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# *ACMA- Financial Analysis*

## *Q1 FY-19*

*Strictly private  
and confidential*

*25 October 2018*



**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*

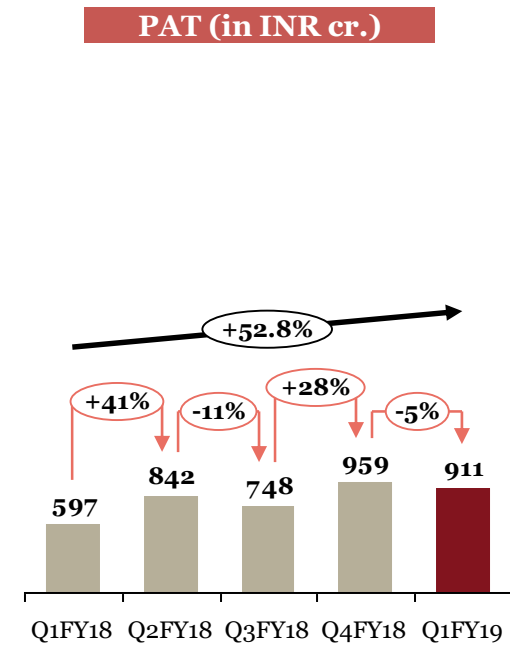
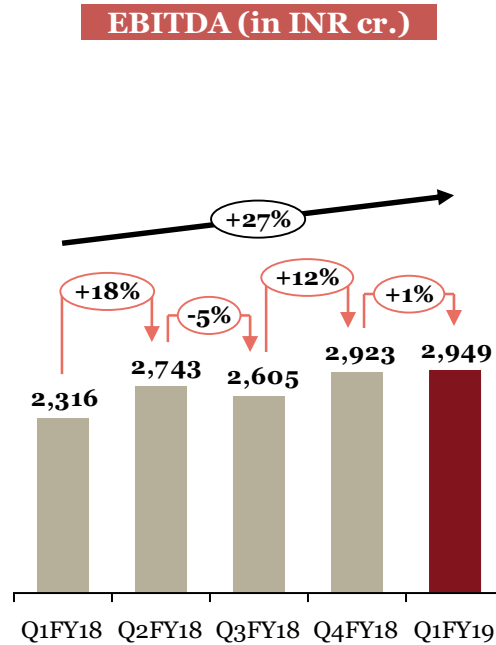
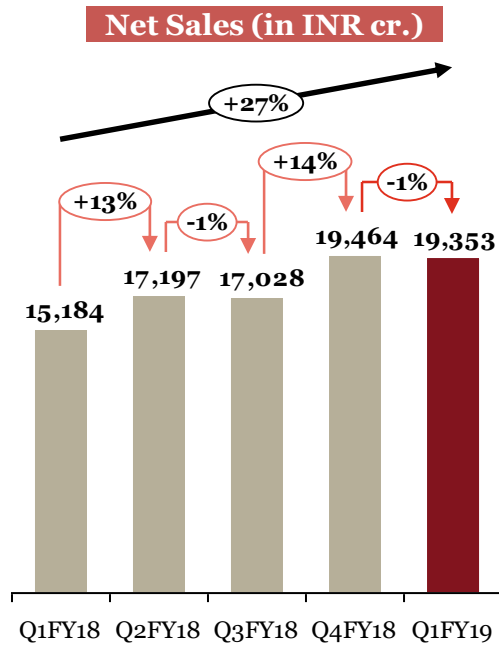
## Classification of 73 Auto component companies

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, JTEKT., 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*

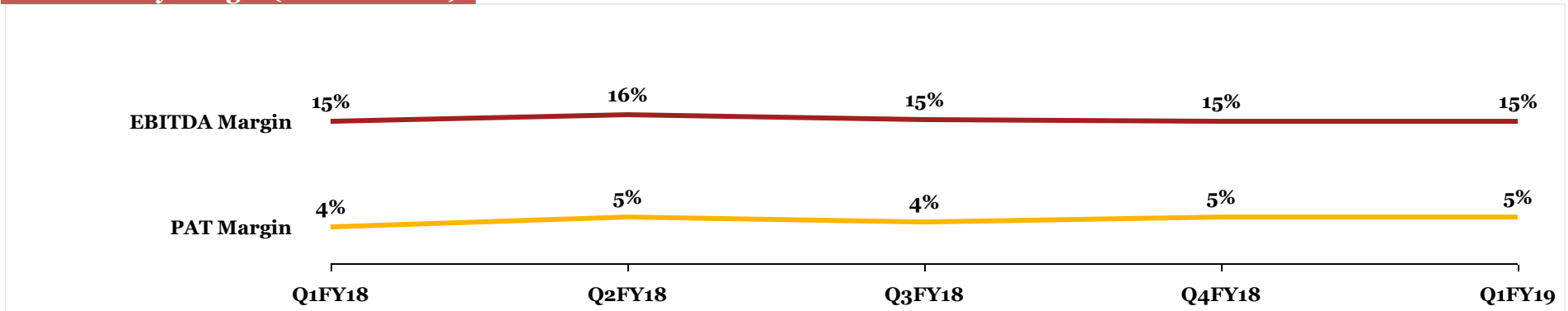
## Aggregate financial analysis (73 in-scope companies)



- PAT has increased Y-o-Y in Q1 FY19. Moreover, the Suspension and Electrical & Electronics segments recorded a drop in PAT margins by 5% and 1% respectively; whereas, the Engine and Suspension segments recorded substantial increase in the EBITDA by 30% and 25% resp. Y-o-Y in Q1 FY 19.

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

### Profitability margin (% of net sales)



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

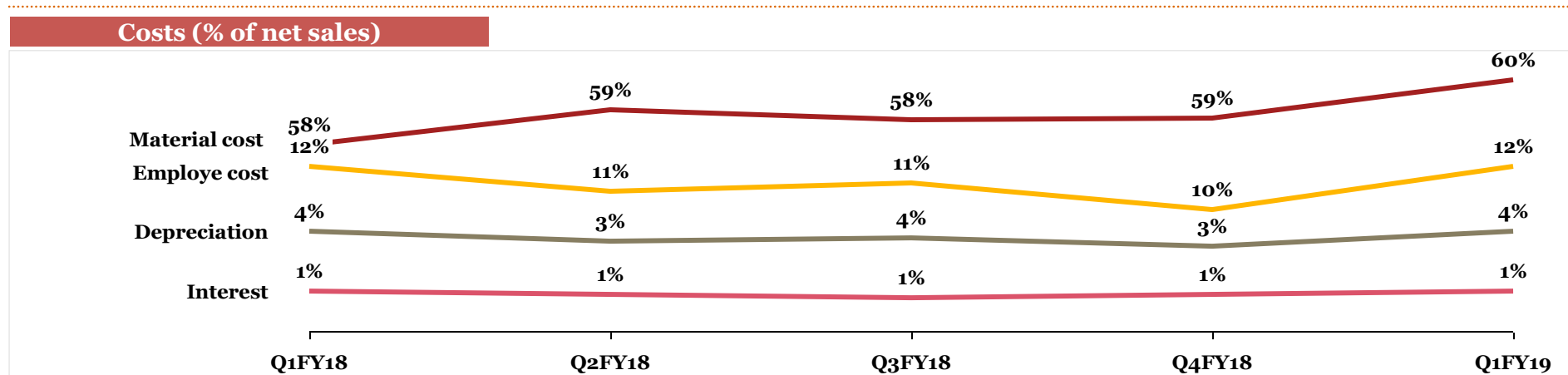
Range	Q1FY 18 Number of companies	Q1FY 19 Number of companies
Less than 0%	3	1
0-10%	14	14
10-20%	36	38
more than 20%	20	20

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

Range	Q1FY 18 Number of companies	Q1FY 19 Number of companies
less than 0%	17	7
0-5%	39	64
5-10%	14	2
more than 10%	3	0

- The number of companies having negative EBITDA margin decreased and companies with 10-20% EBITDA margin increased in Q1 FY 19, compared with Q1 FY 18.
- Similar trends were observed in the PAT margin; companies with negative PAT margin decreased in Q1 FY 19.

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



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

Range	Q1FY 18 # companies	Q1FY 19 # companies
20-50%	31	24
50-70%	29	35
more than 70%	13	13

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

Range	Q1FY 18 # companies	Q1FY 19 # companies
0-10%	23	30
10-20%	42	37
more than 20%	8	6

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

Range	Q1FY 18 # companies	Q1FY 19 # companies
0-2%	22	47
2-5%	42	19
more than 5%	9	7

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

Range	Q1FY 18 # companies	Q1FY 19 # companies
0-2%	45	25
2-5%	9	37
more than 5%	19	11

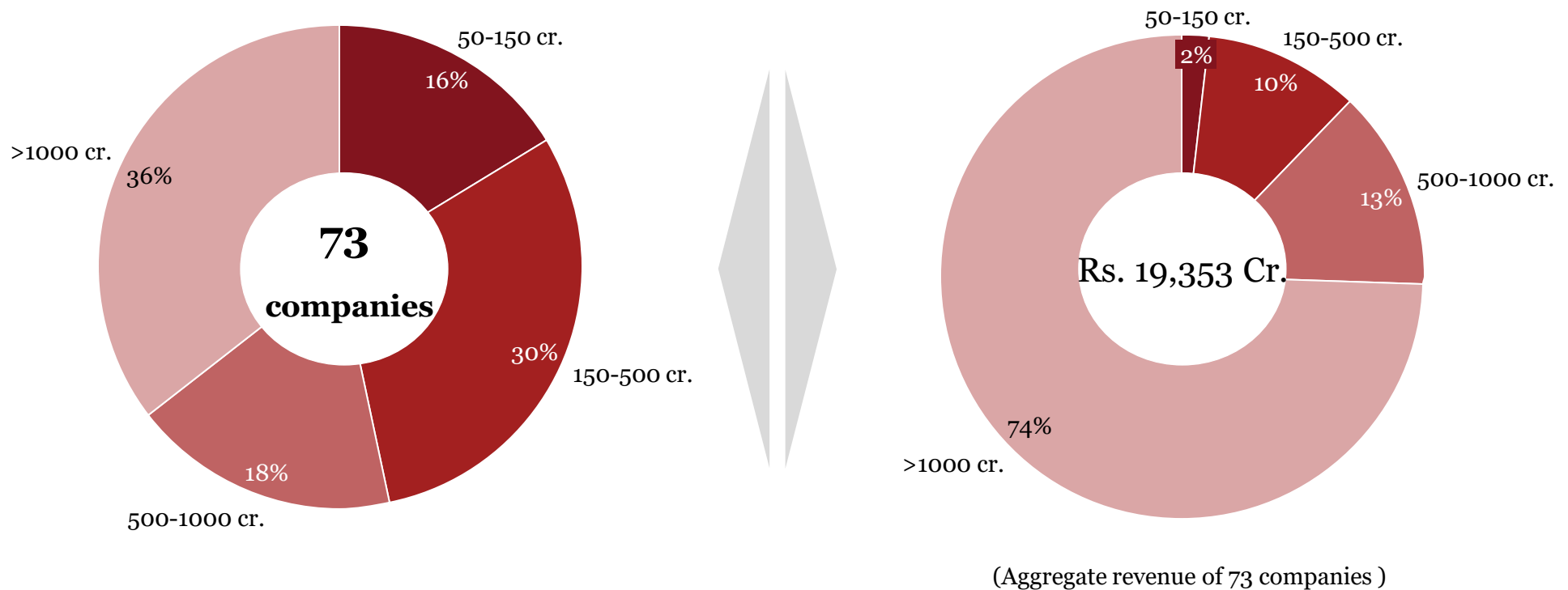
- The % material cost and % employee cost increased in Q1 FY-o-FY; suggesting a higher costs of raw materials and labour to the auto-component manufacturers in Q1 FY 19
- The number of companies with 'more than 10%' % employee cost decreased in Q1 FY 19 compared to Q1 FY 18



# *Size based analysis*

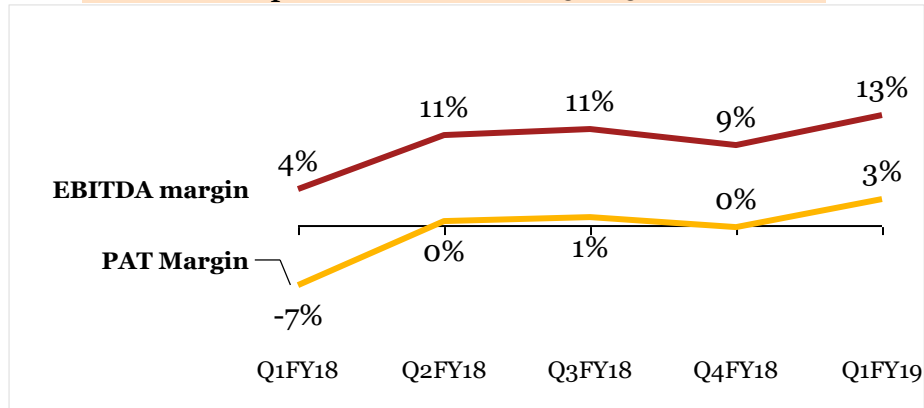
## Revenue based classification

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>

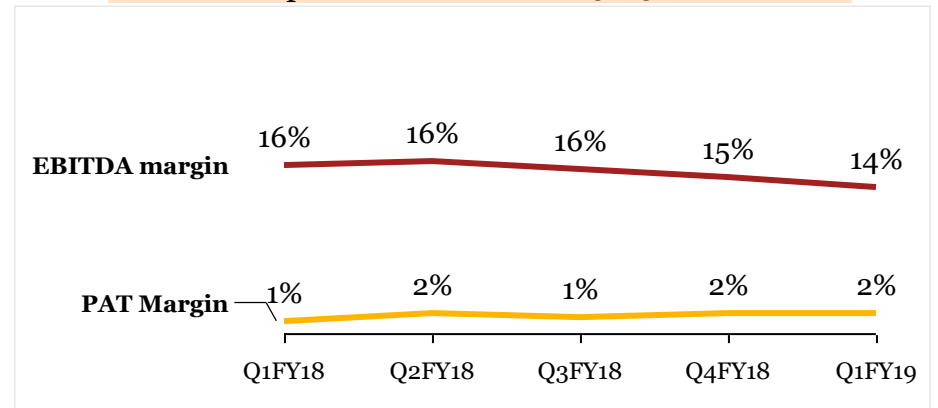


## Trends in profitability (as % of Net sales)

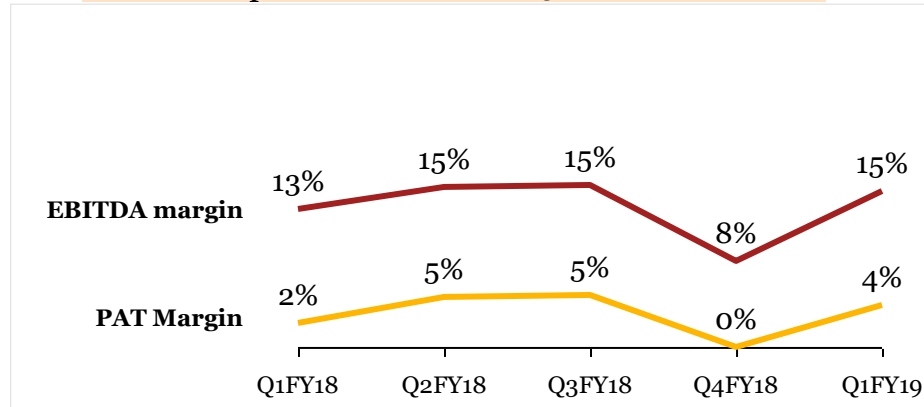
Companies with revenue 50-150 cr.



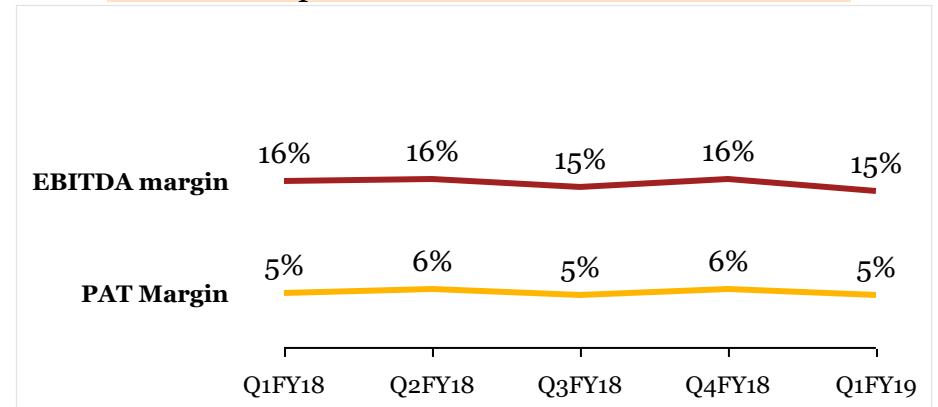
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

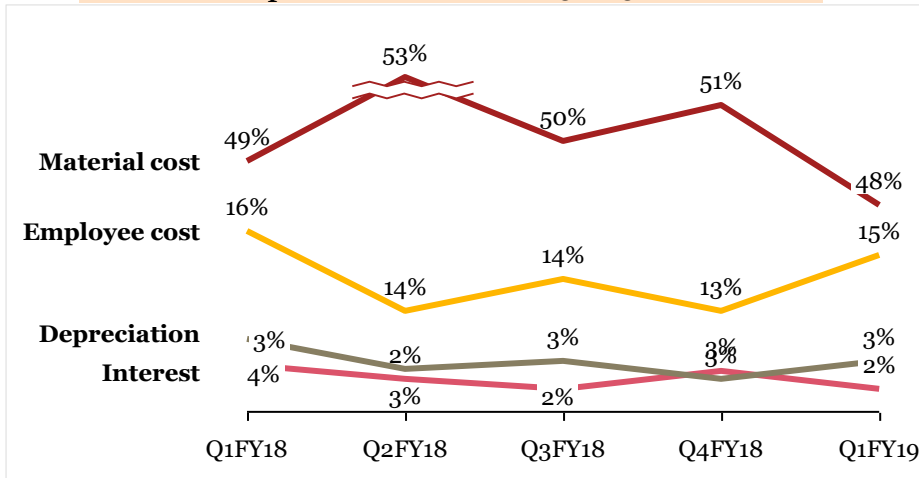


Companies with revenue >1000 cr.

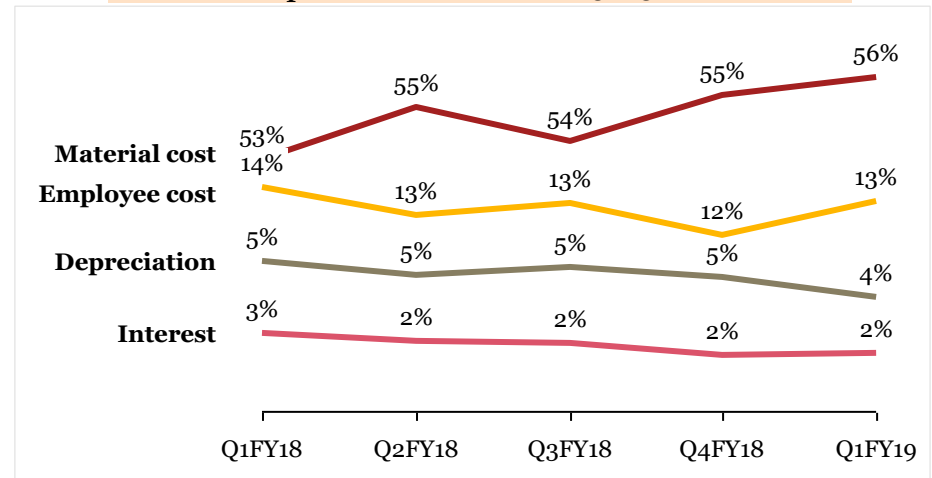


## Trends in costs (as % of Net sales)

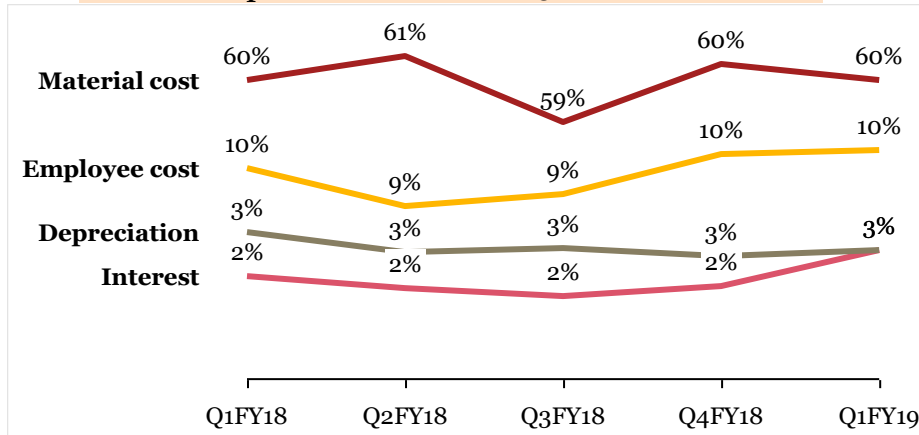
Companies with revenue 50-150 cr.



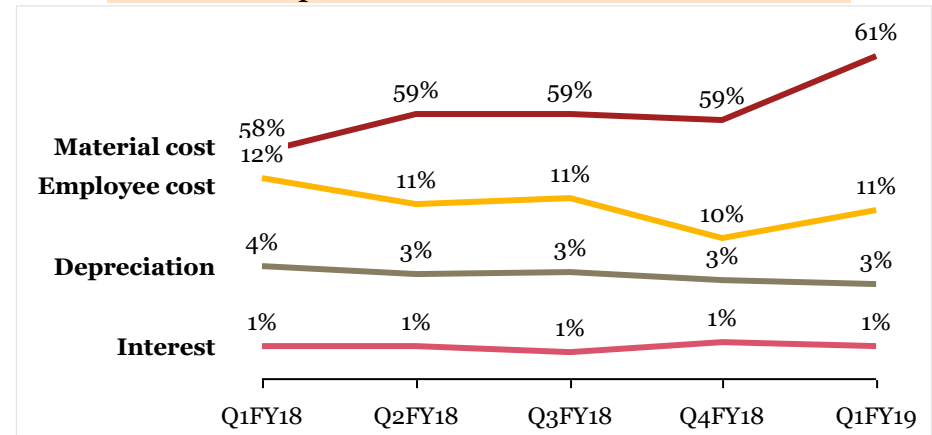
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

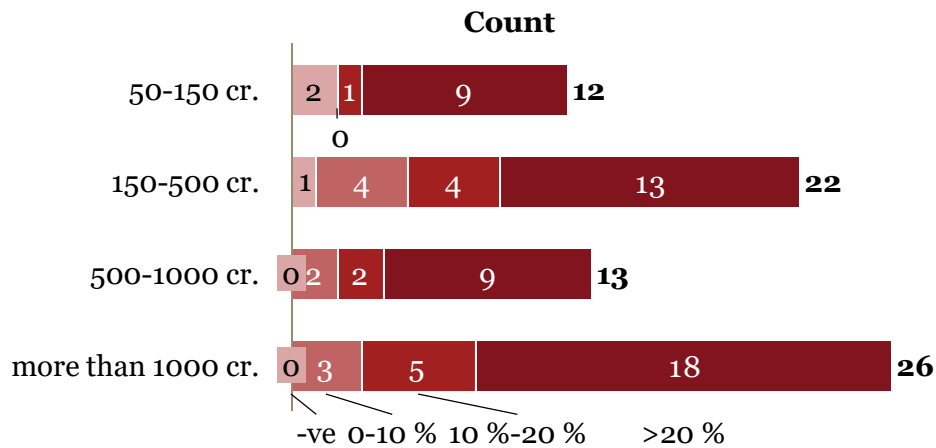


Companies with revenue >1000 cr.

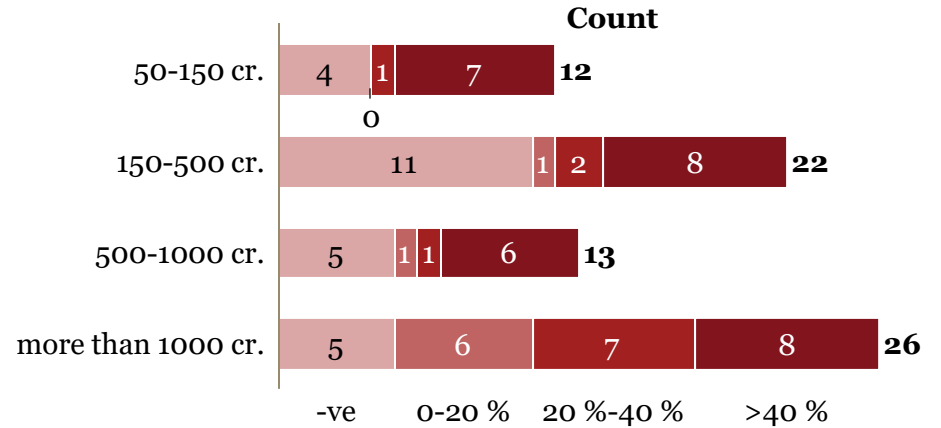


## Count of companies per growth % range : by revenue segment Q1FY18 vs. Q1FY17

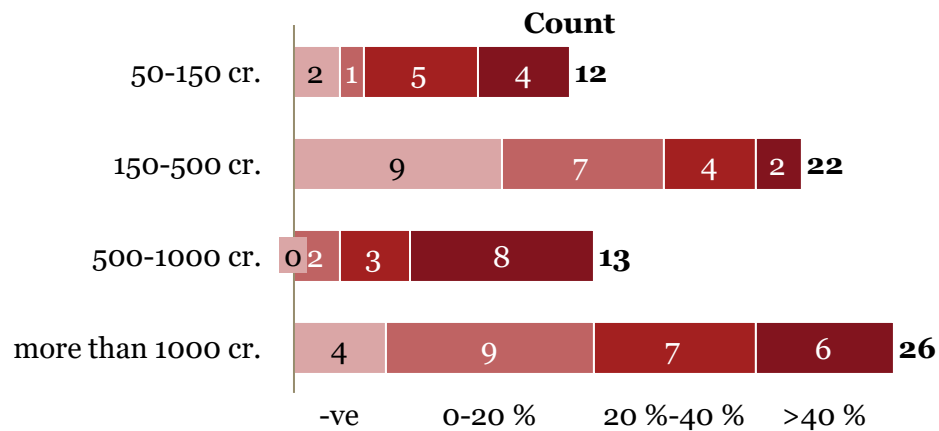
Count of companies by Y-o-Y Net Sales growth %



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

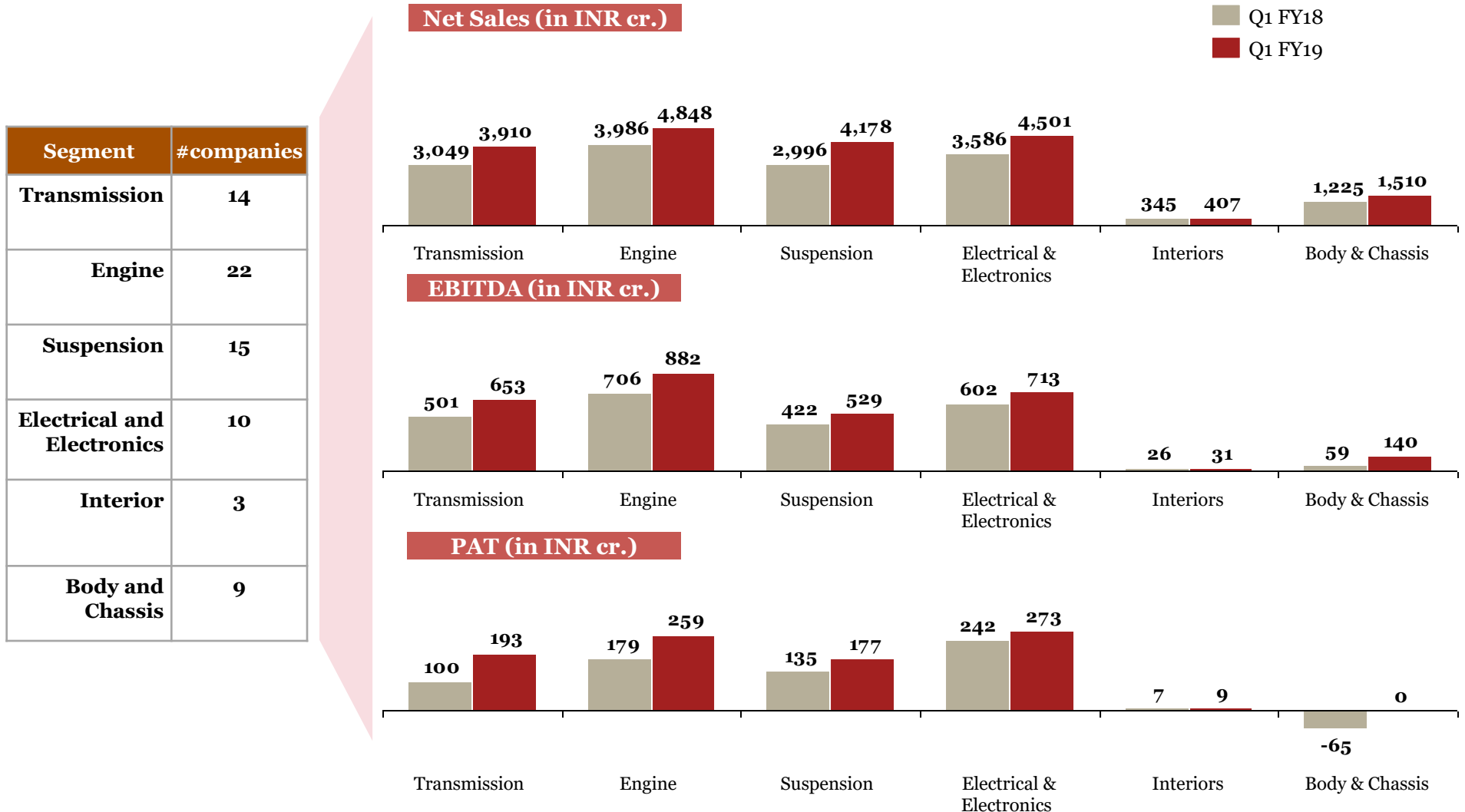


Count of companies by Y-o-Y EBITDA growth %



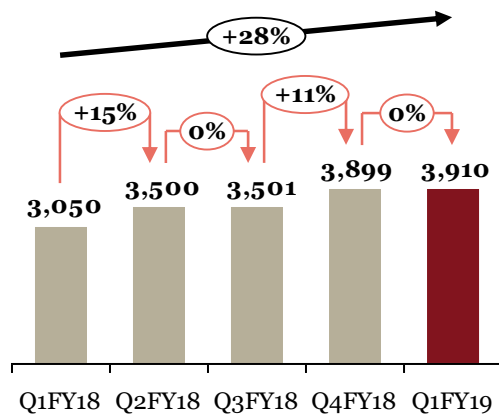
# *Segment analysis*

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

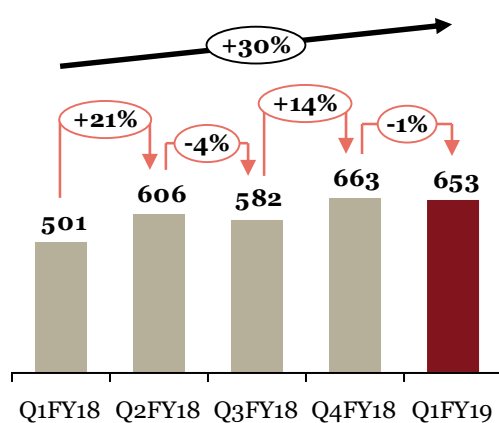


## Transmission segment (14 companies)

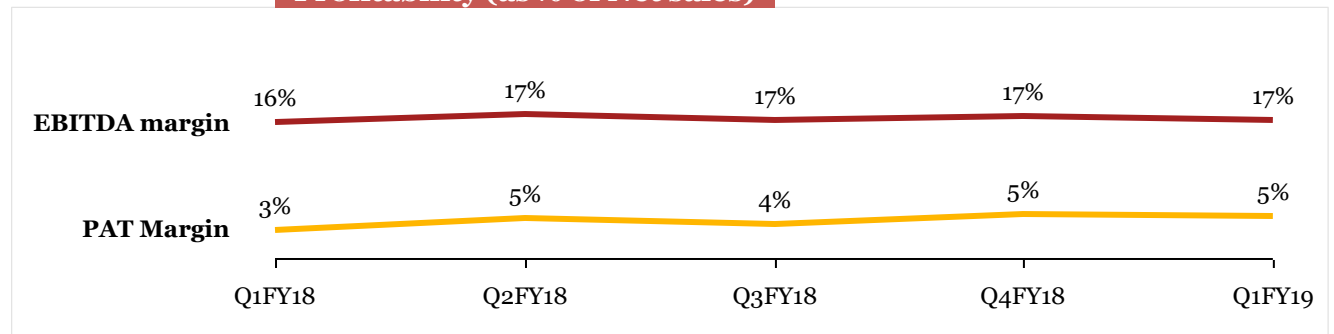
Net Sales (in INR cr.)



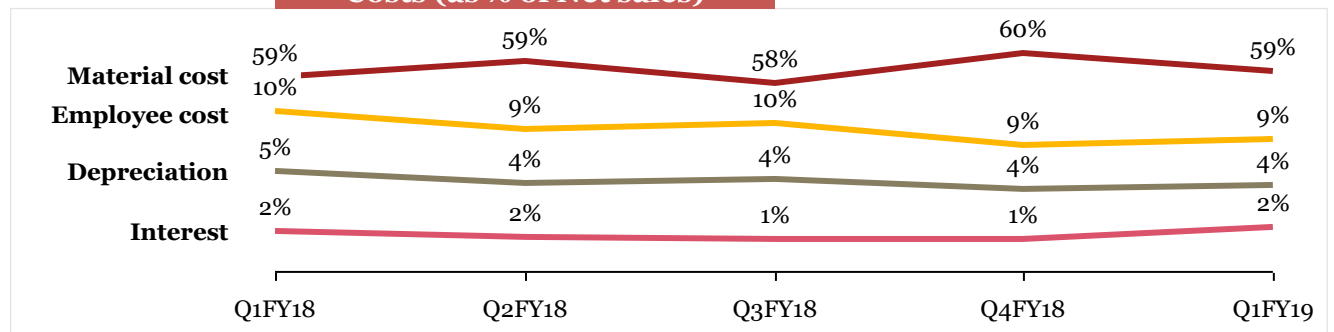
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



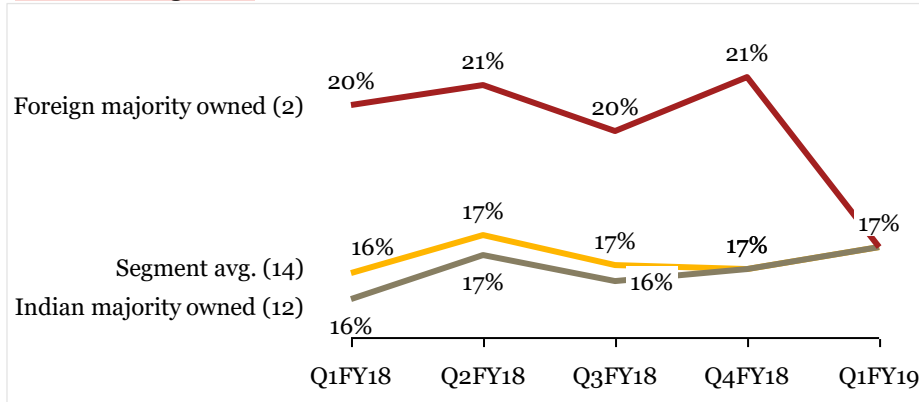
- Net sales increased for all companies in transmission segment and EBITDA for about 85% companies increased in Q1 FY-o-FY
- Other than % material cost that decreased marginally other %costs ratios have remained unchanged or increased marginally between Q1 FY 18 and Q1 FY 19



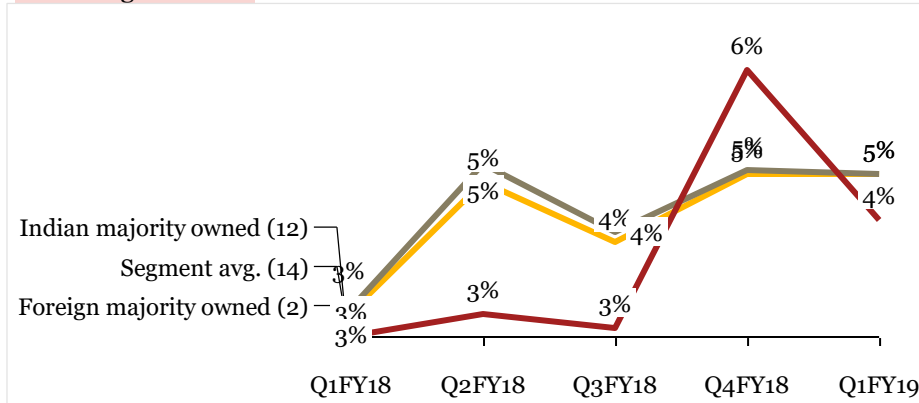
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

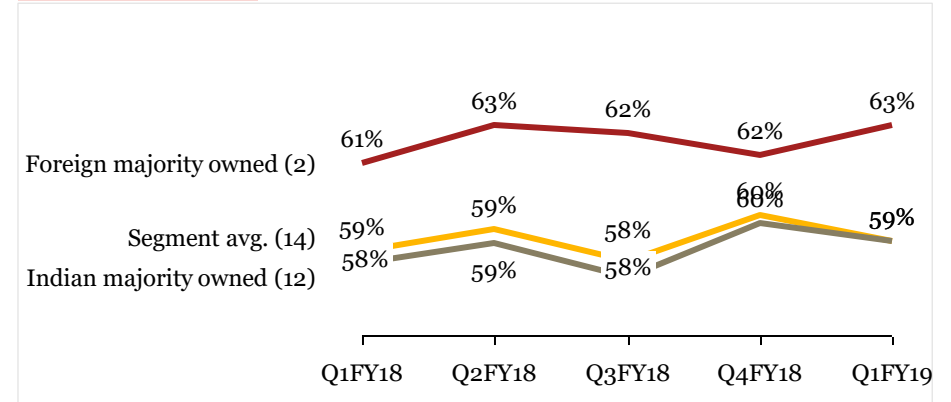


#### PAT Margin

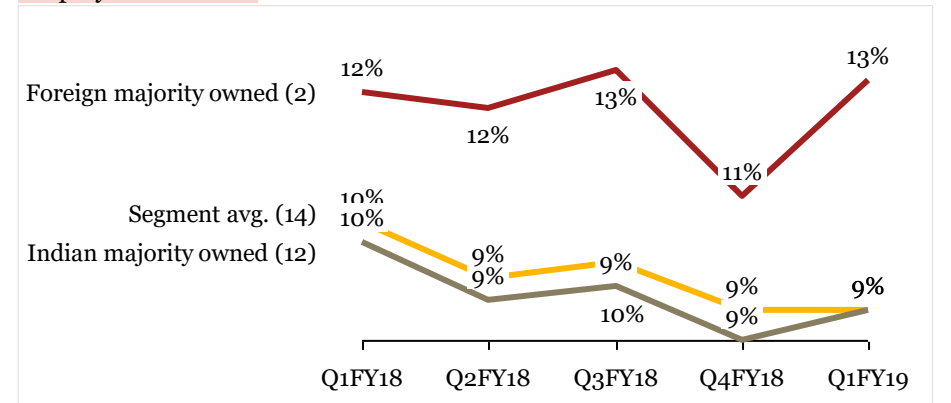


### Costs (as % of Net sales)

#### Material cost

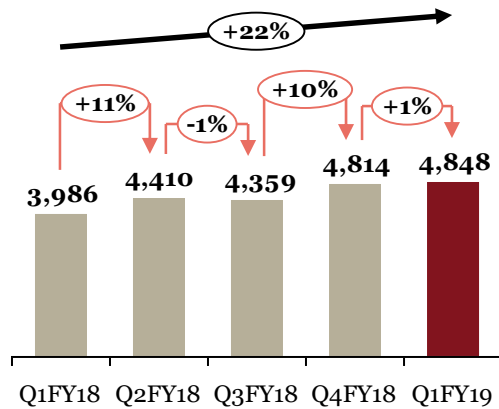


#### Employee cost

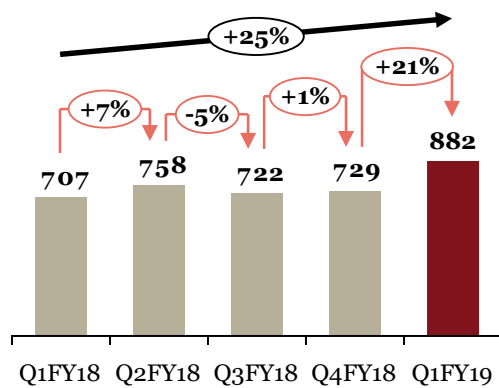


## Engine segment (22 companies)

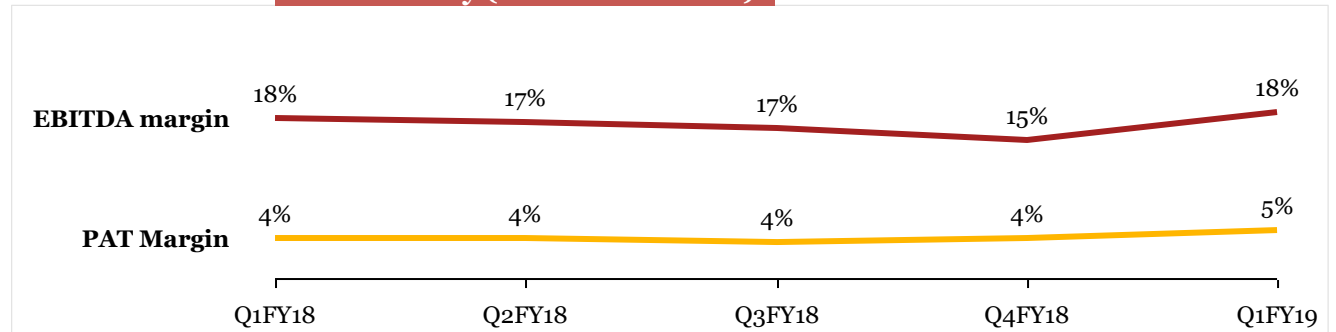
Net Sales (in INR cr.)



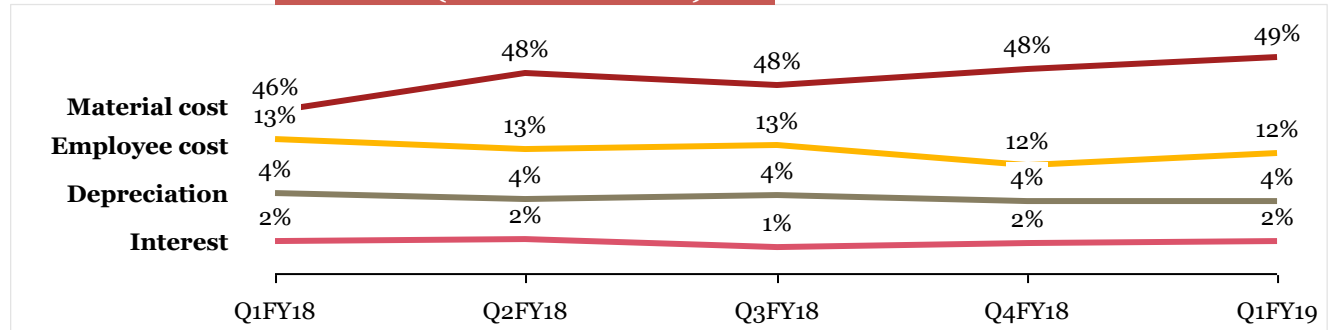
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

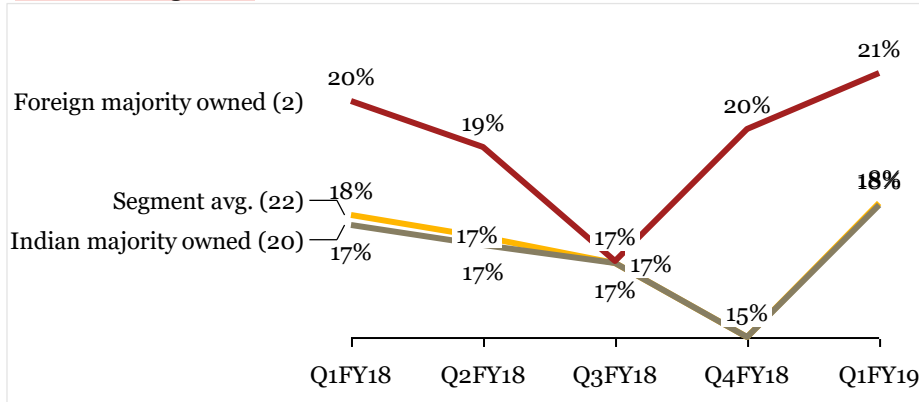


- >85 % in-scope engine companies quoted increase in EBITDA in Q1 FY 19 vs. Q1 FY 18 and >95% quoted increase in PAT margins
- PAT margin increased marginally in Q1-FY 19 vs. Q1- FY 18

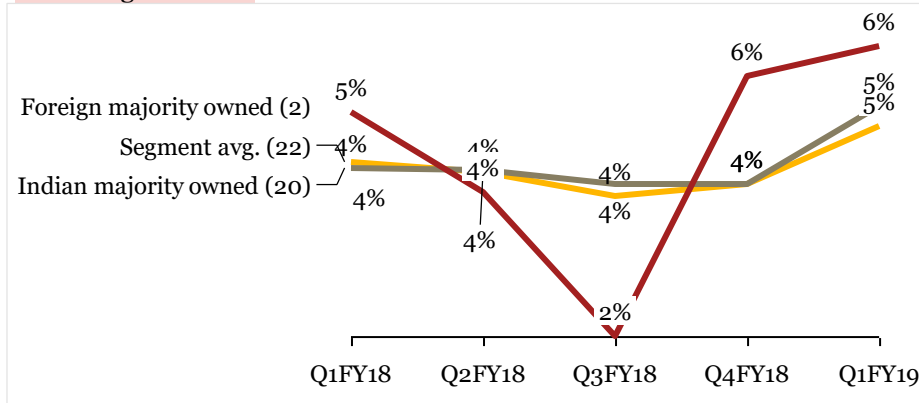
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

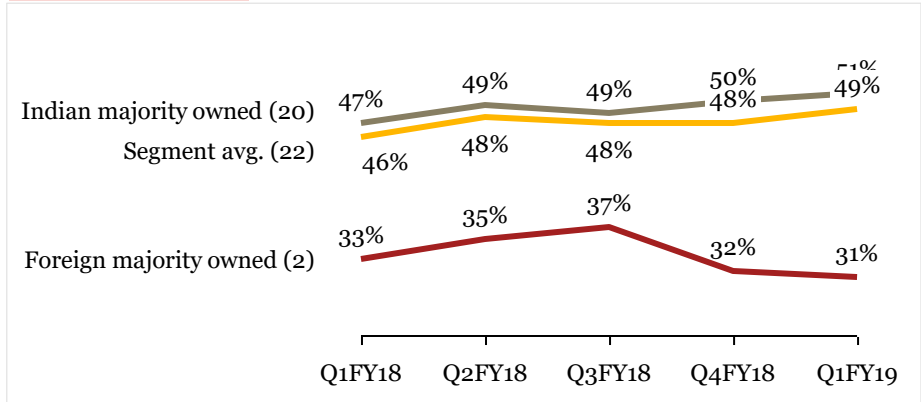


#### PAT Margin

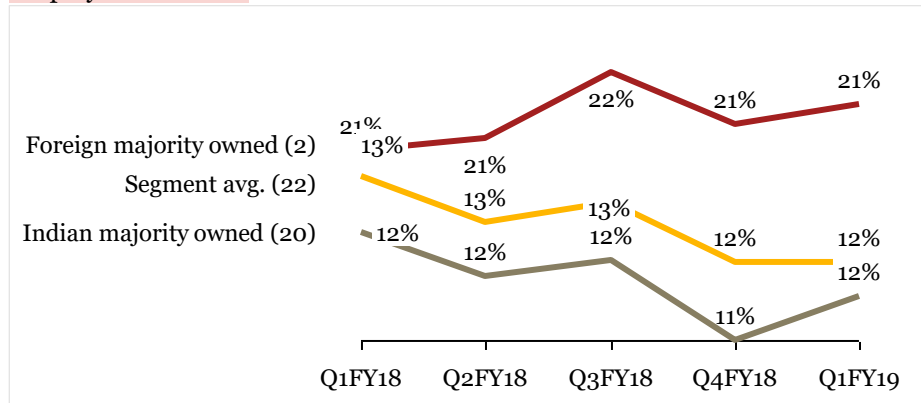


### Costs (as % of Net sales)

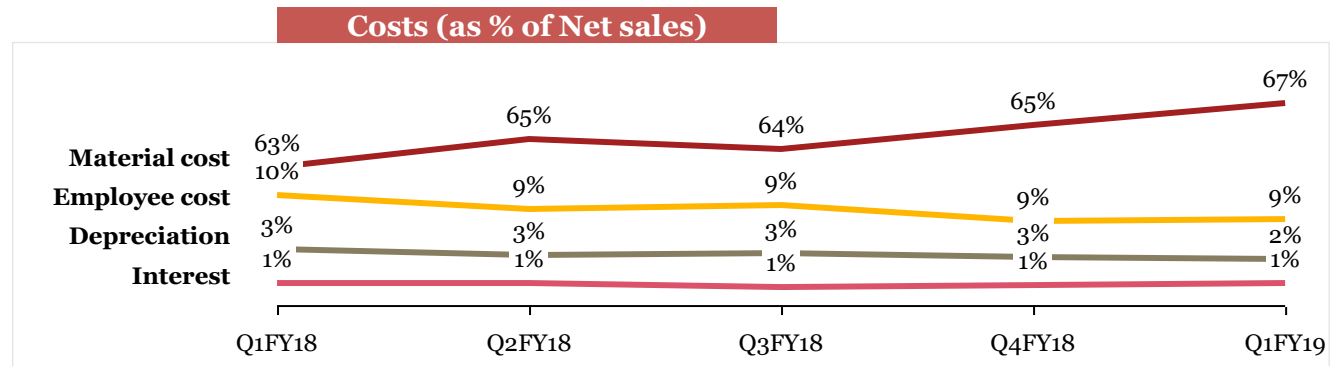
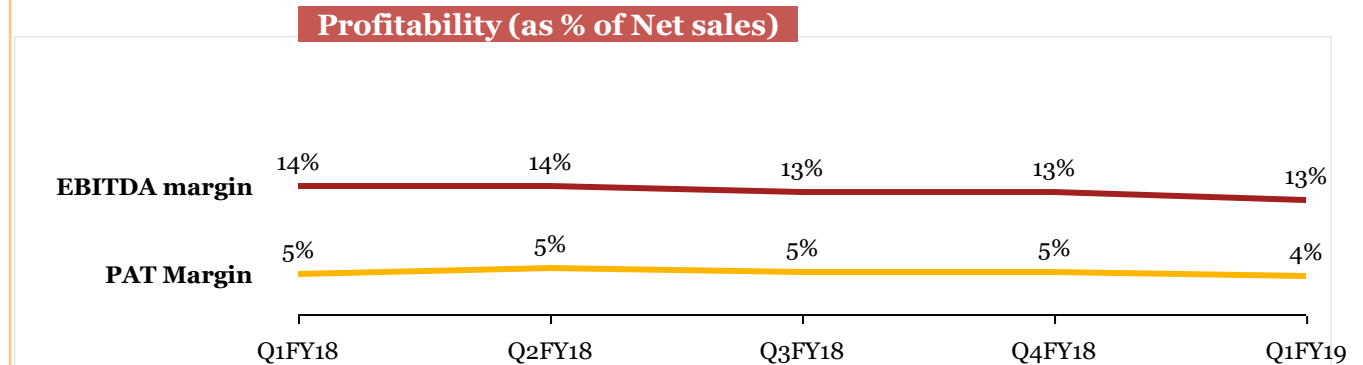
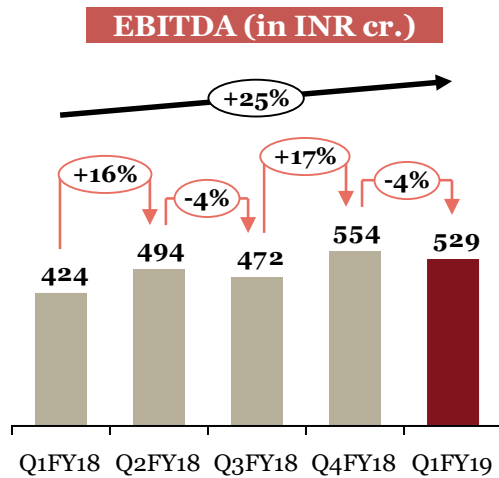
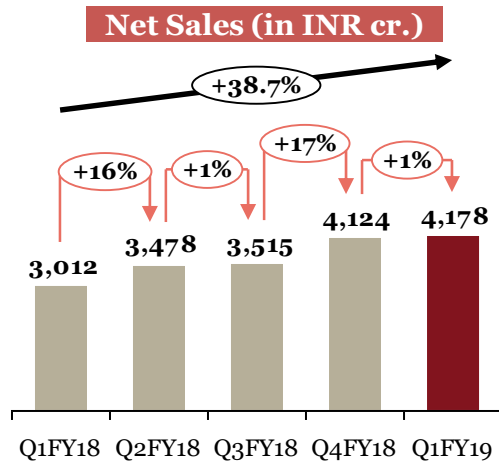
#### Material cost



#### Employee cost



## Suspension segment (15 companies)

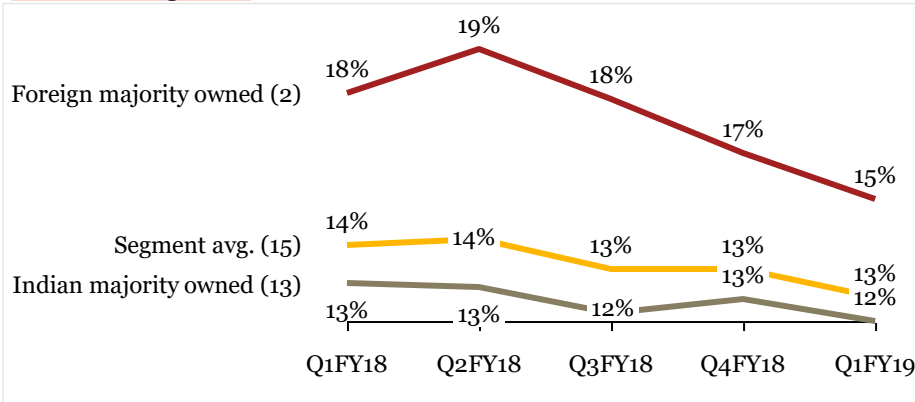


- ~60% in-scope suspension companies reported increase in EBITDA in Q1 FY-o-FY
- Increase in raw material costs was a contributing factor to declining margins in Q1 FY 19
- Other than % material cost that increased other %costs ratios have decreased marginally between Q1 FY 18 and Q1 FY 19

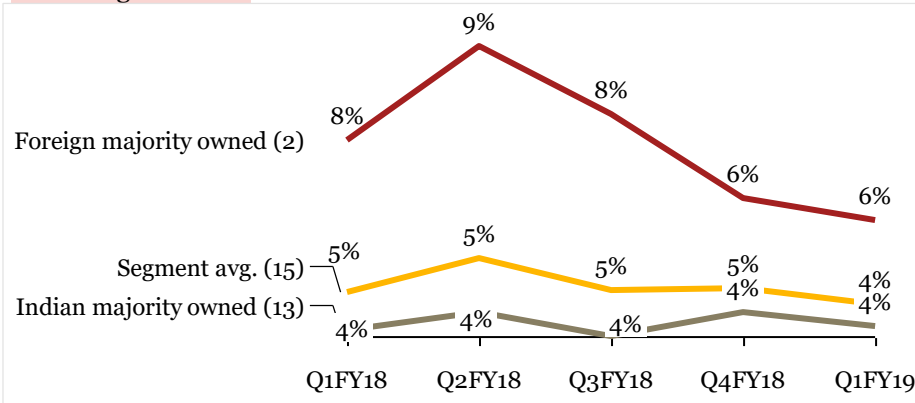
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

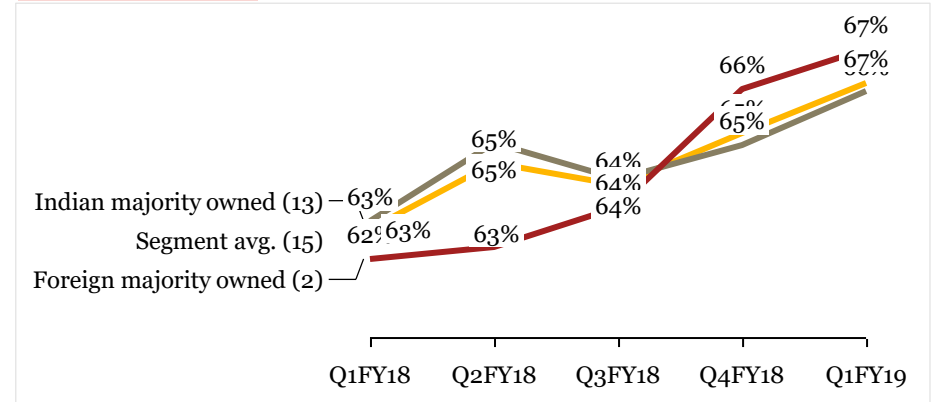


#### PAT Margin

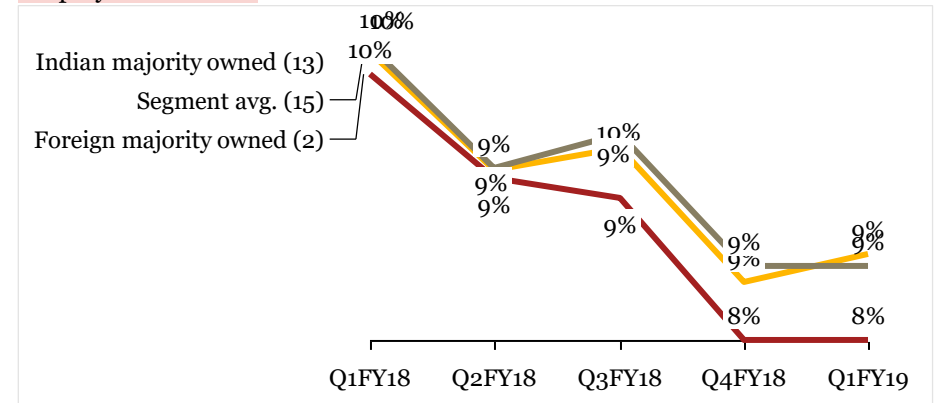


### Costs (as % of Net sales)

#### Material cost

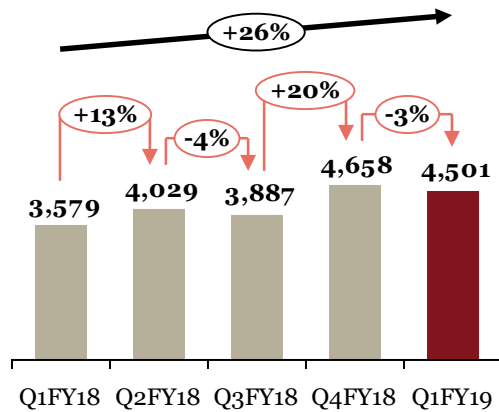


#### Employee cost

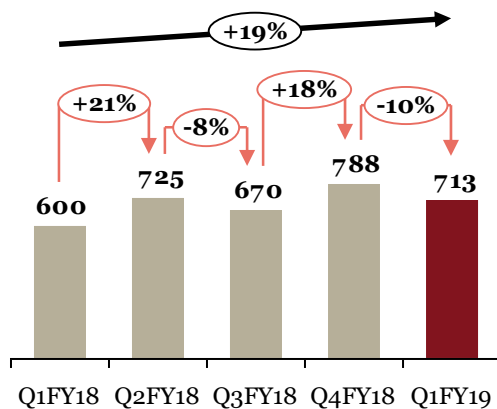


## Electrical and Electronics segment (10 companies)

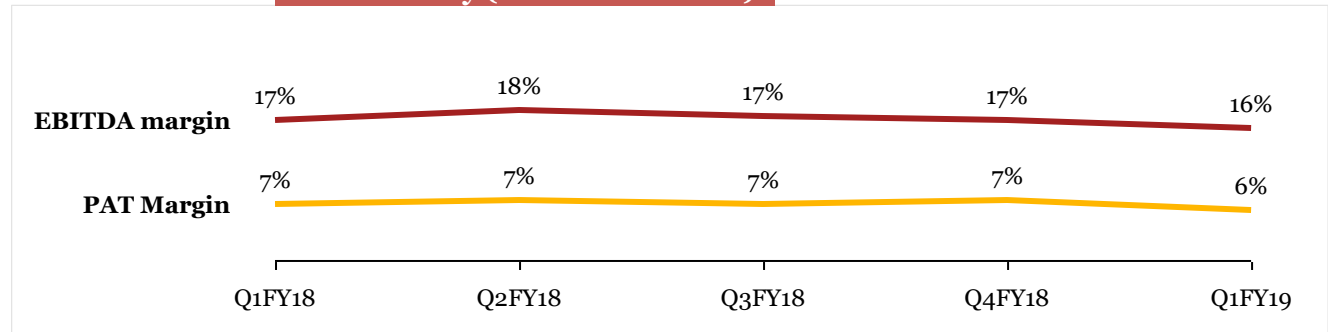
**Net Sales (in INR cr.)**



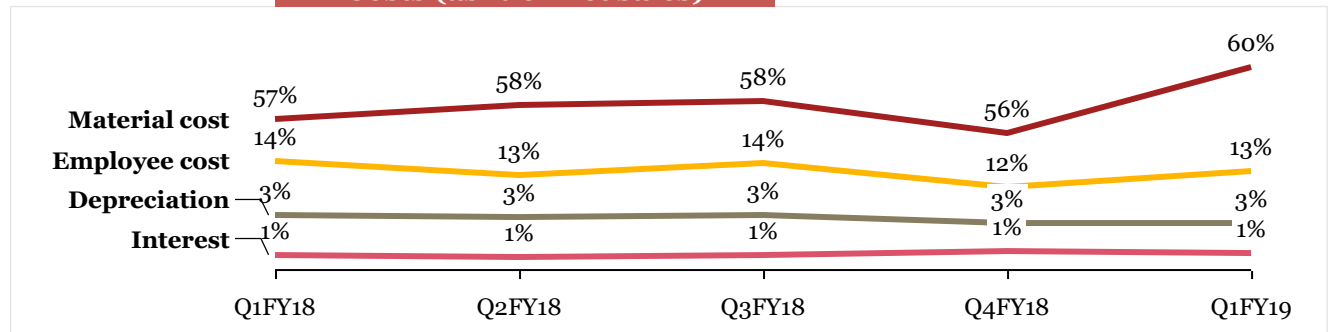
**EBITDA (in INR cr.)**



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



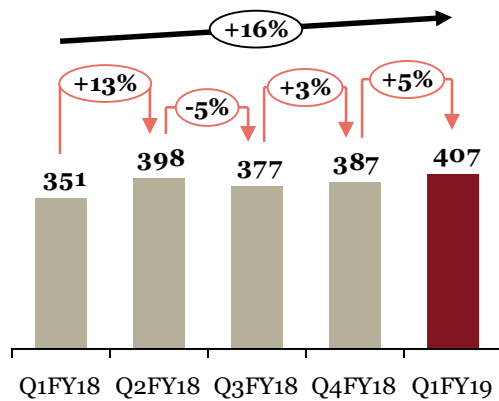
**Costs (as % of Net sales)**



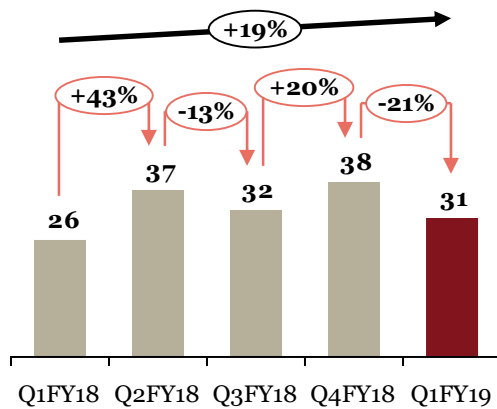
- This segment registered significant growth in Net sales, and EBITDA and PAT in Q1 FY-o-FY in spite of rising costs
- This segment is expected to register strong growth in the foreseeable future owing to the increasing overall importance of electronics and electrical components in the vehicle systems

## Interior segment (3 companies)

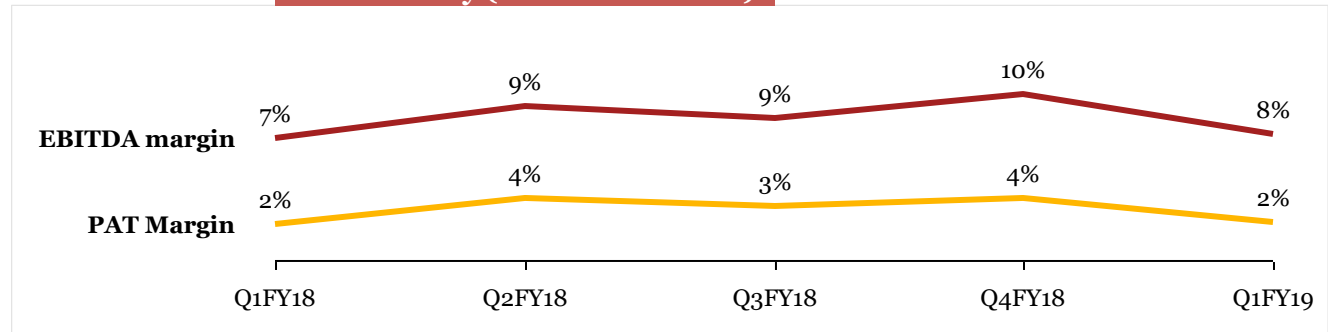
**Net Sales (in INR cr.)**



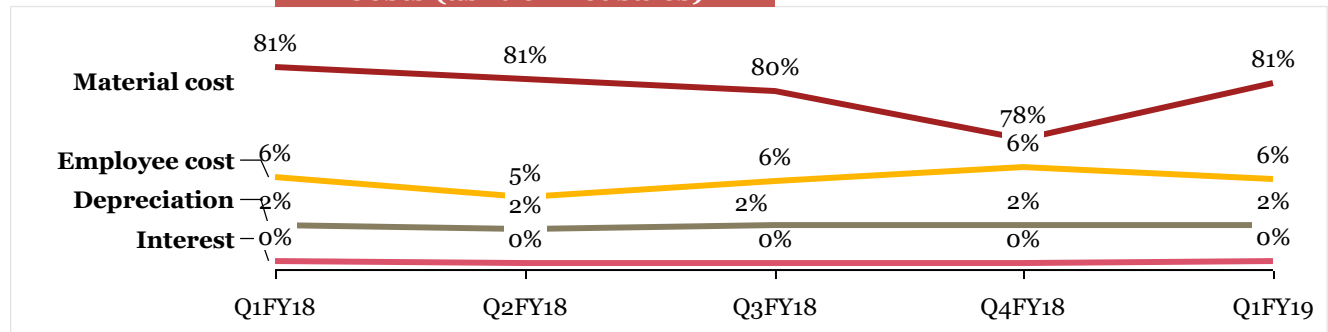
**EBITDA (in INR cr.)**



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



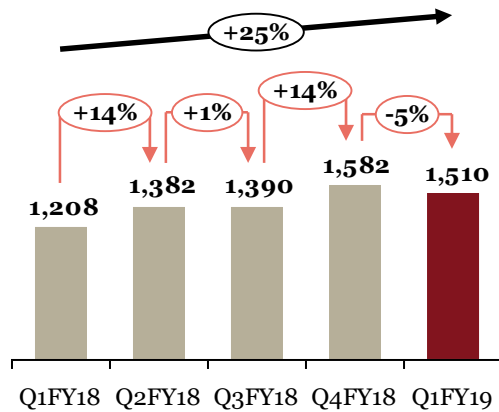
**Costs (as % of Net sales)**



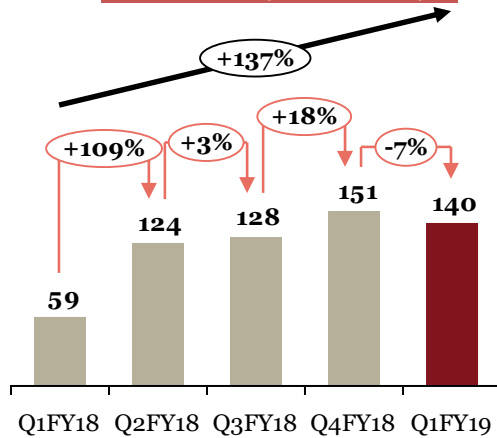
- All the 3 in-scope companies registered growth in Net sales while 2 companies recorded growth in EBITDA and in PAT in Q1 FY-o-FY
- The interest cost has been consistently low for all the 3 in-scope companies

## Body and chassis segment (9 companies)

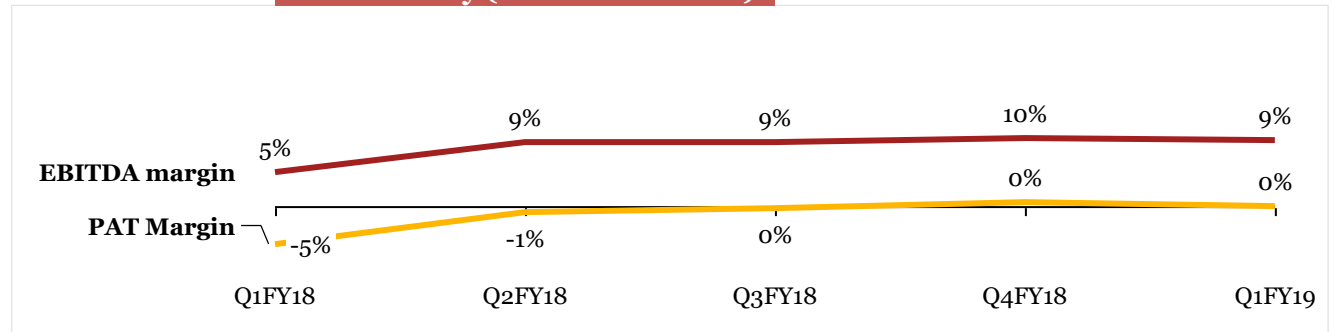
Net Sales (in INR cr.)



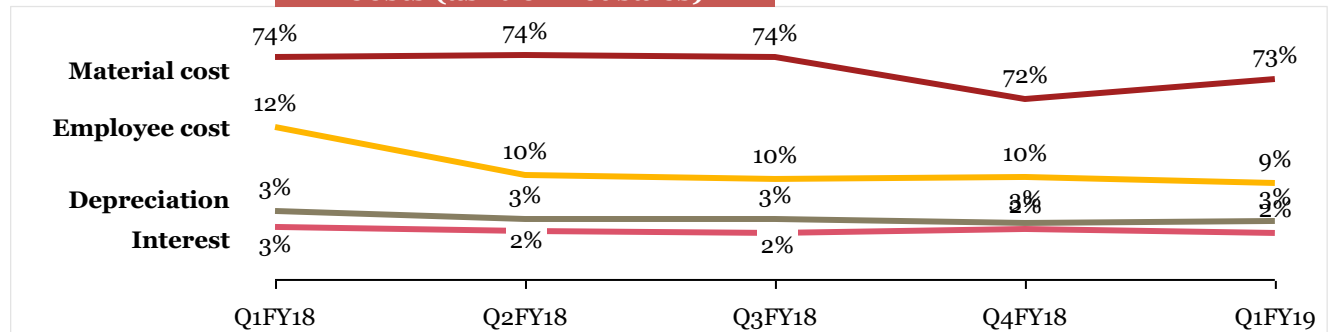
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- EBITDA and PAT increased majorly for almost all nine companies as compared with Q1 FY 18
- The % raw material 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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