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# *ACMA- Financial Analysis*

## *Q2 FY-19*

*Strictly private  
and confidential*

*March 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*

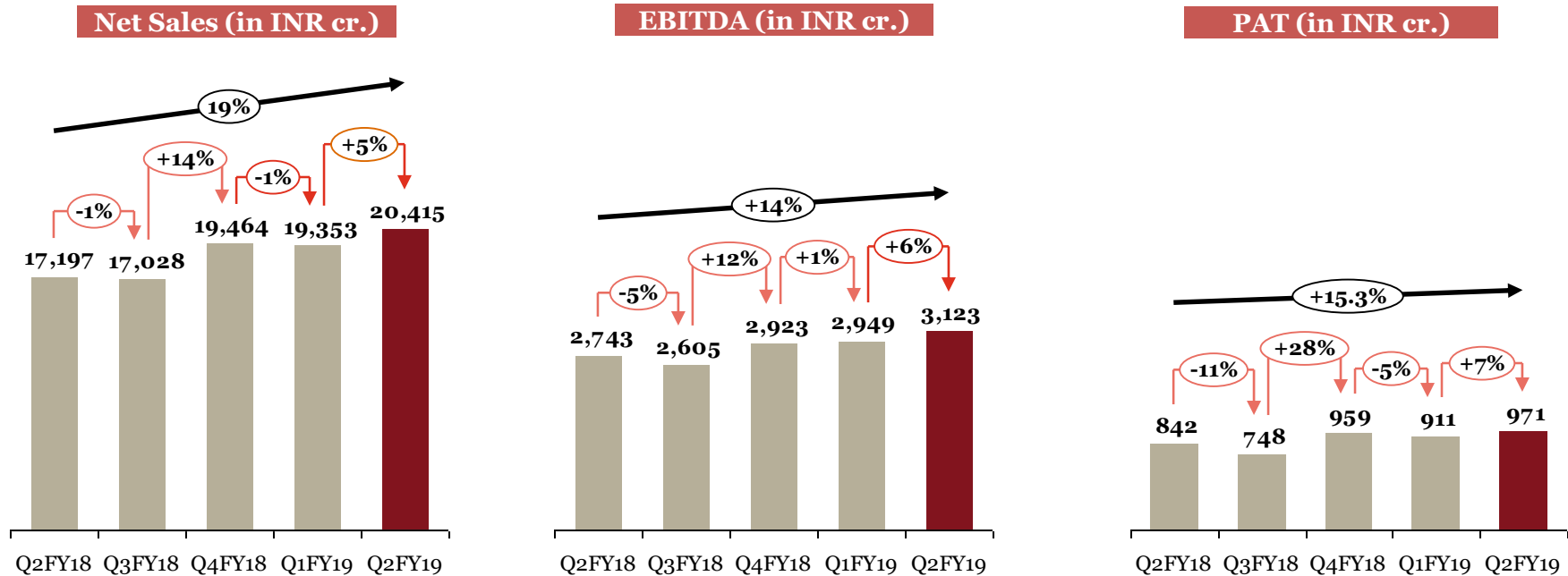
## Classification of 73 Auto component companies

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, 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*

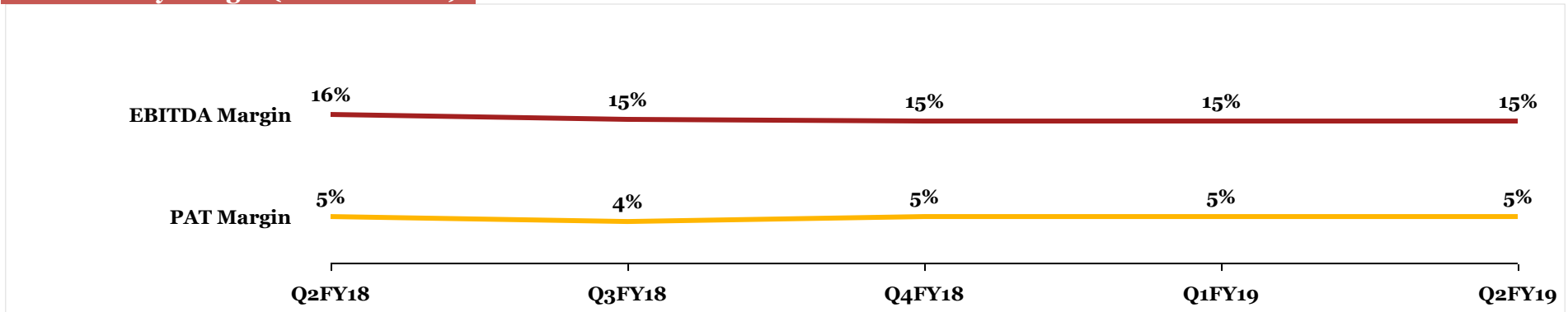
## Aggregate financial analysis (73 in-scope companies)



- Net Sales, EBITDA and PAT has increased Y-o-Y in Q2 FY19
- Interiors was the only segment to record a decline in EBITDA
- Body and Chassis segment recorded the highest EBITDA growth of 52 percent from Q2 FY18, followed by Engine segment at 23 percent
- Engine segment recorded the highest increase in Pat at 41 percent, while interiors segment recorded the highest decrease in PAT of 45 percent

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

### Profitability margin (% of net sales)



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

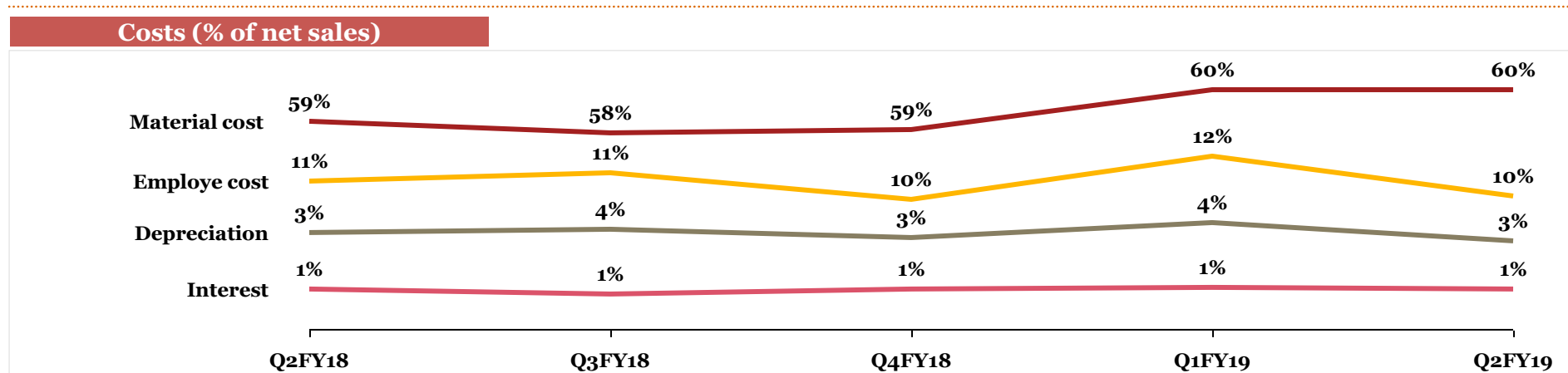
Range	Q2FY 18 Number of companies	Q2FY 19 Number of companies
Less than 0%	3	1
0-10%	12	12
10-20%	33	41
more than 20%	25	19

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

Range	Q2FY 18 Number of companies	Q2FY 19 Number of companies
less than 0%	12	10
0-5%	37	40
5-10%	20	20
more than 10%	4	3

- The number of companies having negative EBITDA and PAT margins decreased and companies with 10-20% EBITDA margin increased in Q2 FY 19, compared with Q2 FY 18
- Companies with 0-10% PAT margin increased in Q2 FY 19

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



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

Range	Q2FY 18 # companies	Q2FY 19 # companies
20-50%	26	21
50-70%	33	38
more than 70%	14	14

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

Range	Q2FY 18 # companies	Q2FY 19 # companies
0-10%	28	30
10-20%	39	39
more than 20%	6	4

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

Range	Q2FY 18 # companies	Q2FY 19 # companies
0-2%	38	38
2-5%	29	32
more than 5%	6	3

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

Range	Q2FY 18 # companies	Q2FY 19 # companies
0-2%	19	25
2-5%	43	39
more than 5%	11	9

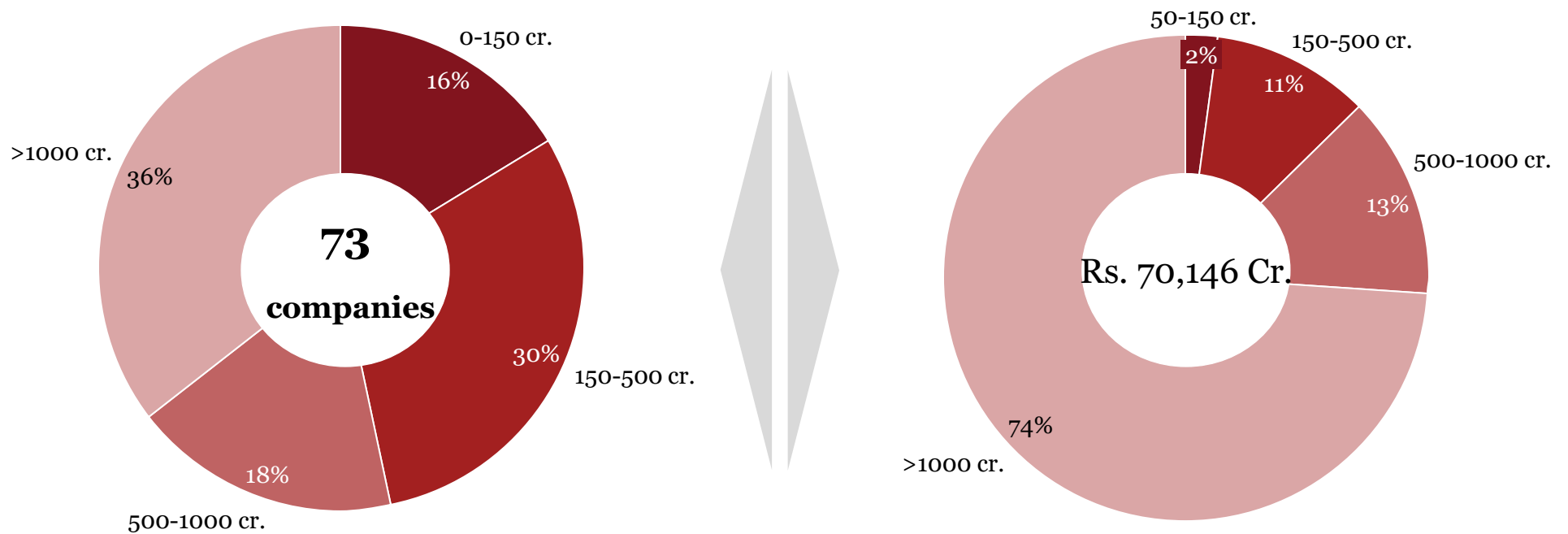
- The % material cost remained same and % employee cost decreased in Q2 FY-o-FY; suggesting a lower combined cost of raw materials and labour to the auto-component manufacturers as compared with Q1 FY 19
- Average % depreciation cost decreased in Q2 FY 19 compared to Q2 FY 18



# *Size based analysis*

## Revenue based classification

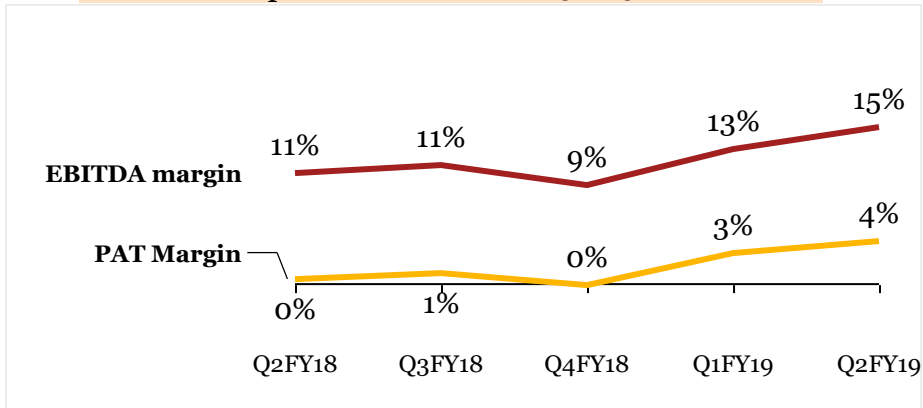
Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500-1000 cr.	>1000 cr.
Number of companies	<b>12</b>	<b>22</b>	<b>13</b>	<b>26</b>



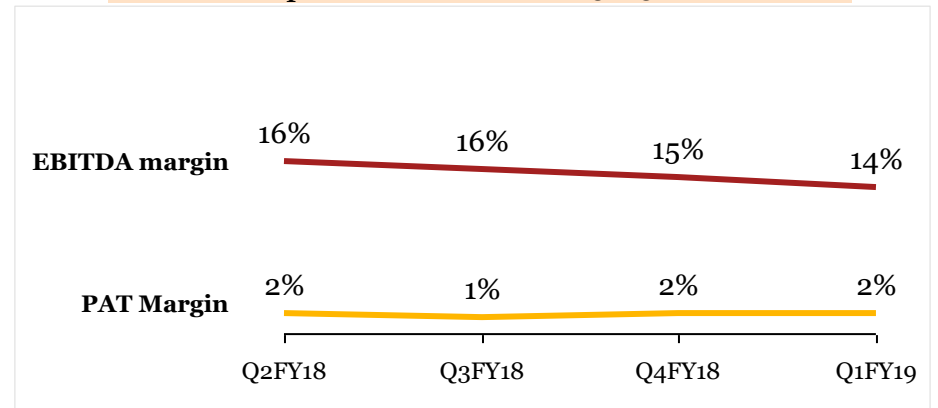
(Aggregate revenue of 73 companies for Q2 FY19)

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

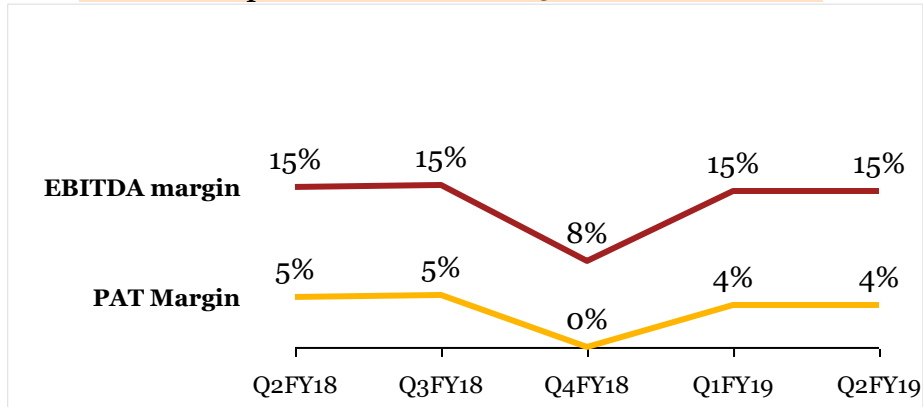
Companies with revenue 50-150 cr.



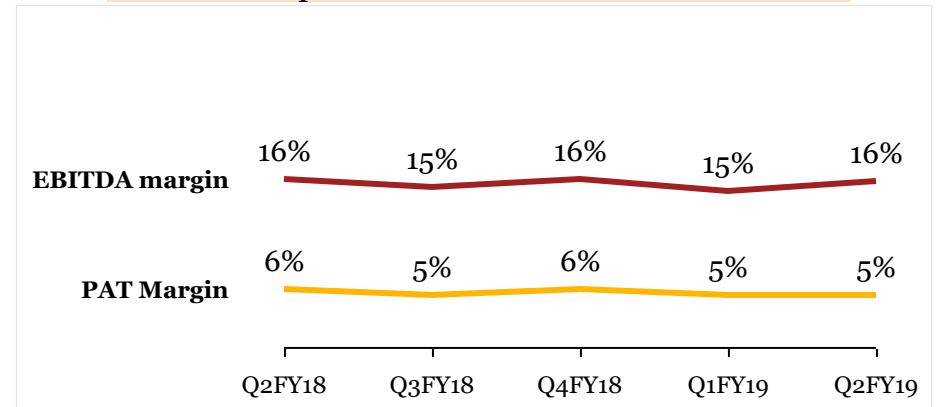
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.

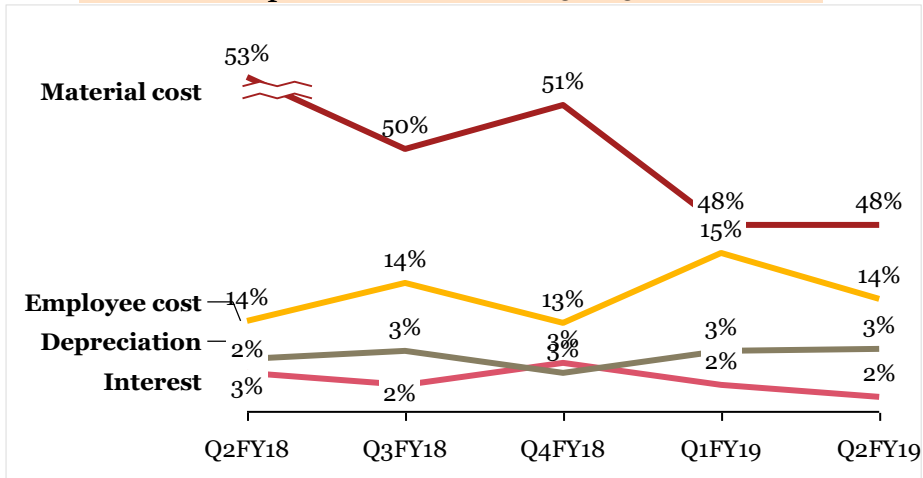


Companies with revenue >1000 cr.

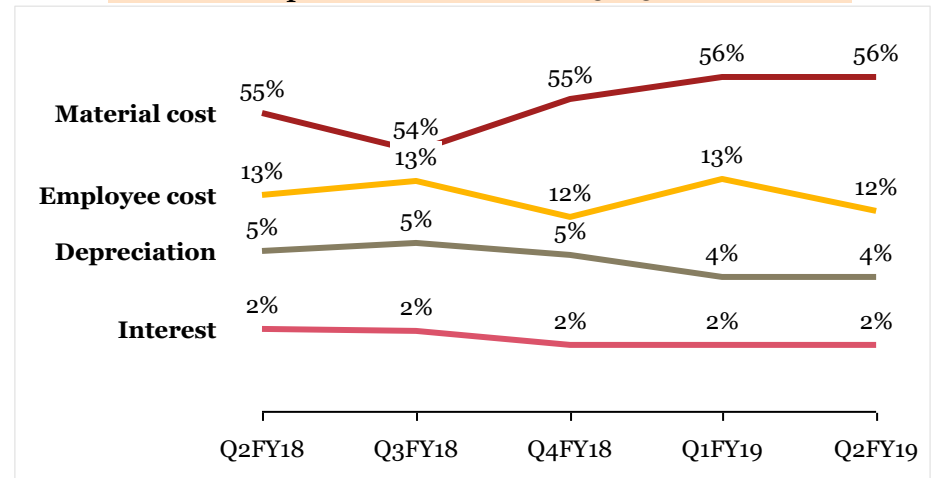


## Trends in costs (as % of Net sales)

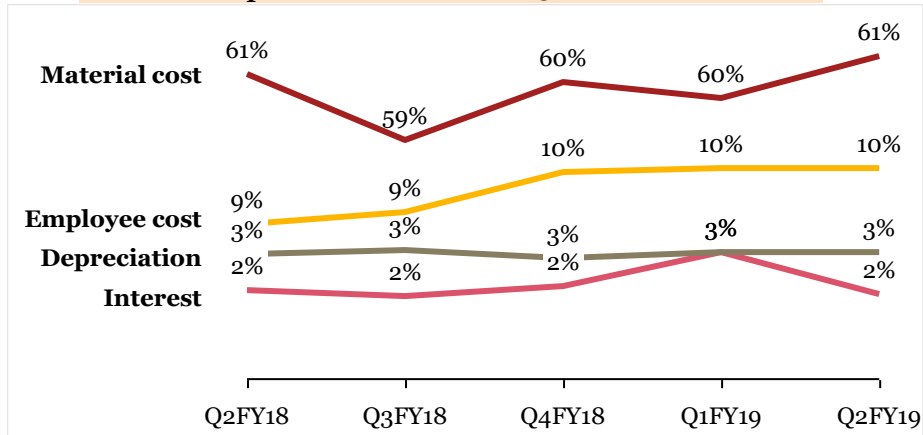
Companies with revenue 50-150 cr.



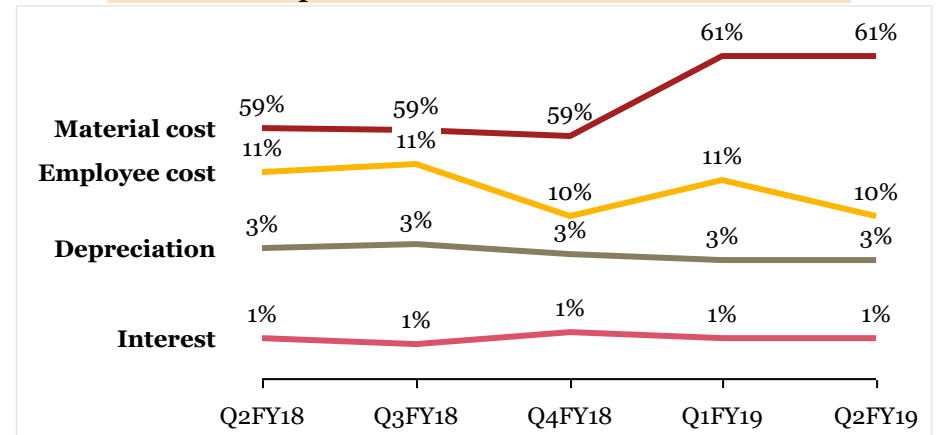
Companies with revenue 150-500 cr.



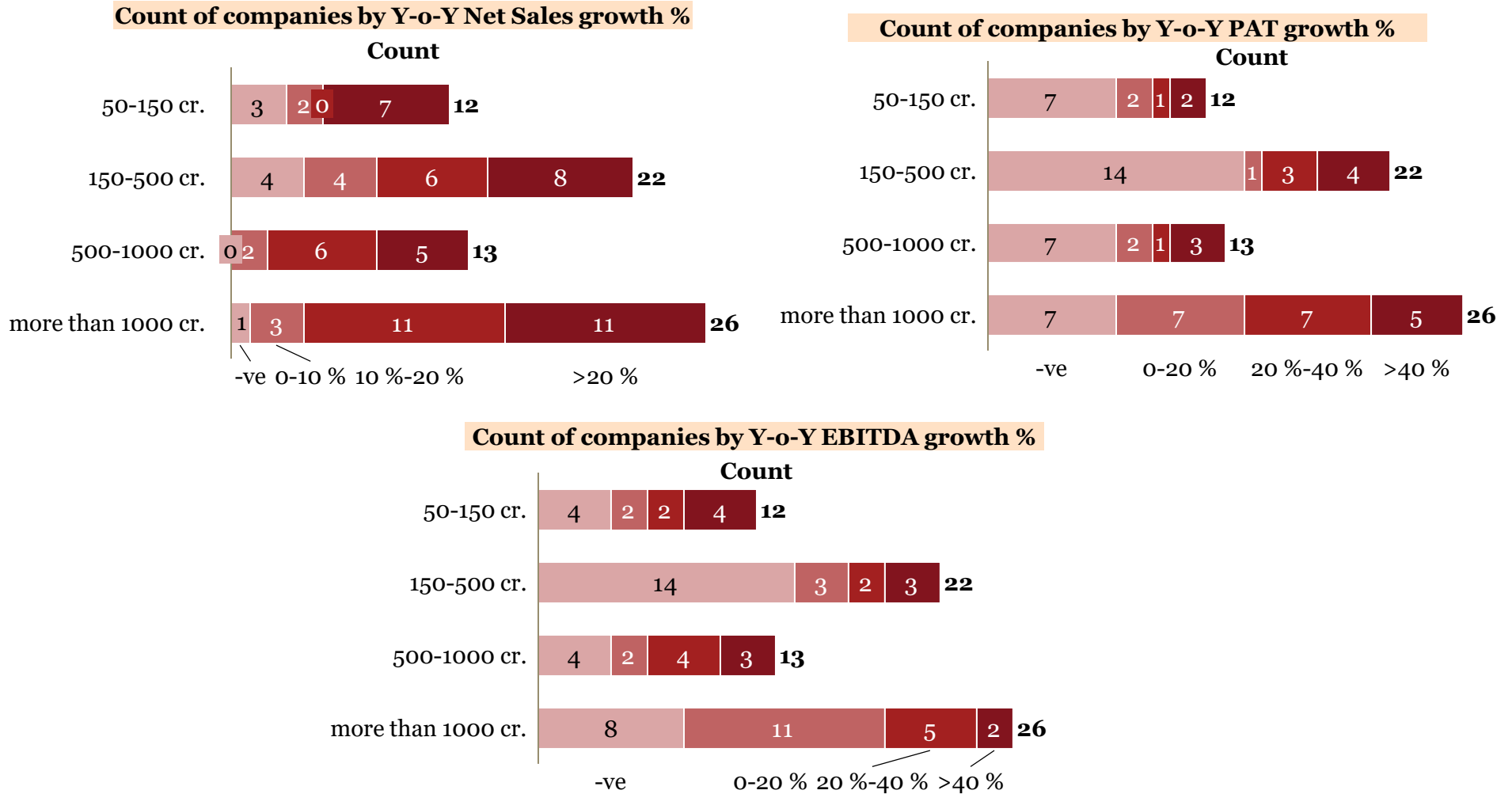
Companies with revenue 500-1000 cr.



Companies with revenue >1000 cr.



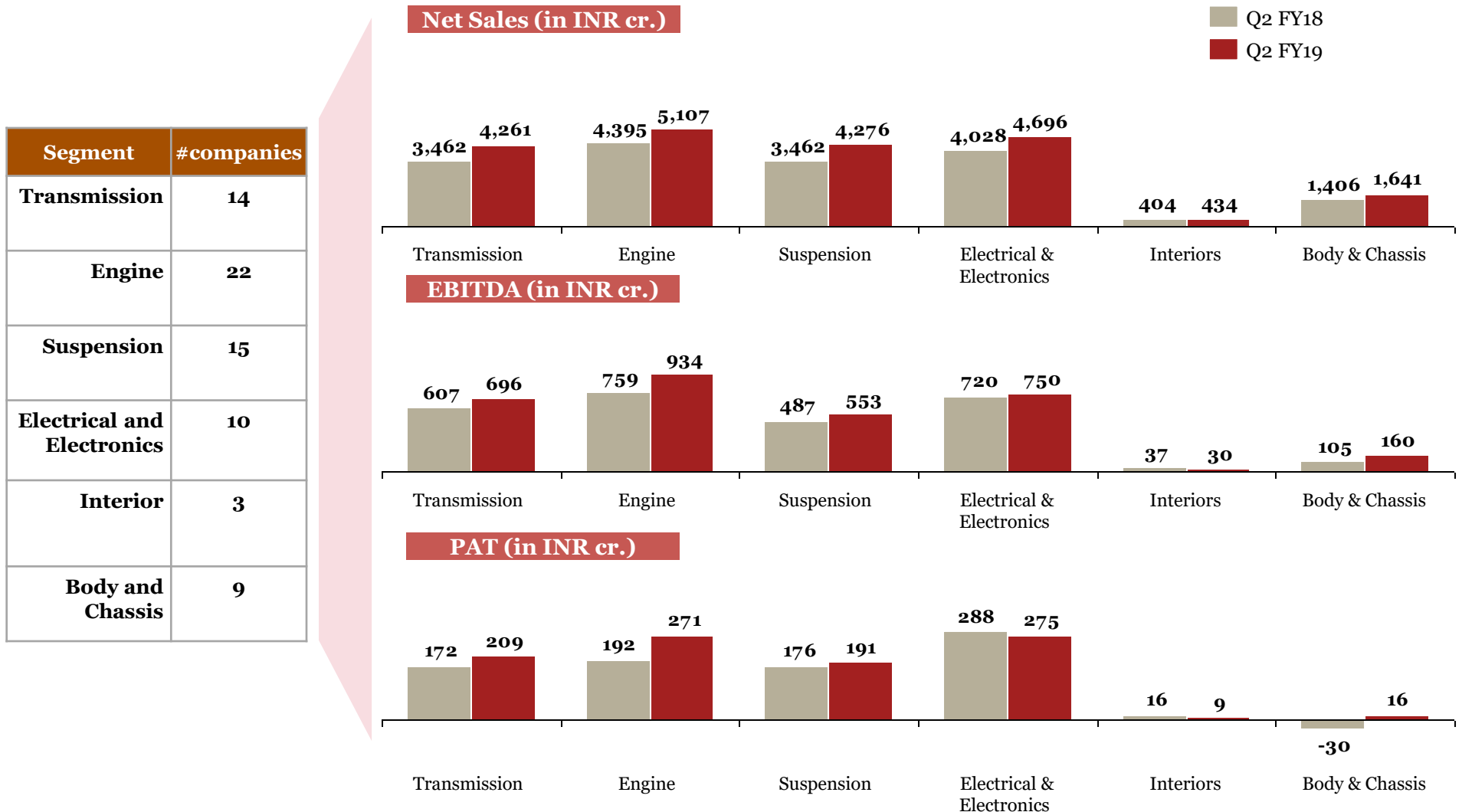
## Count of companies per growth % range : by revenue segment\* Q2FY18 vs. Q2FY17



\* Classified as Annual Revenues for FY18

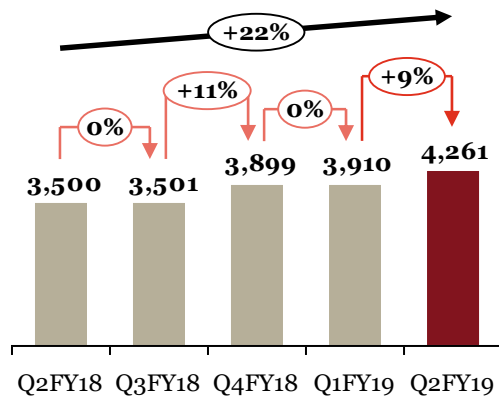
# *Segment analysis*

## Segment-wise analysis of in-scope companies: Q2 FY18 vs. Q2 FY17

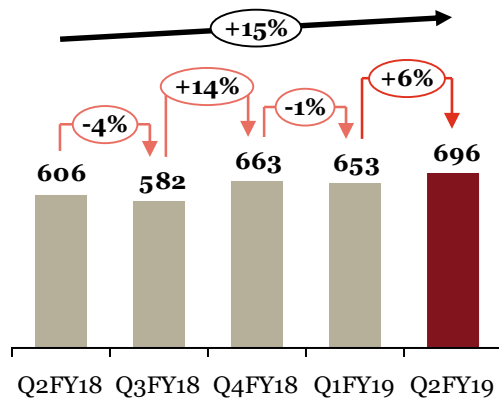


## Transmission segment (14 companies)

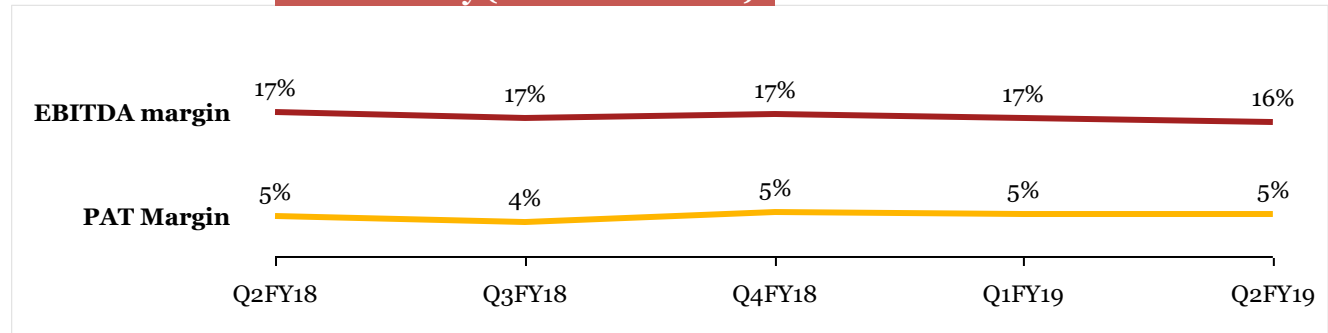
Net Sales (in INR cr.)



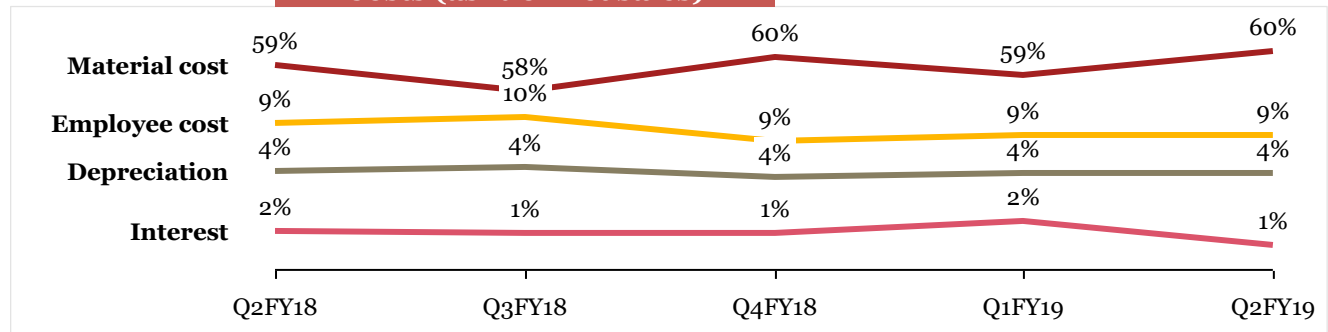
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



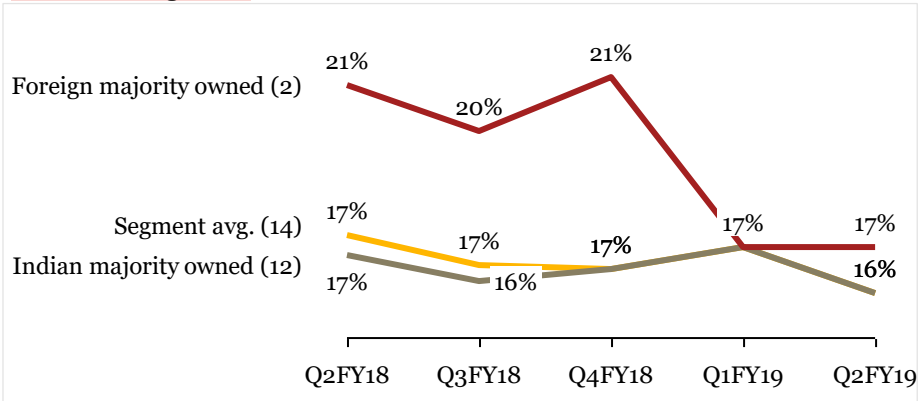
- Net sales increased for ~90% companies in and EBITDA increased for ~70% companies in transmission segment in Q2 FY-o-FY
- Other than % material cost that increased marginally other %costs ratios have remained unchanged or decreased marginally between Q2 FY 18 and Q2 FY 19



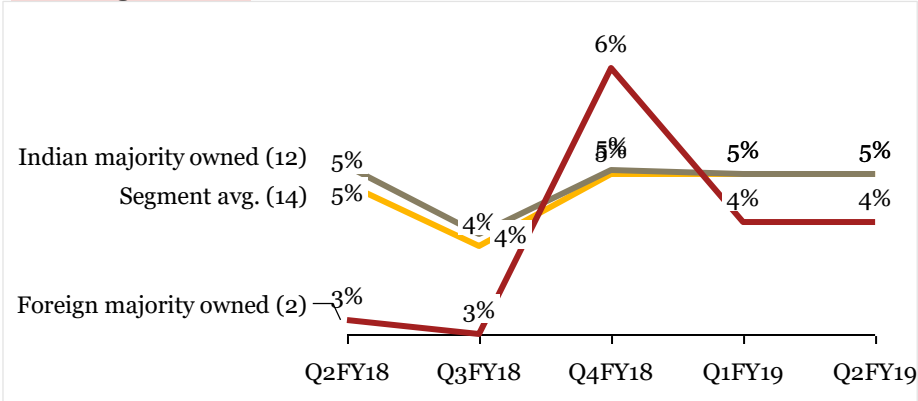
## Transmission segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

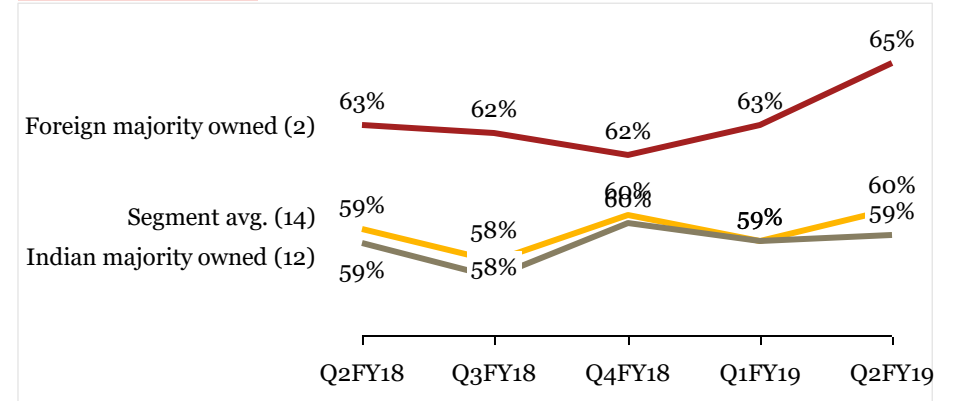


#### PAT Margin

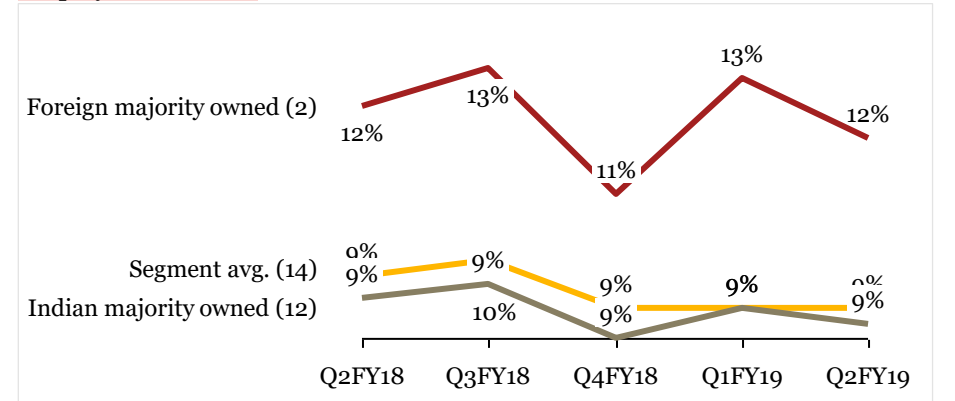


### Costs (as % of Net sales)

#### Material cost

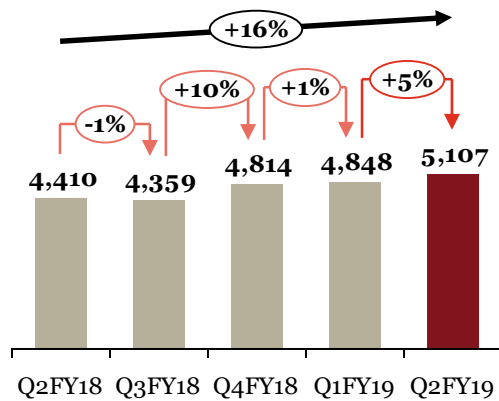


#### Employee cost

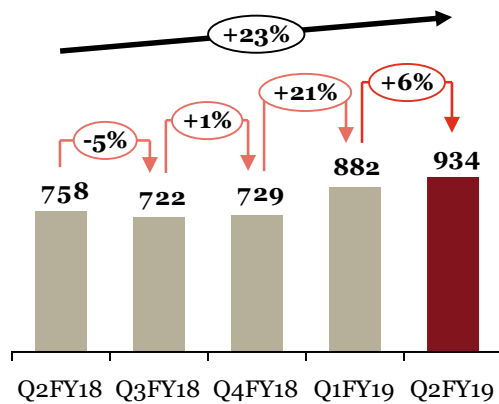


## Engine segment (22 companies)

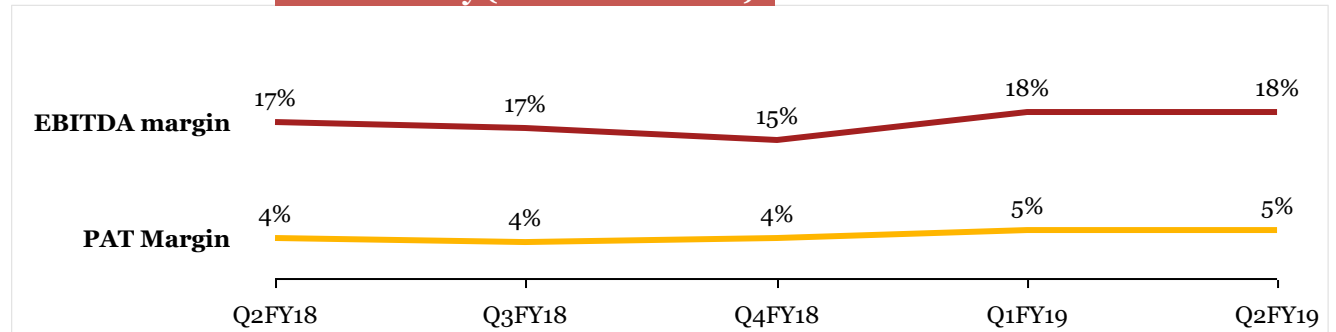
**Net Sales (in INR cr.)**



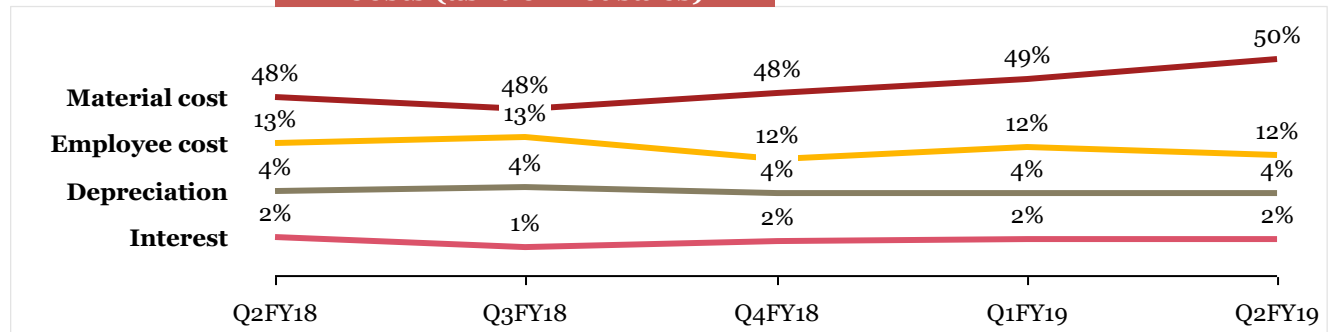
**EBITDA (in INR cr.)**



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



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

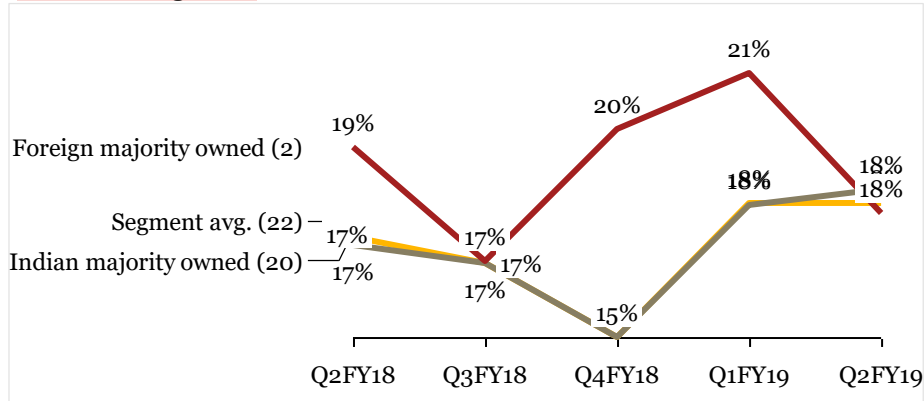


- >85 % in-scope engine companies quoted increase in Net Sales in Q2 FY 19 vs. Q2 FY 18, >50% quoted increase in EBITDA and PAT
- EBITDA and PAT margin remained constant in Q2-FY 19 vs. Q2- FY 18

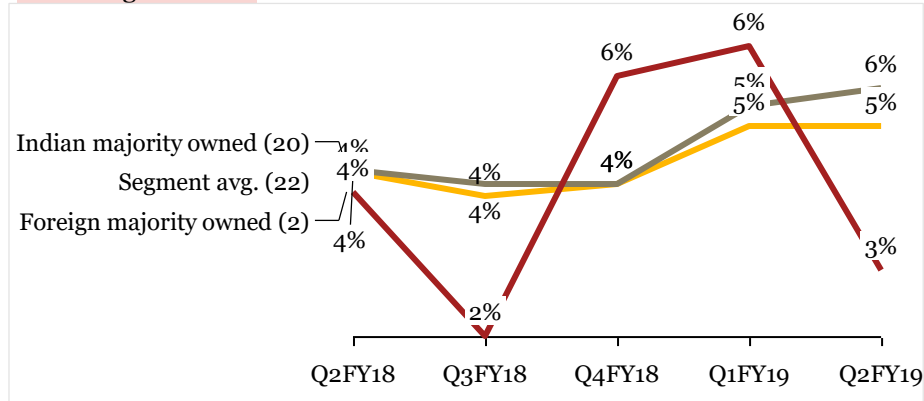
## Engine segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

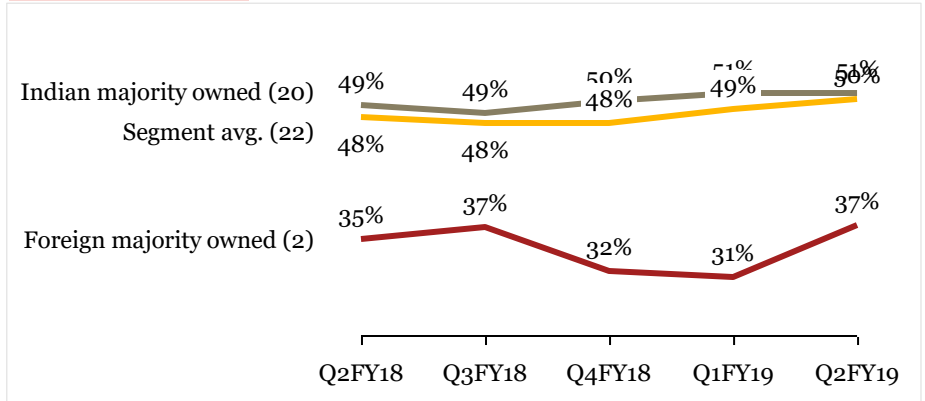


#### PAT Margin

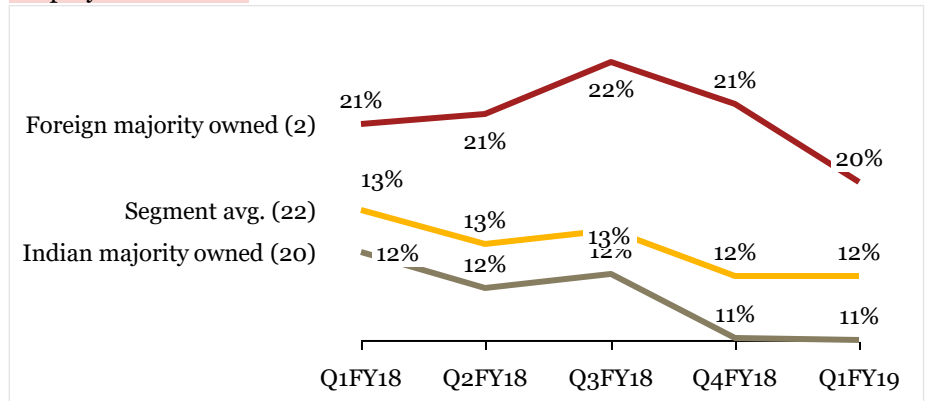


### Costs (as % of Net sales)

#### Material cost

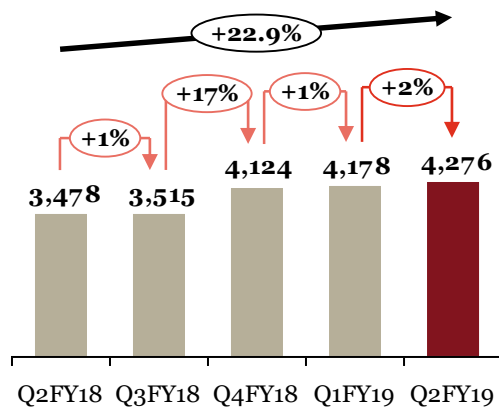


#### Employee cost

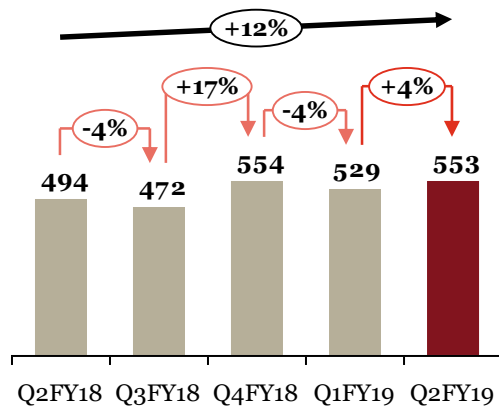


## Suspension segment (15 companies)

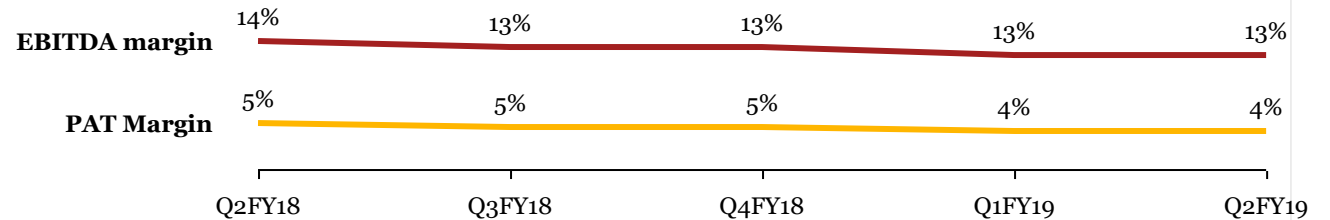
Net Sales (in INR cr.)



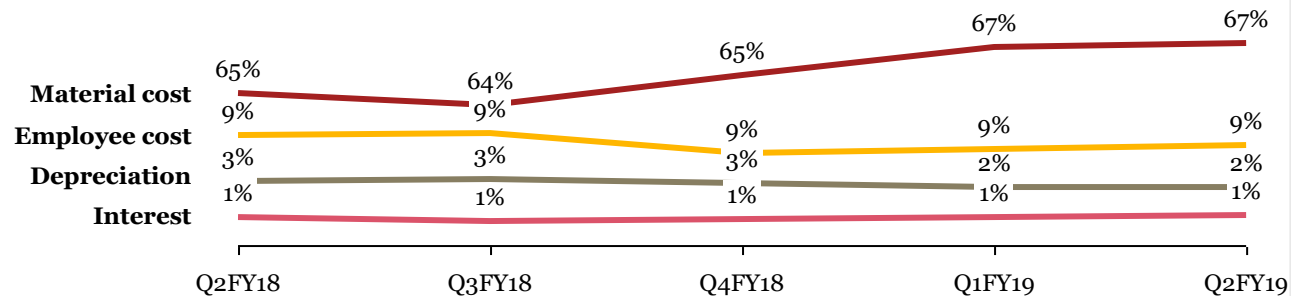
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

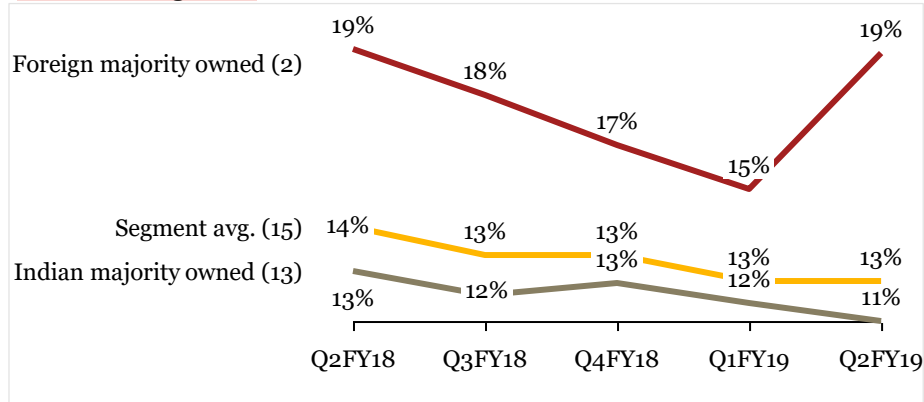


- >85% in-scope suspension companies reported increase in EBITDA in Q2 FY-o-FY
- Other than % material cost as well as other %costs ratios have remained constant between Q2 FY 18 and Q2 FY 19

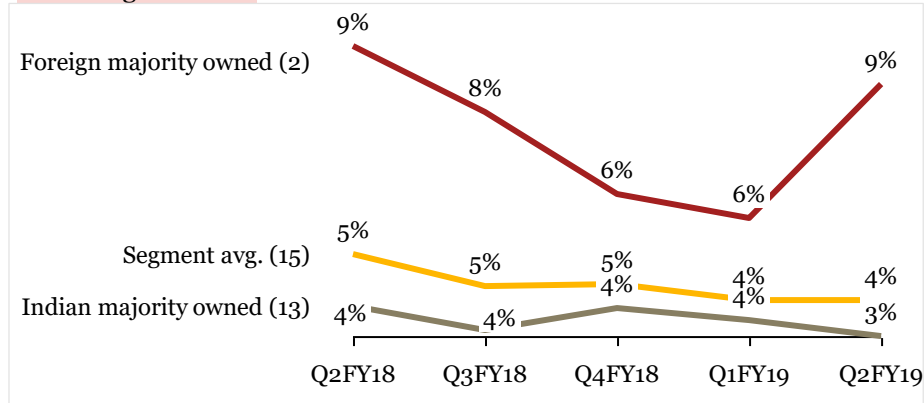
## Suspension segment (Indian majority vs. Foreign majority owned)

### Profitability (as % of Net sales)

#### EBITDA Margin

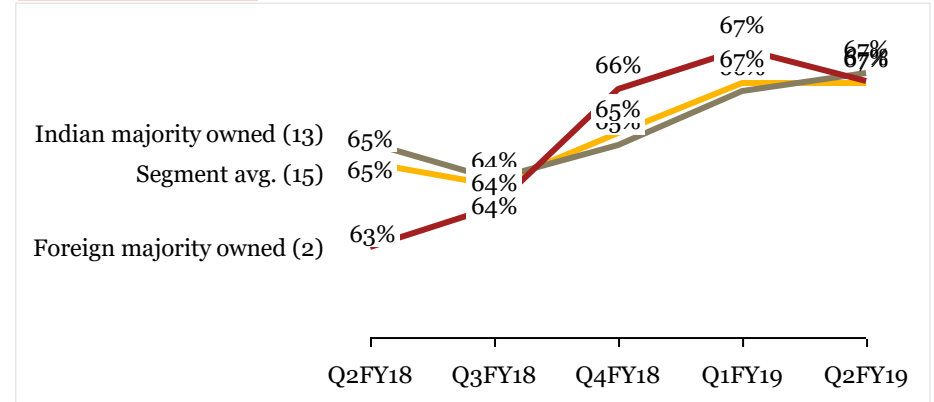


#### PAT Margin

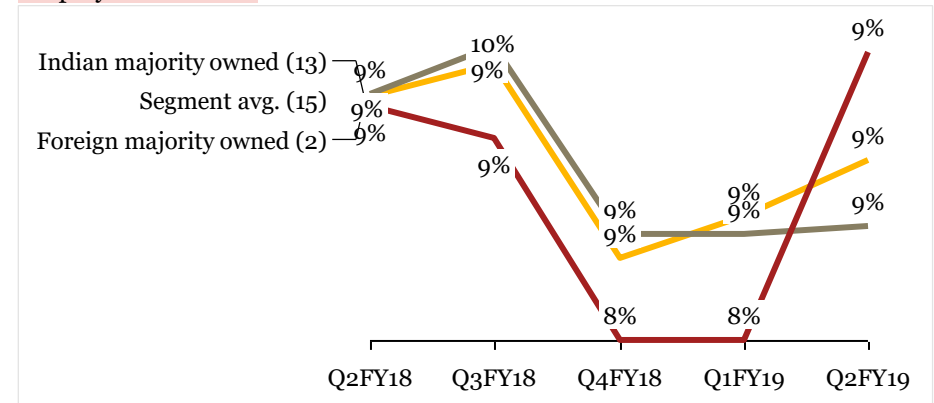


### Costs (as % of Net sales)

#### Material cost

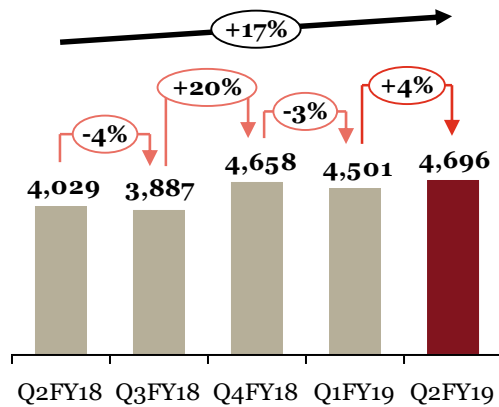


#### Employee cost

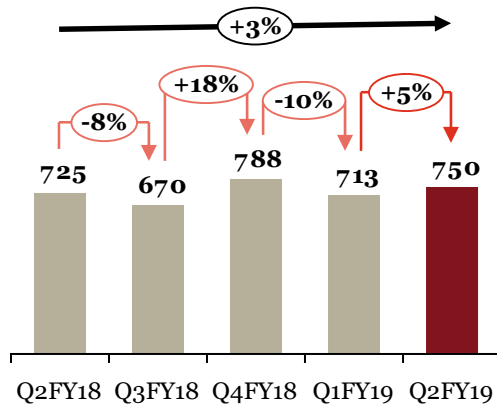


## Electrical and Electronics segment (10 companies)

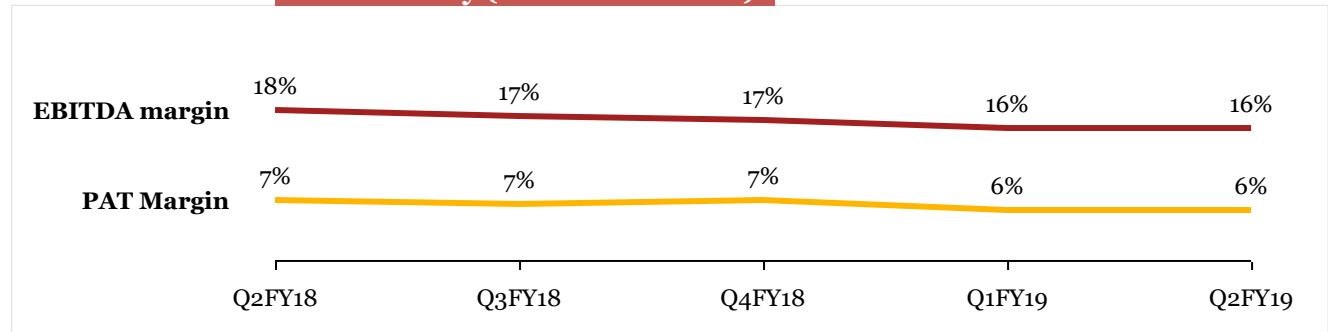
Net Sales (in INR cr.)



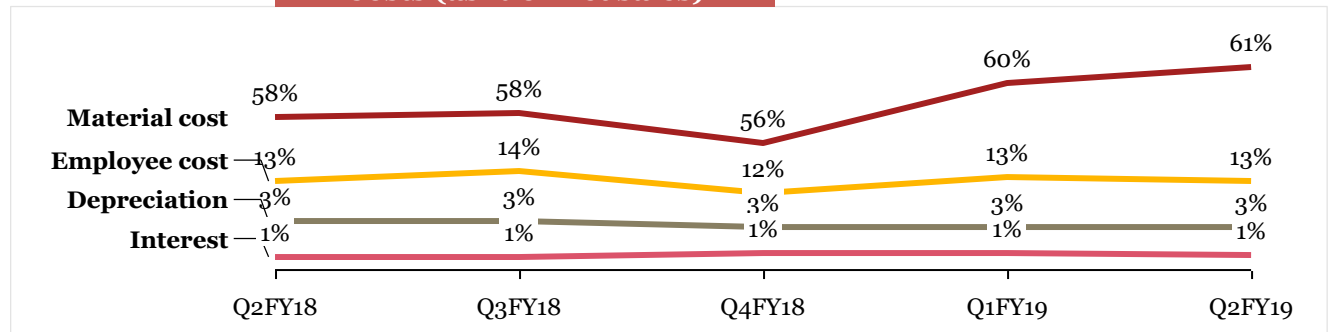
EBITDA (in INR cr.)



Profitability (as % of Net sales)



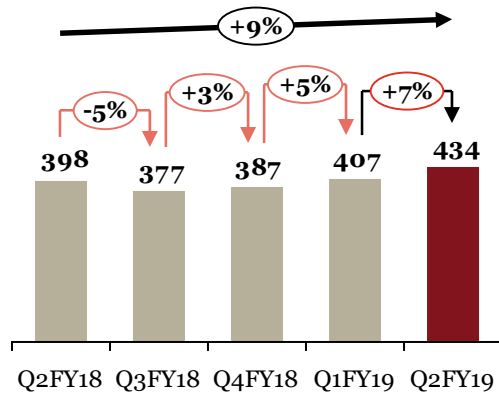
Costs (as % of Net sales)



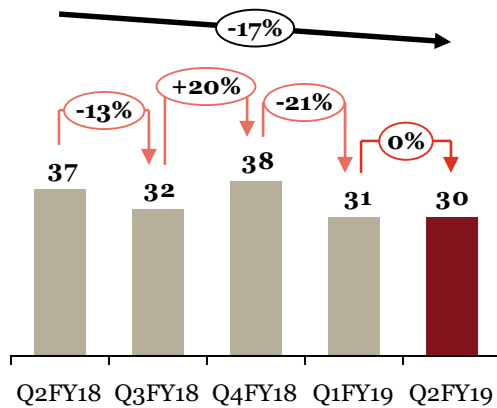
- This segment registered significant growth in Net sales, and EBITDA and PAT in Q2 FY-o-FY in spite of rising costs
- This segment is expected to register strong growth in the foreseeable future owing to the increasing overall importance of electronics and electrical components in the vehicle systems

## Interior segment (3 companies)

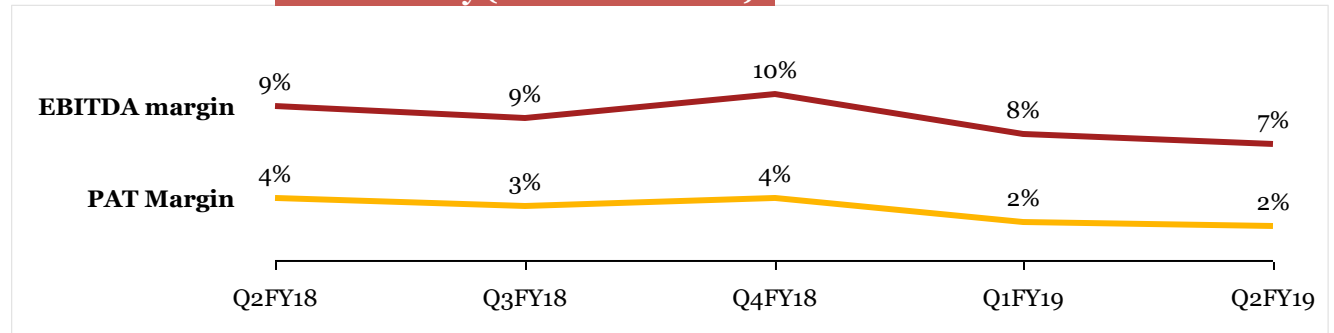
Net Sales (in INR cr.)



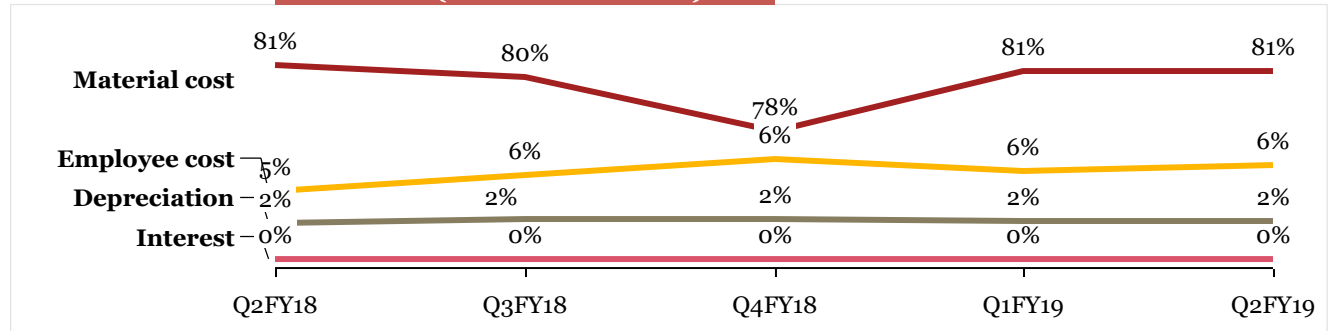
EBITDA (in INR cr.)



Profitability (as % of Net sales)



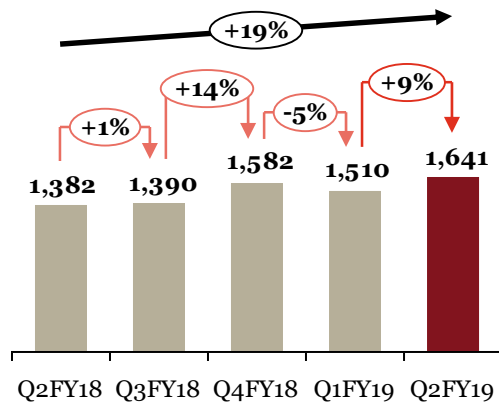
Costs (as % of Net sales)



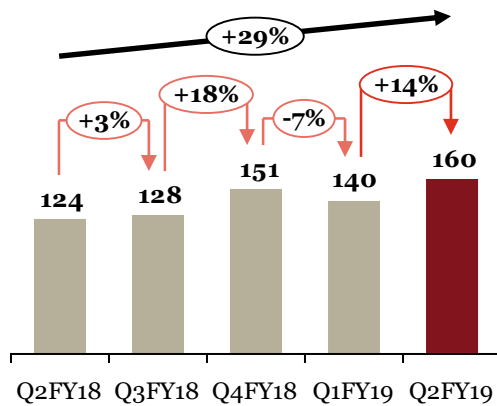
- All the 3 in-scope companies registered growth in Net sales while 2 companies recorded decline in EBITDA and in PAT in Q2 FY-o-FY
- The interest cost has been consistently low for all the 3 in-scope companies

## Body and chassis segment (9 companies)

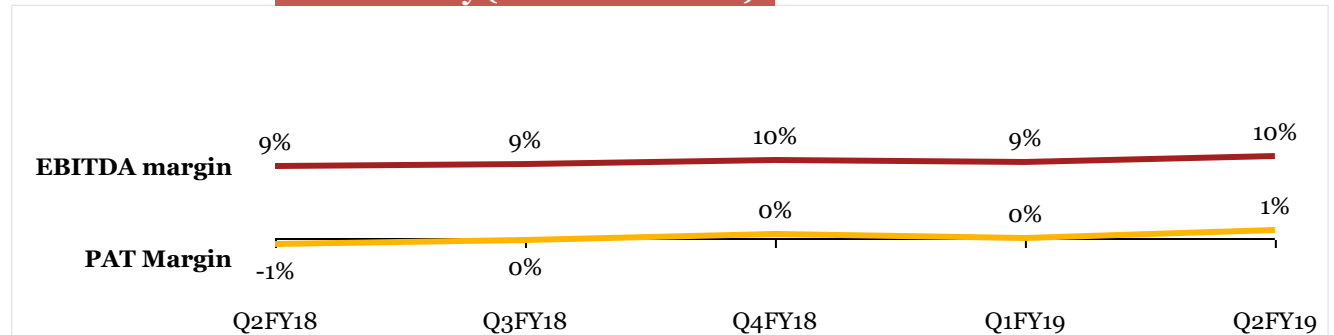
Net Sales (in INR cr.)



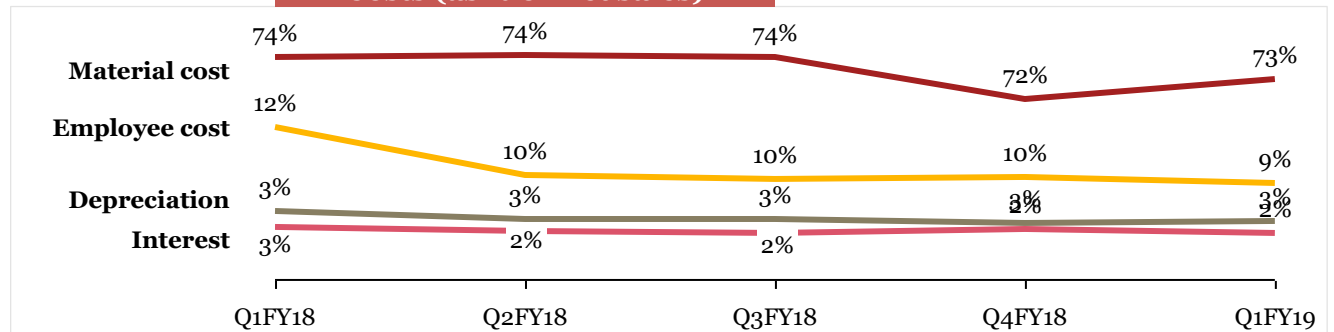
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)



- EBITDA and PAT increased majorly for almost all nine companies as compared with Q2 FY 18
- The raw material cost increased for the segment in Q2 FY 19 (Q-o-Q) by ~14%



## 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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