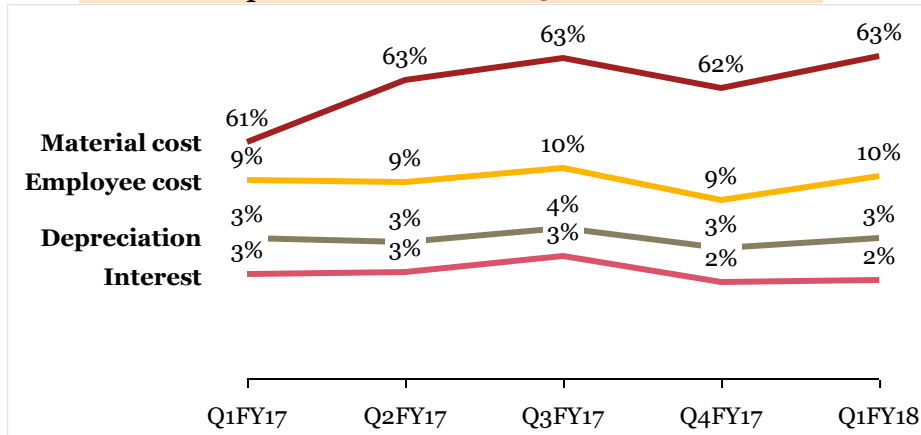
Companies with revenue 50-150 cr.



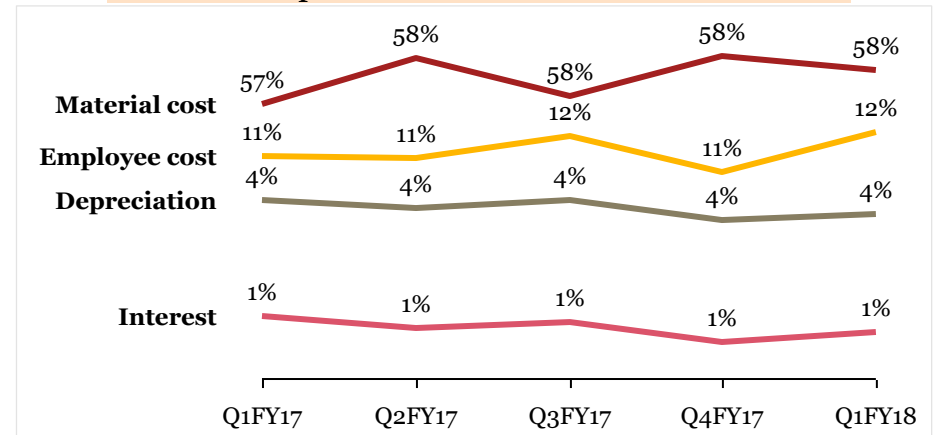
Companies with revenue 150-500 cr.



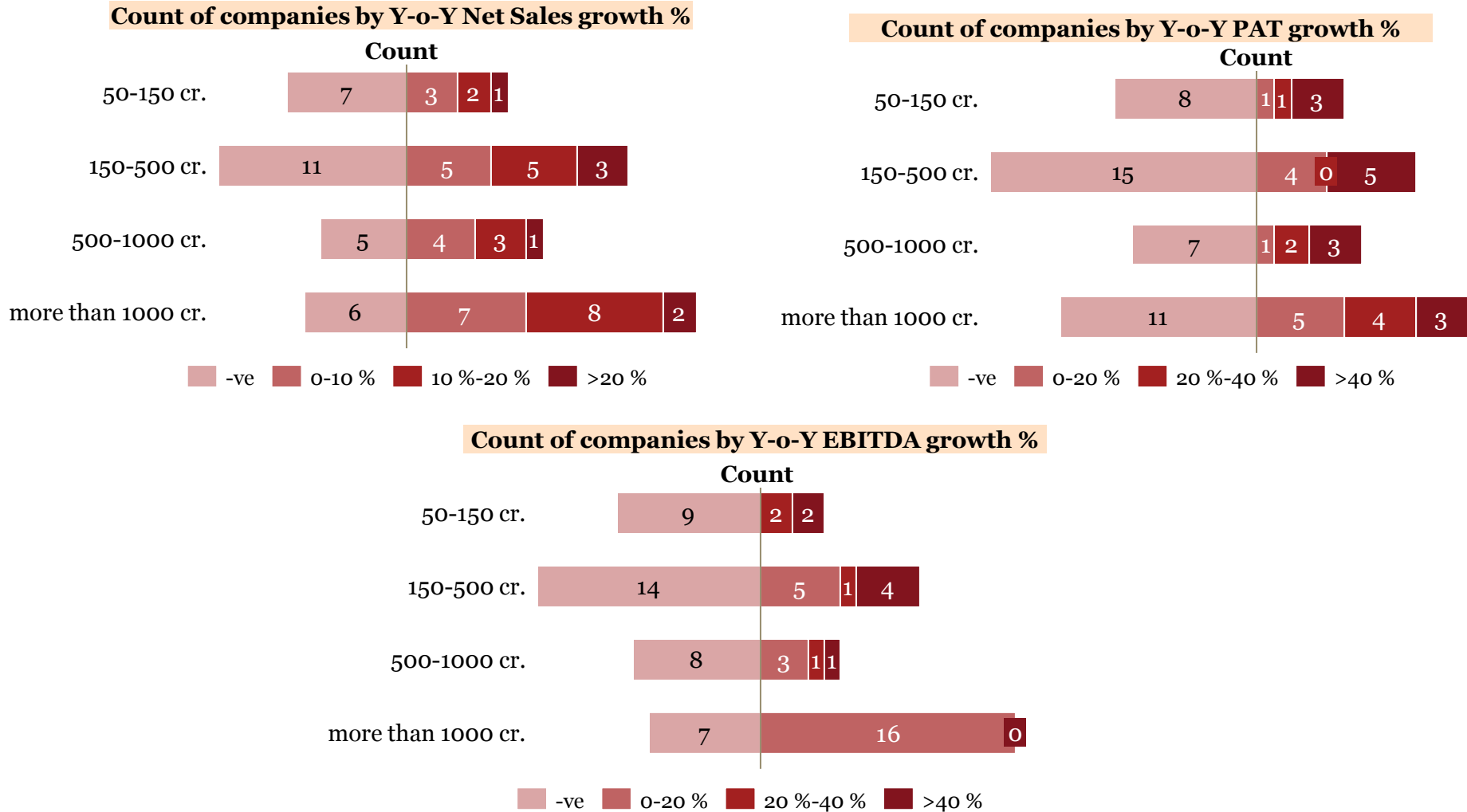
Companies with revenue 500-1000 cr.



Companies with revenue >1000 cr.



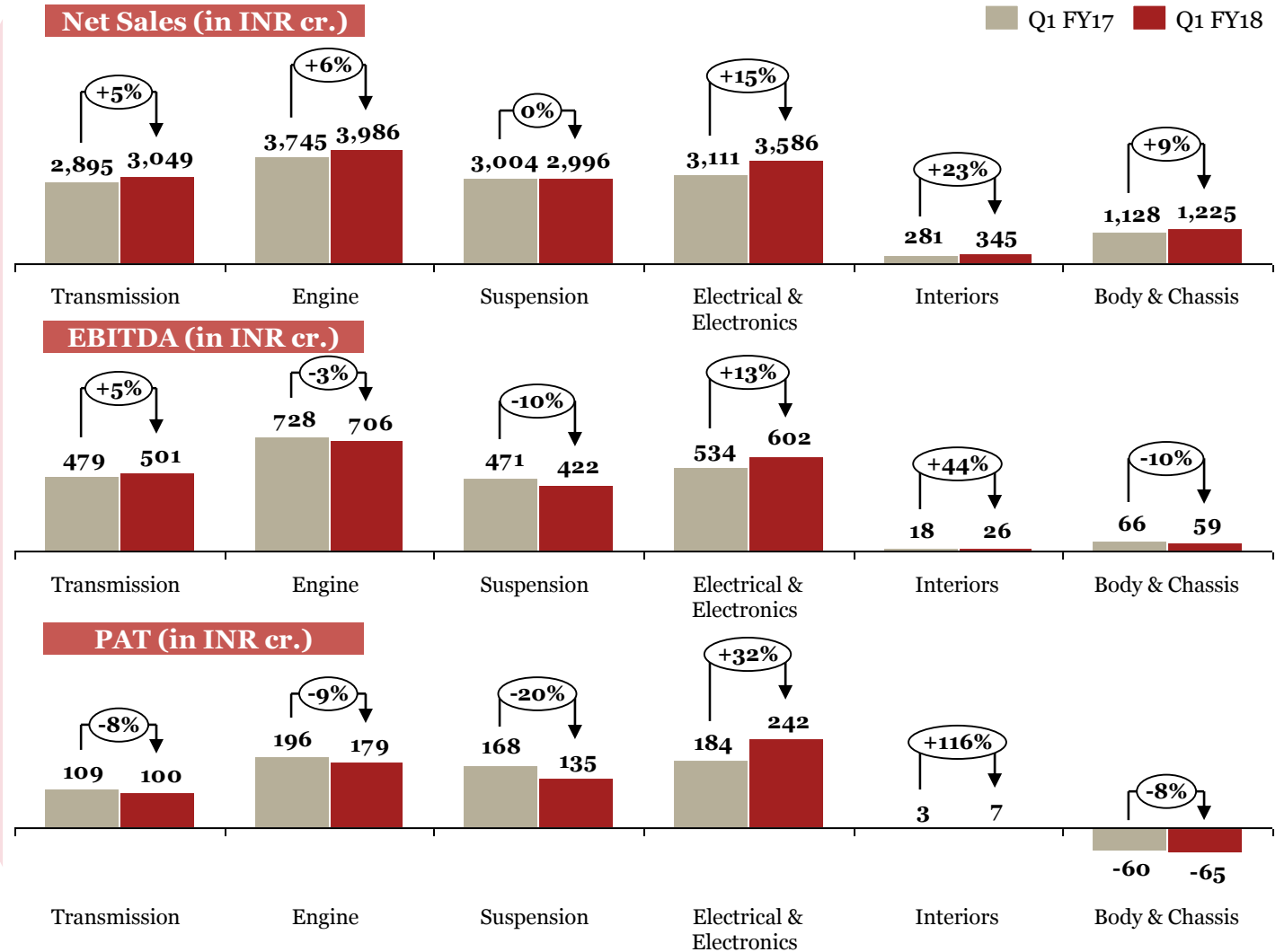
## Count of companies per growth % range : by revenue segment Q1FY18 vs. Q1FY17



# *Segment analysis*

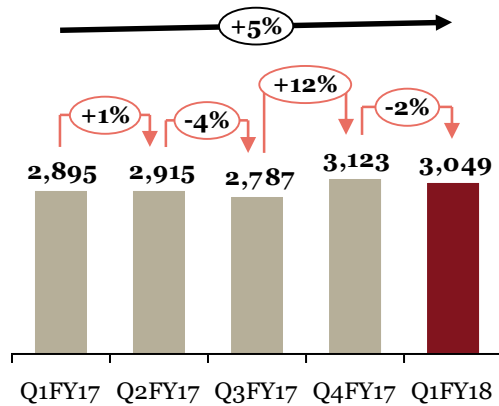
## Segment-wise analysis of in-scope companies: Q1 FY18 vs. Q1FY17

Segment	#companies
Transmission	14
Engine	22
Suspension	15
Electrical and Electronics	10
Interior	3
Body and Chassis	9

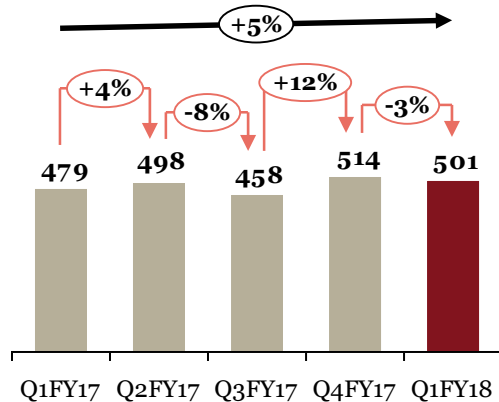


## Transmission segment (14 companies)

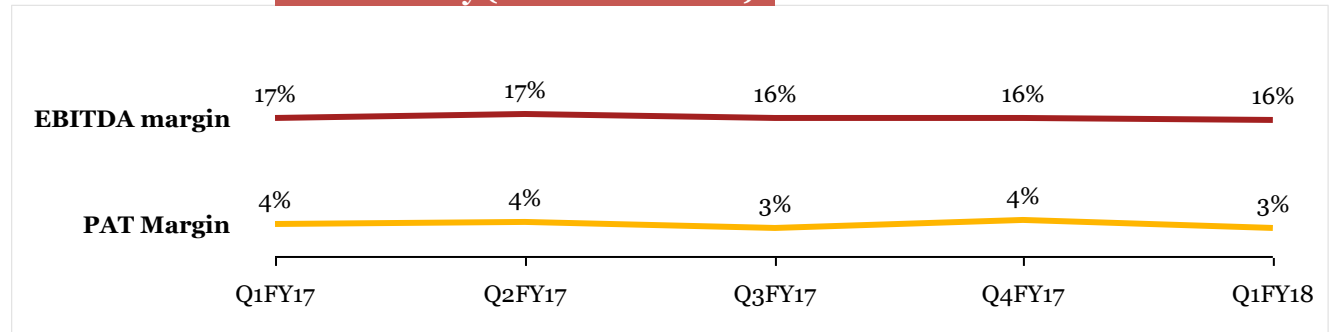
Net Sales (in INR cr.)



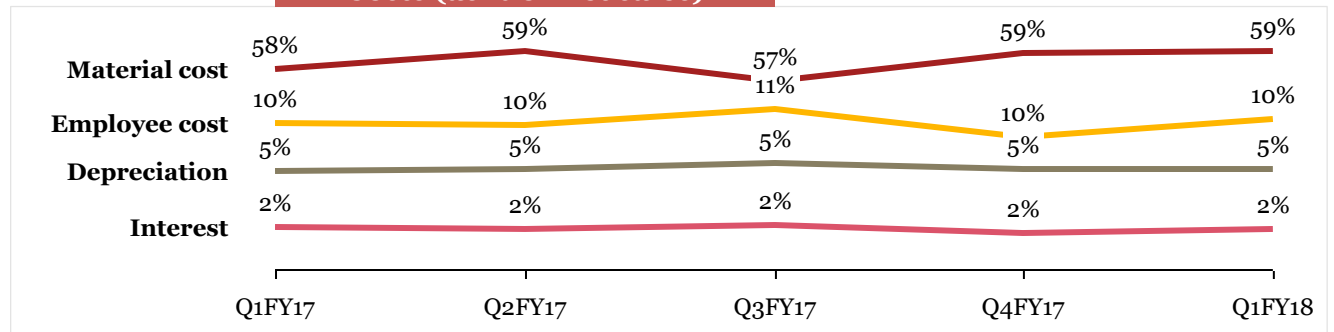
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



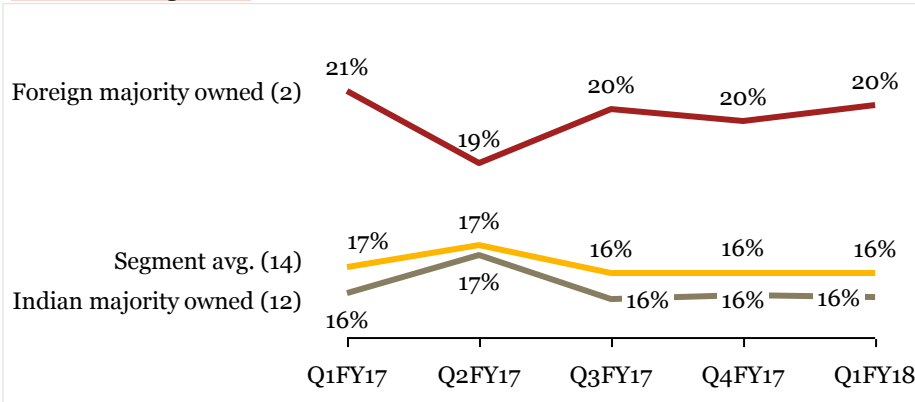
- The Net sales (+5%) and EBITDA (+5%) for transmission segment increased in Q1 FY-o-FY
- The %profitability has decreased marginally
- Other than % material cost that increased marginally other %costs ratios have remained unchanged between Q1 FY 17 and Q1 FY 18



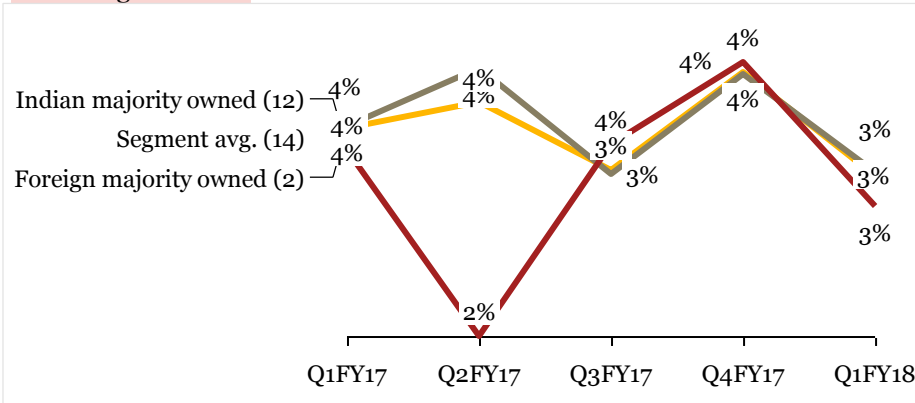
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

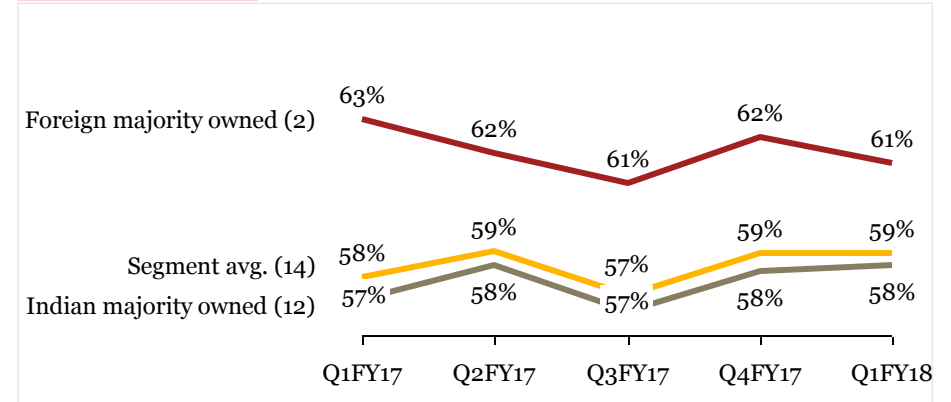


#### PAT Margin

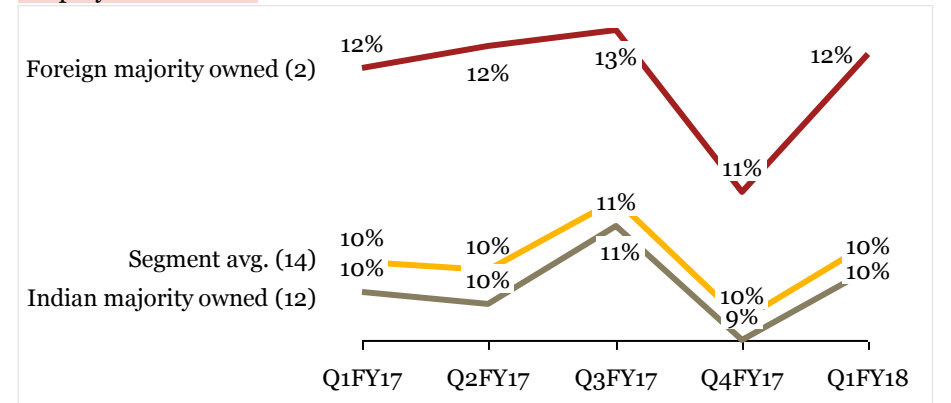


### Costs (as % of Net sales)

#### Material cost

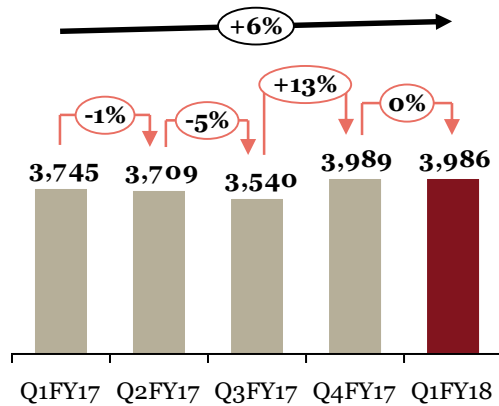


#### Employee cost

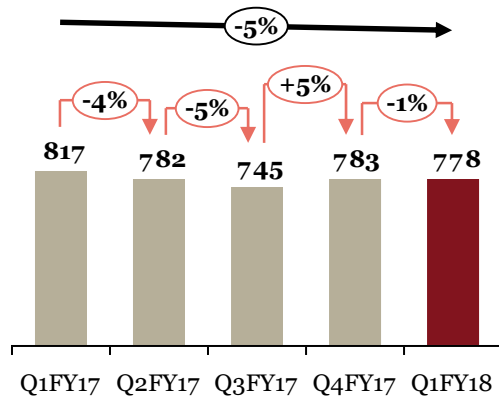


## Engine segment (22 companies)

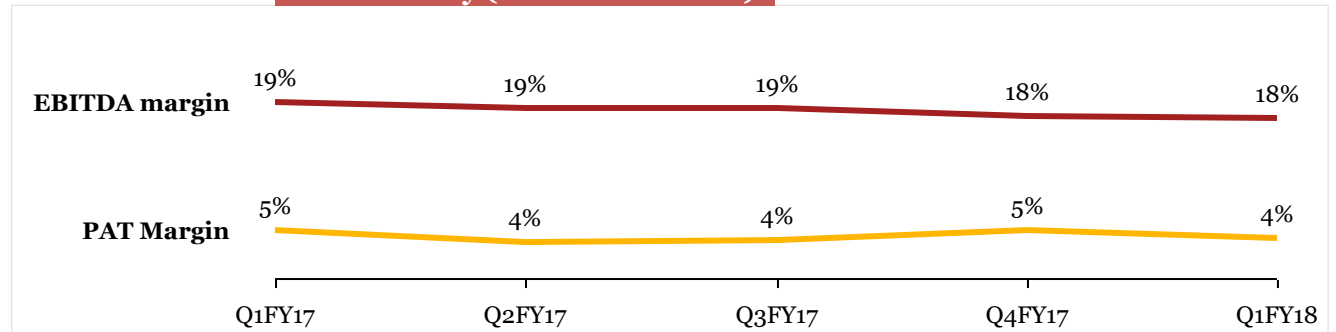
**Net Sales (in INR cr.)**



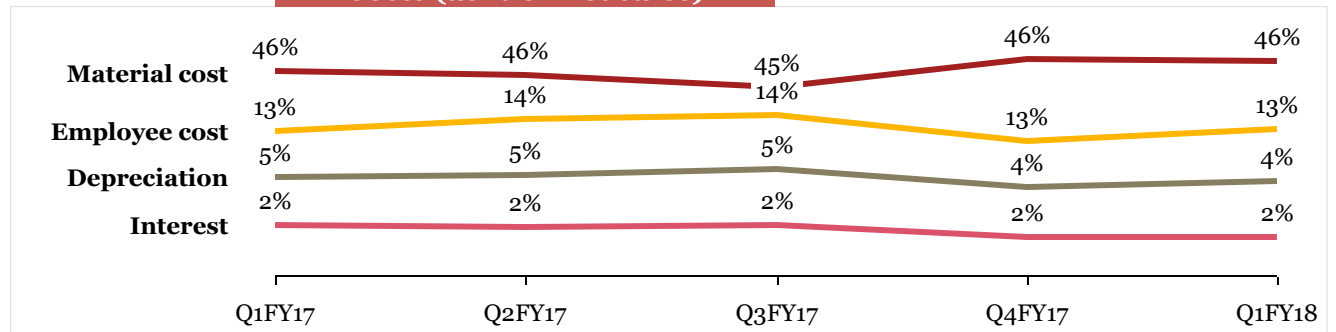
**EBITDA (in INR cr.)**



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



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

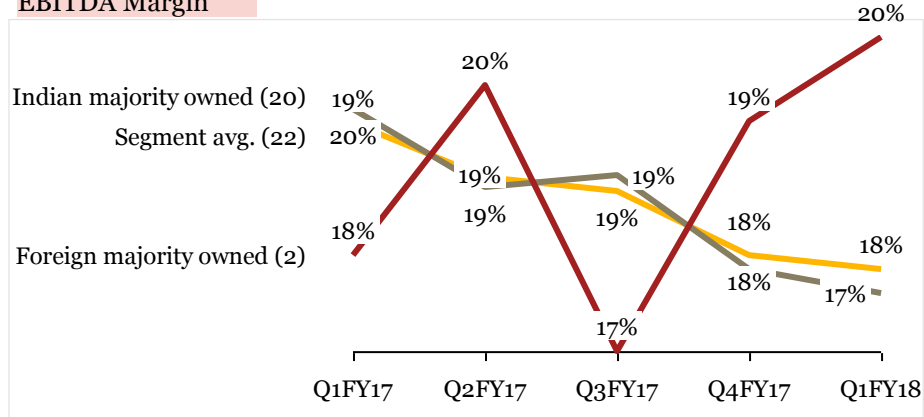


- Net sales increased, however, EBITDA decreased in Q1 FY-o-FY
- >65 % in-scope engine companies quoted decrease in the EBITDA in Q1 FY 18 vs. Q1 FY 17
- PAT margin decreased marginally in Q1-FY 18 vs. Q1- FY 17

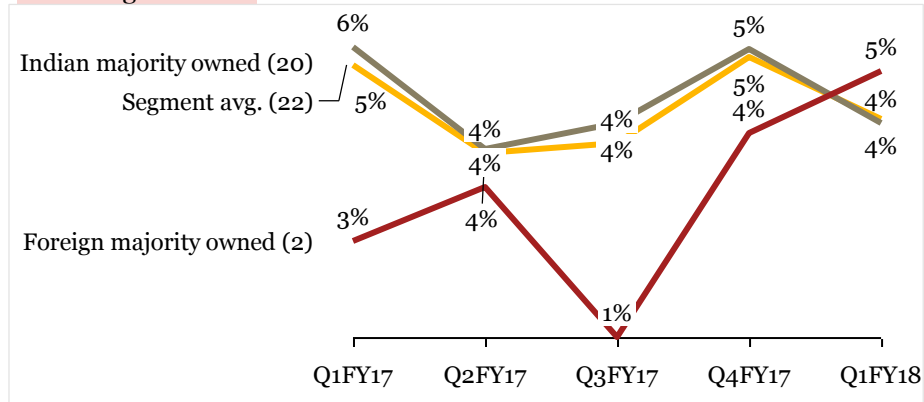
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

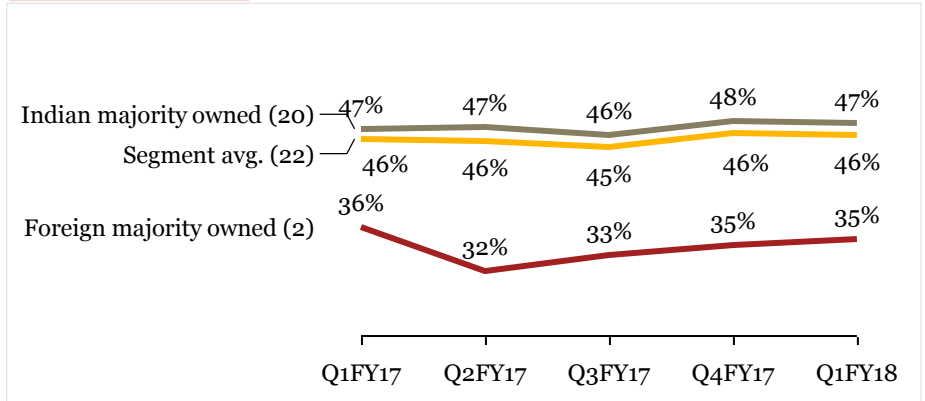


#### PAT Margin

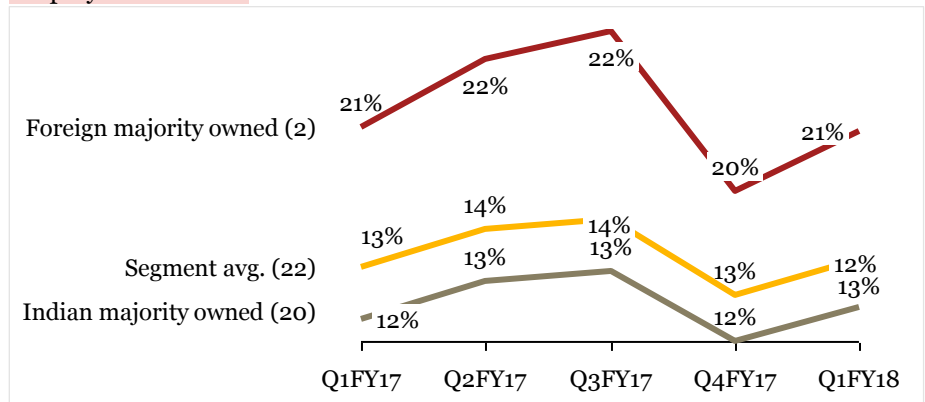


### Costs (as % of Net sales)

#### Material cost

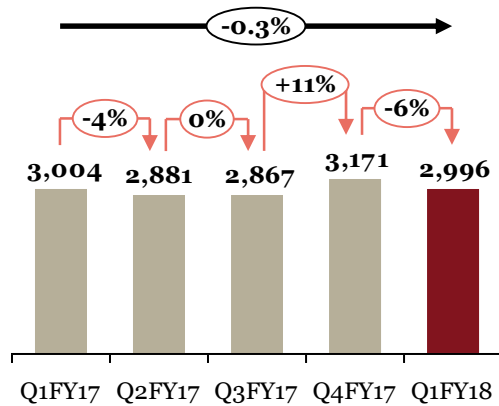


#### Employee cost

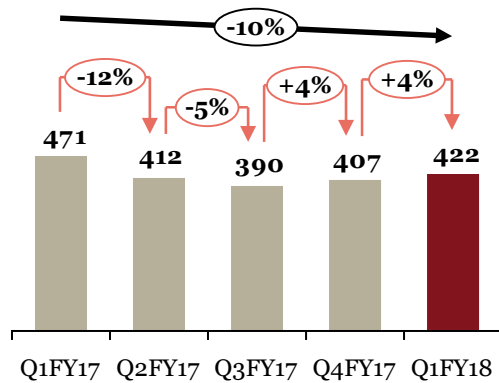


## Suspension segment (15 companies)

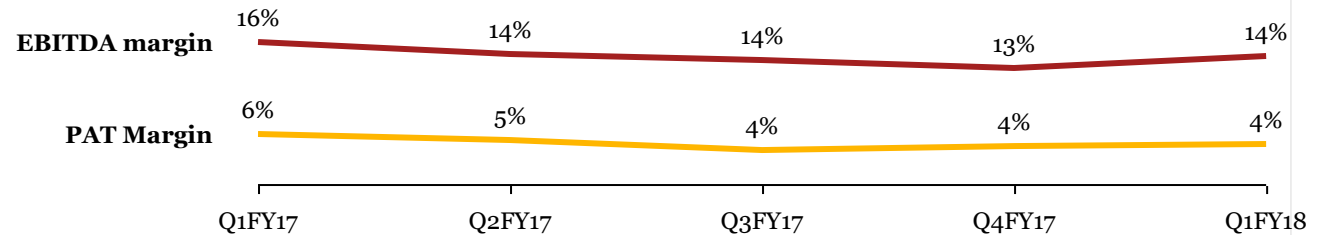
Net Sales (in INR cr.)



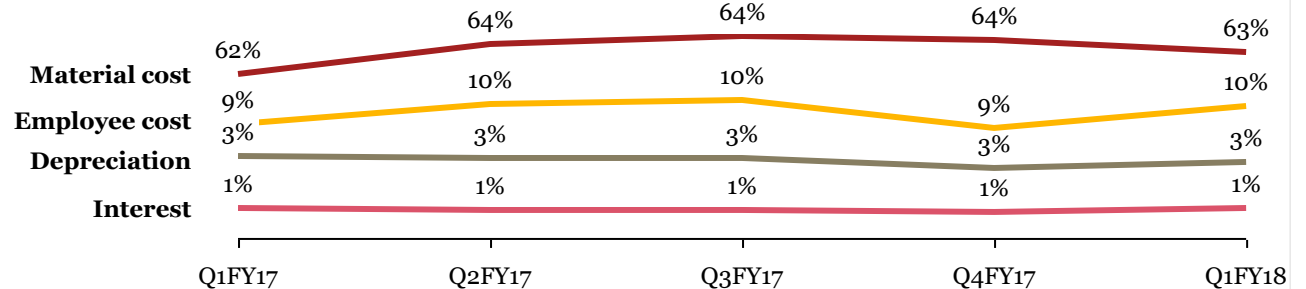
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

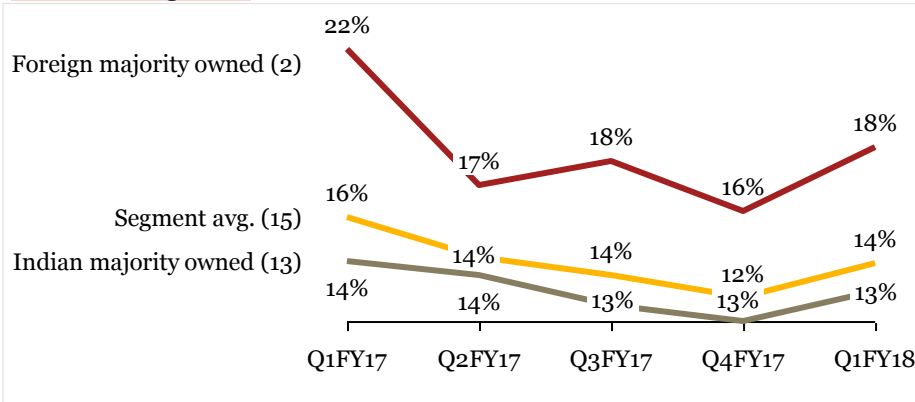


- ~60% in-scope suspension companies reported decrease in EBITDA in Q1 FY-o-FY
- The effect of marginal decrease in the Net sales and significant decrease in the EBITDA across segment decreased the segment level EBITDA margins for Q1 FY 18
- The cost ratios did not change significantly during the reported period

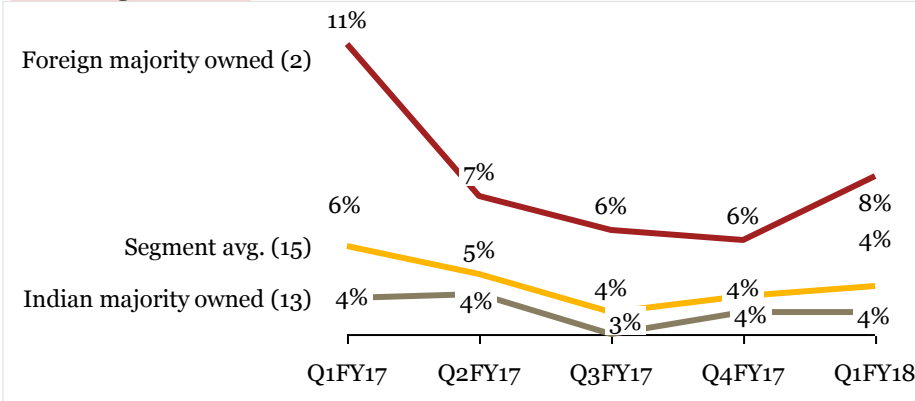
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

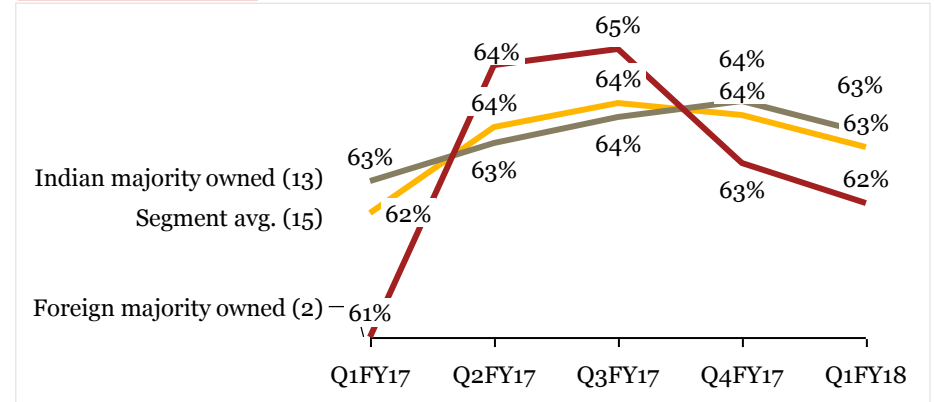


#### PAT Margin

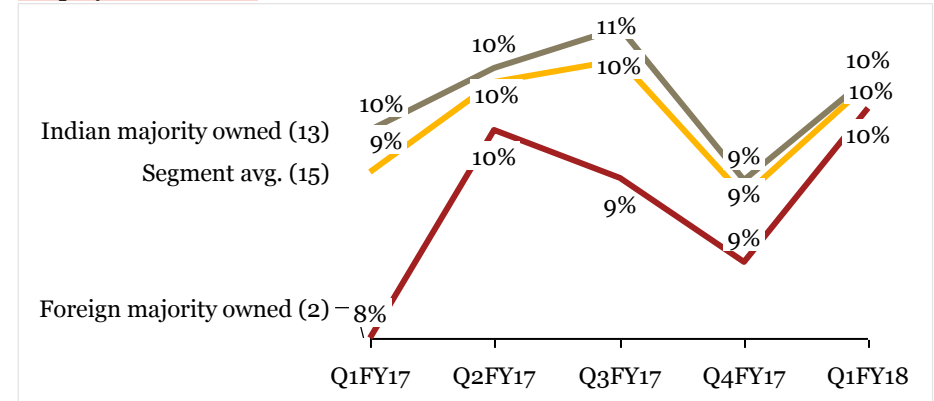


### Costs (as % of Net sales)

#### Material cost

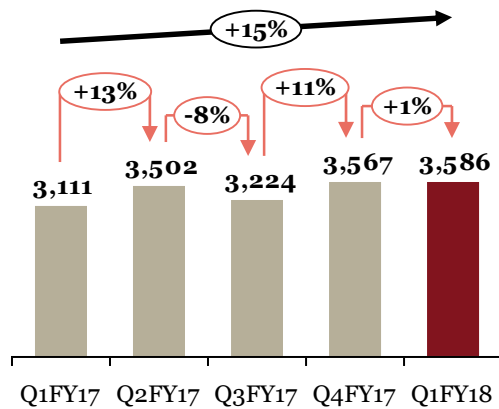


#### Employee cost

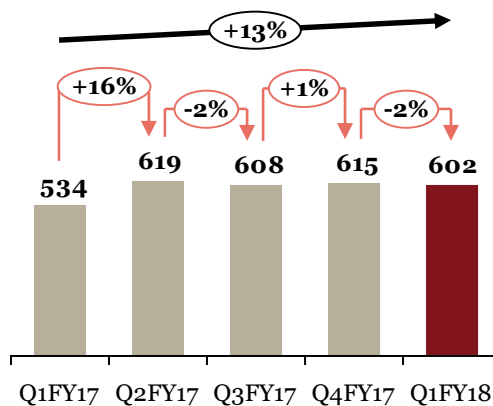


## Electrical and Electronics segment (10 companies)

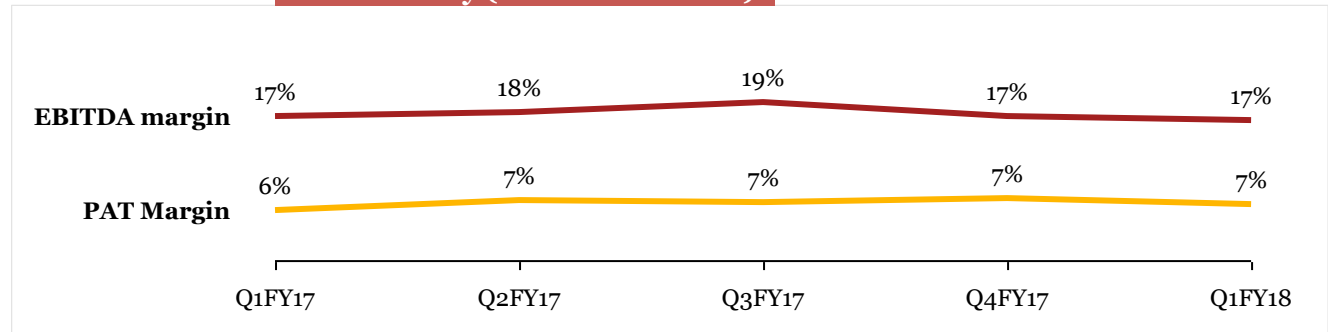
Net Sales (in INR cr.)



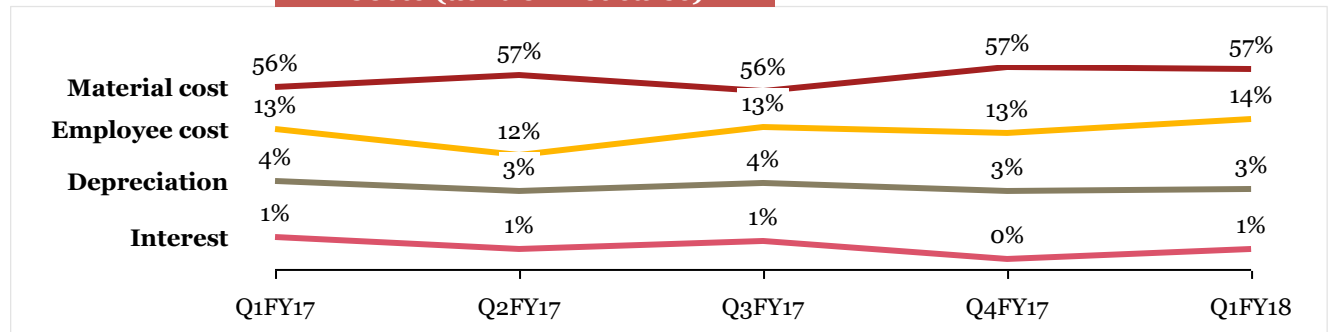
EBITDA (in INR cr.)



Profitability (as % of Net sales)



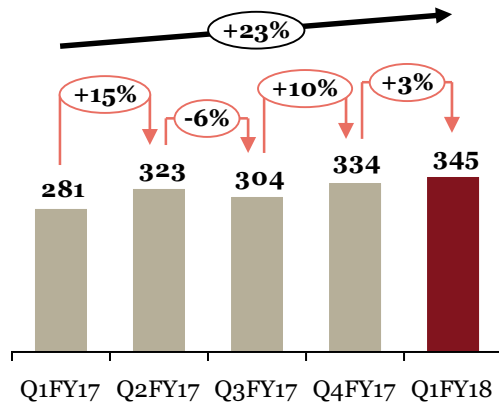
Costs (as % of Net sales)



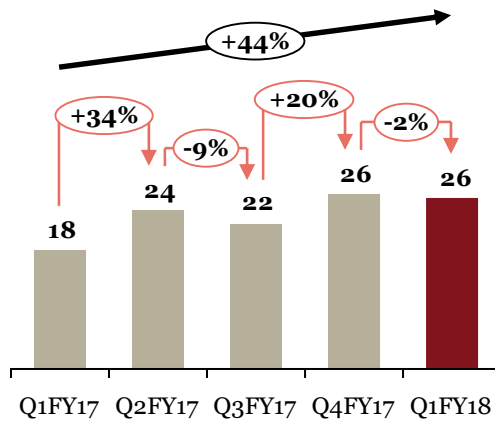
- This segment registered significant growth in Net sales (+15%) and EBITDA (+13%) Q1 FY-o-FY
- This might be attributed to the increasing overall importance of electronics and electrical components in the vehicle systems
- This segment is expected to register strong growth in the foreseeable future

## Interior segment (3 companies)

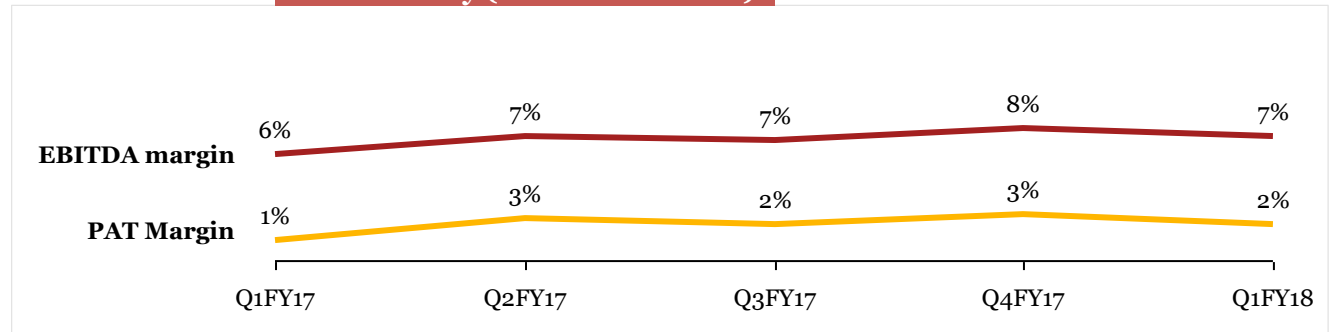
Net Sales (in INR cr.)



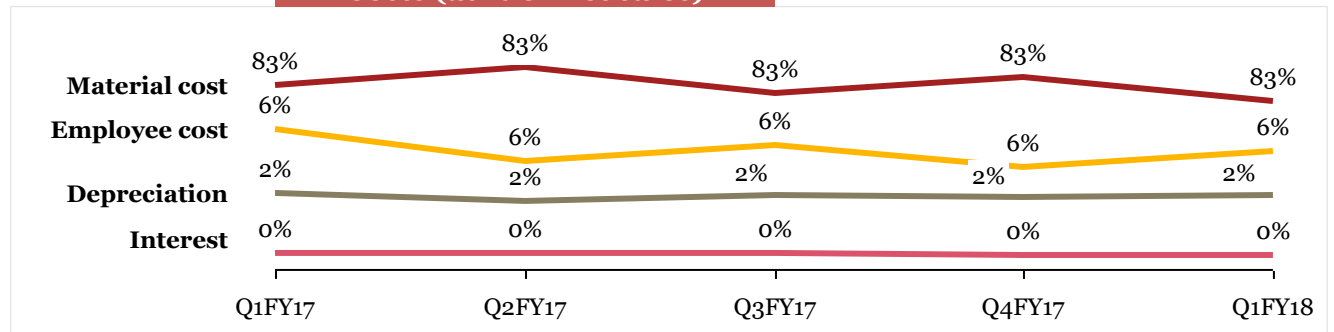
EBITDA (in INR cr.)



Profitability (as % of Net sales)



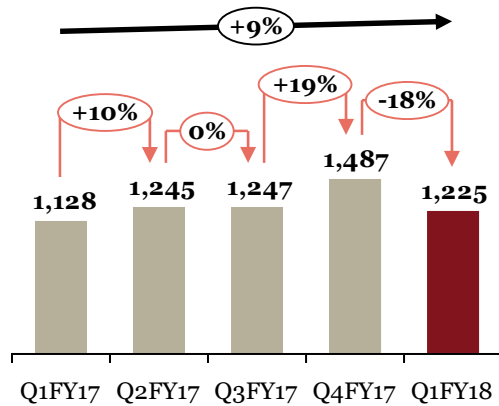
Costs (as % of Net sales)



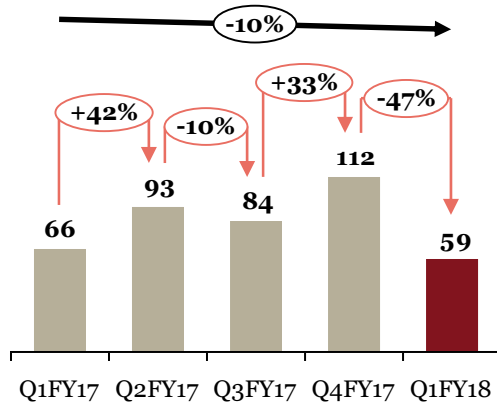
- All the 3 in-scope companies registered growth in Net sales and EBITDA in Q1 FY-o-FY
- The interest cost has been consistently low for all the 3 in-scope companies

## Body and chassis segment (9 companies)

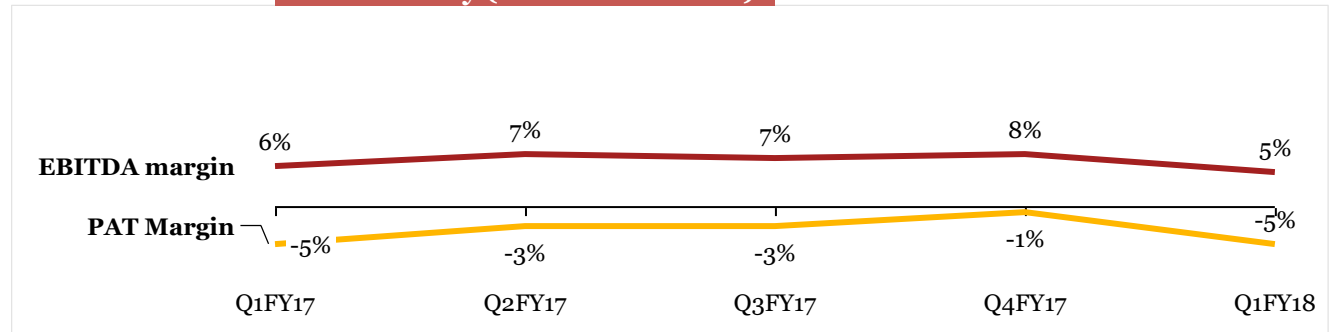
Net Sales (in INR cr.)



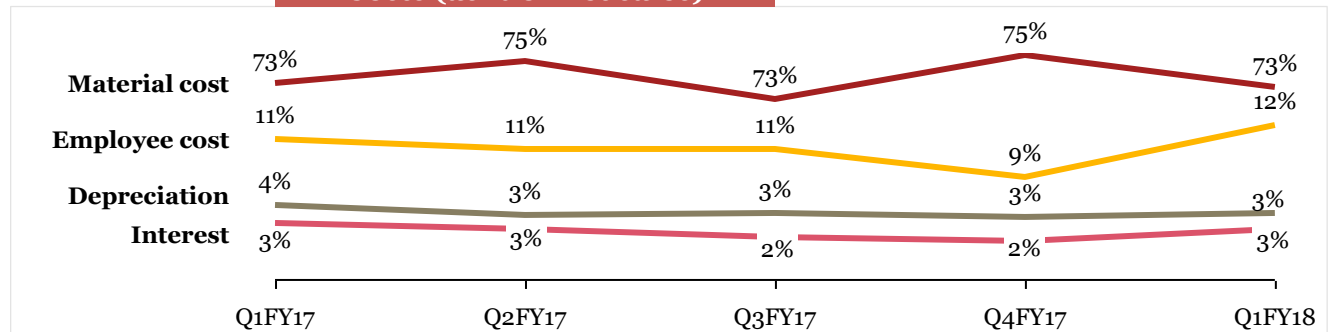
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- The EBITDA decreased majorly for 3 in-scope companies resulting in decrease in the EBITDA at a segment level
- The % employee cost increased for the segment in Q1 FY 18 (FY-o-FY)



## 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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