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ACMA- Financial Analysis FY 20

*Strictly private
and confidential*

October 2020



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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 64 Auto component companies

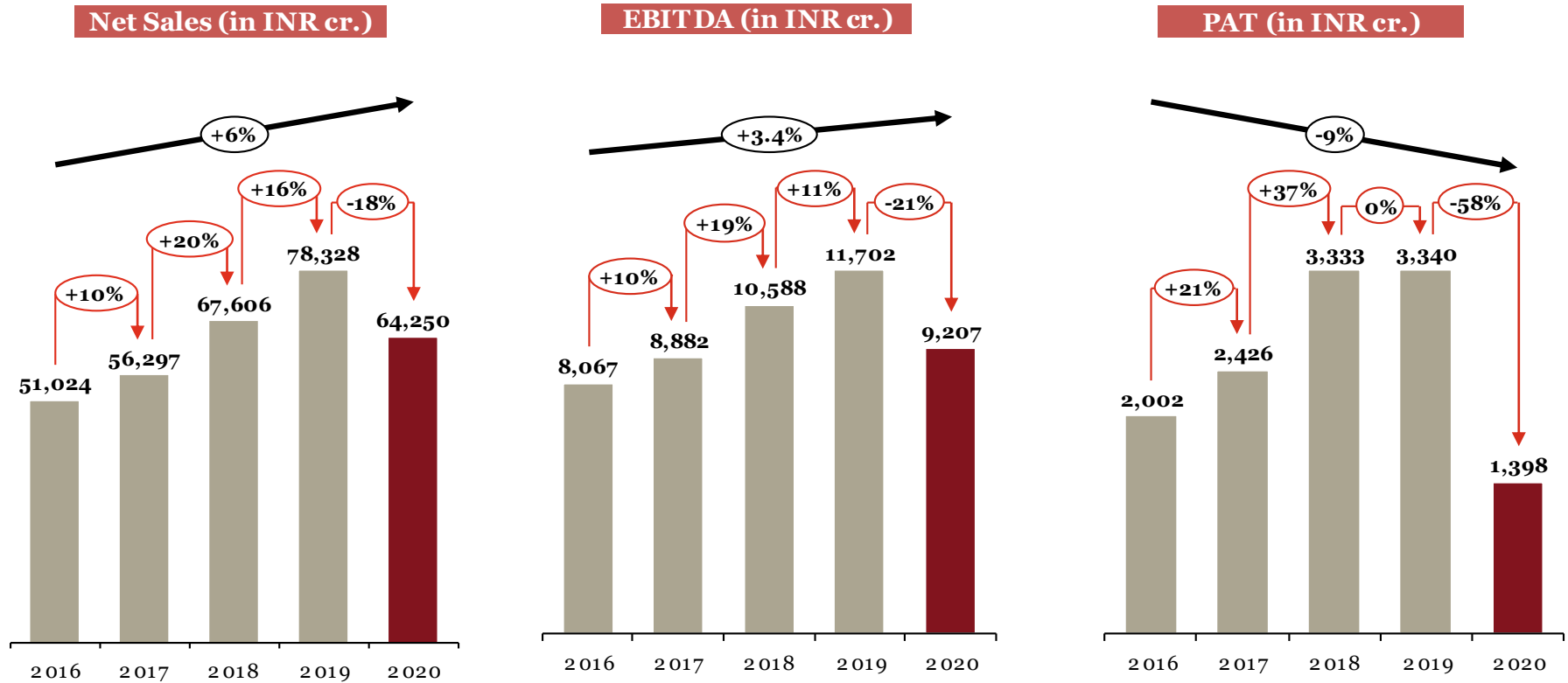
Size based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	7	23	9	25
Segment based classification				
Segment	#companies	List of companies		
Transmission	12	Bharat Gears, ZF Steering, Automotive Axles, JT EKT India, RACL Geartech, LG Balakrishnan, JMT Auto, Remsons Inds., Suprajit Engg., Rane (Madras), Shivam Autotech, Endurance Tech.		
Suspension	13	Gabriel India, Hind Composites, Sundaram Brake, Wheels India, Munjal Showa, Jamna Auto Industries, Steel Str. Wheel, G S Auto Intl., Simmonds Marshall, Talbros Engineering, WABCO India, Rane Brake Lining, GNA Axles		
Engine	20	Bimetal Bearings, Federal-Mogul Go, Sundaram Clayton, Sundaram Fasten, Talbros Auto. Banco Products, Munjal Auto Inds, Samkrp Pistons, IP Rings, Triton Valves, Menon Bearings, Kalyani Forge, Pradeep Metals, Shriram Pistons, Alicon Cast., Sharda Motor, Menon Pistons, Precision Camshf, Ramkrishna Forg., Rane Engine Val.		
Body and Chassis	7	Auto Corp of Goa, Jay Bharat Mar, Jay Ushin, Omax Autos, Rasandik Engg. Automotive Stamp, PPAP Automotive		
Electrical and Electronics	10	Bhagwati Auto, Lumax Inds., Subros, India Nipp.Elec., Motherson Sumi, Minda Inds., Minda Corp, Lumax Auto Tech., Fiem Ind., Pricol Ltd		
Interior	2	Bharat Seats, 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 (64 in-scope companies)

64 in-scope companies

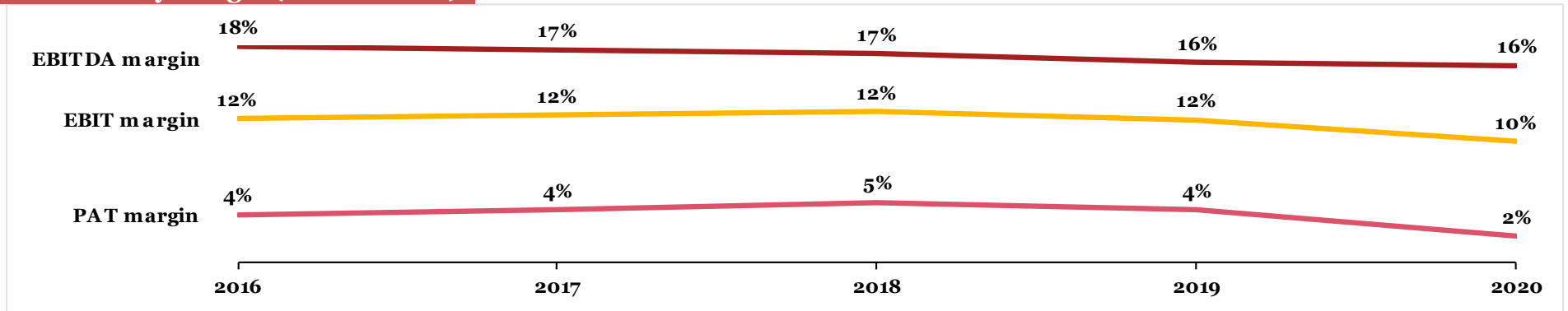


FY 20 saw declines in Net Sales, EBITDA and PAT, as the economic and auto-industry specific slowdowns affected sales volumes as well as margins

Trends in profitability (as % of Net sales)

64 in-scope companies

Profitability margin (% of net sales)



PAT margin distribution of in-scope companies

PAT margin % Range	2019 Number of companies	2020 Number of companies
Less than 0	9	22
0-2	9	13
2-5	26	14
5-10	18	15
More than 10	2	0

EBITDA margin distribution of in-scope companies

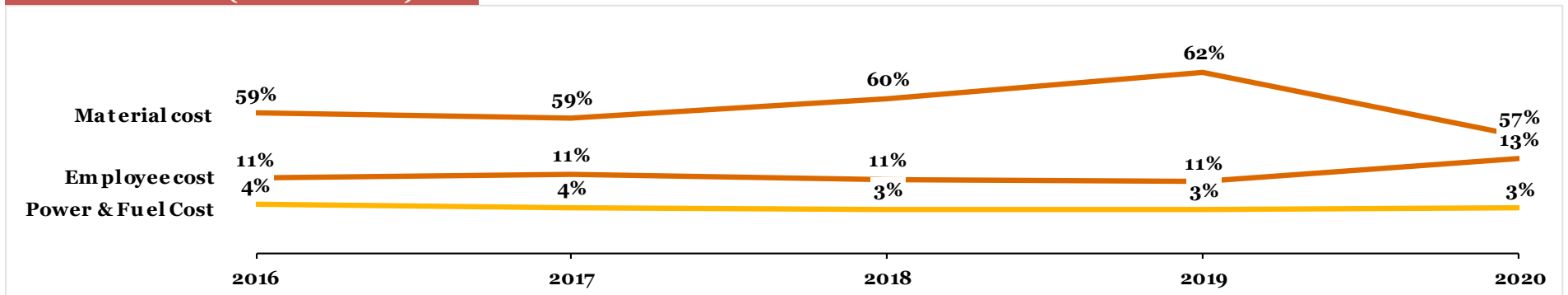
EBITDA margin % Range	2019 Number of companies	2020 Number of companies
Less than 0	1	3
0-5	0	3
5-10	12	8
10-20	37	36
More than 20	14	14

- We see a small decrease in EBITDA margin over the past 5 years
- PAT margins halved in FY 20

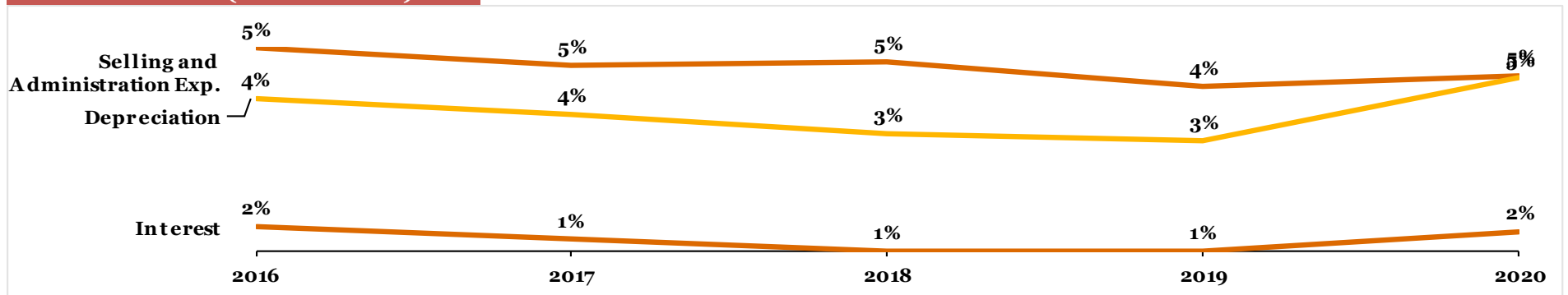
Trends in costs (as % of Net sales)

64 in-scope companies

Direct Costs (% of net sales)



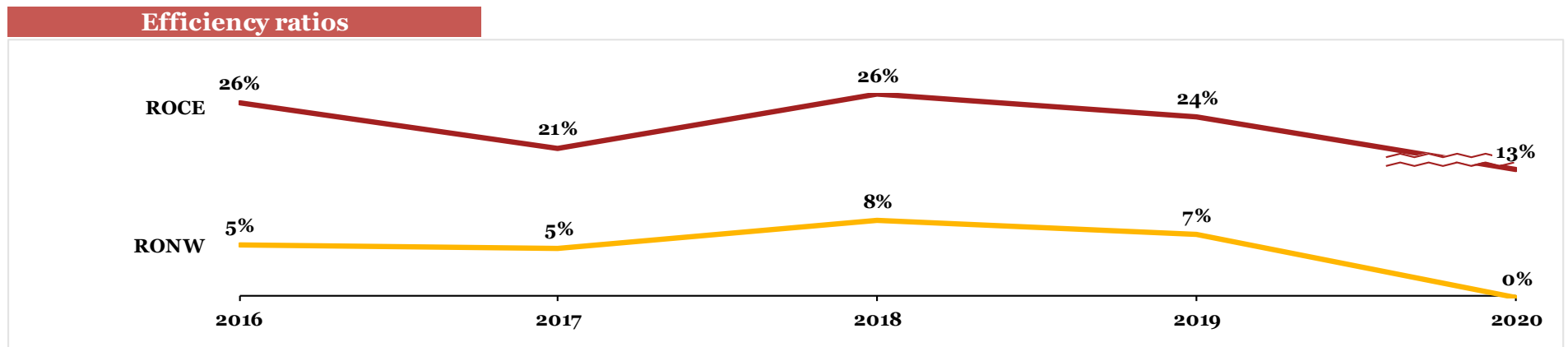
Other Costs (% of net sales)



- Material Costs declined considerably in FY20, whilst Employee Costs rose as a % of Net Sales
- The Interest and Depreciation cost ratios have both increased during the in-scope period

Trends in efficiency-1

64 in-scope companies



ROCE distribution of in-scope companies

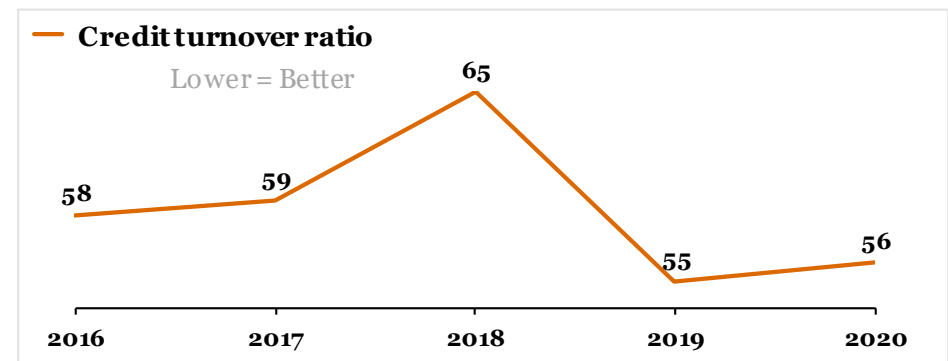
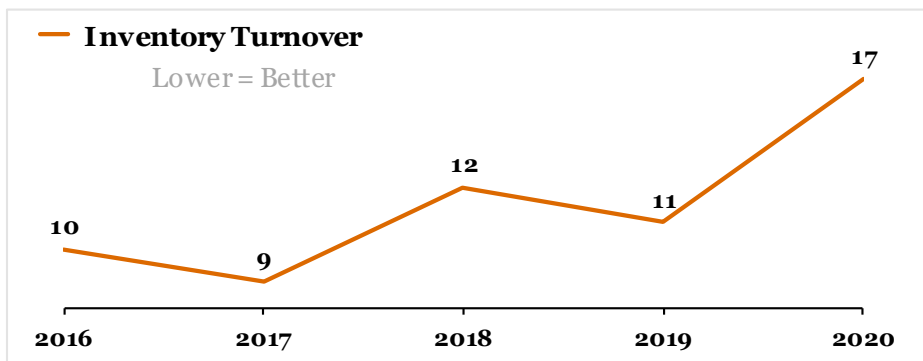
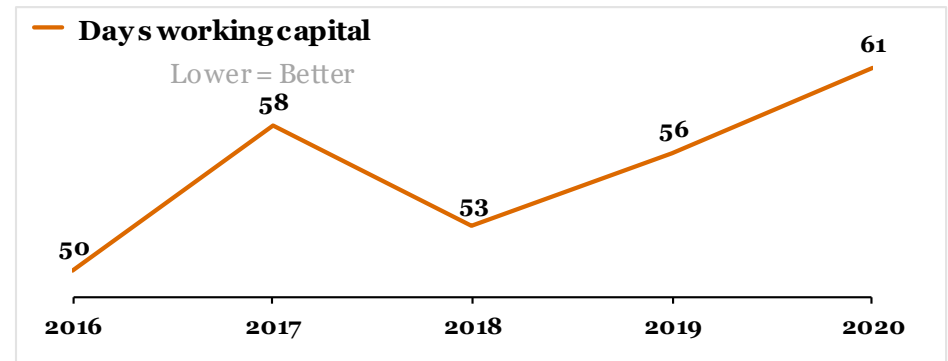
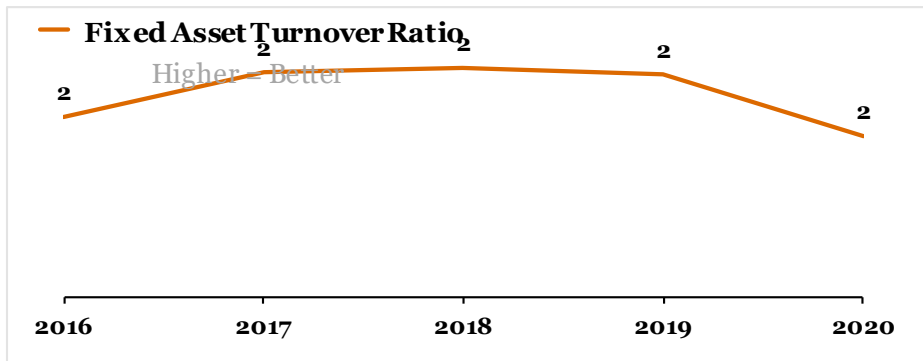
ROCE % Range	2019 Number of companies	2020 Number of companies
Less than 0	6	9
0-5	0	2
5-10	0	2
10-20	4	4
More than 20	54	47

RONW distribution of in-scope companies

RONW % Range	2019 Number of companies	2020 Number of companies
Less than 0	15	31
0-5	8	12
5-10	18	10
10-20	20	10
More than 20	3	1

- FY20 saw declines in ROCE as well as RONW
- The number of companies reporting negative ROCE and RONW rose considerably

Trends in efficiency-2



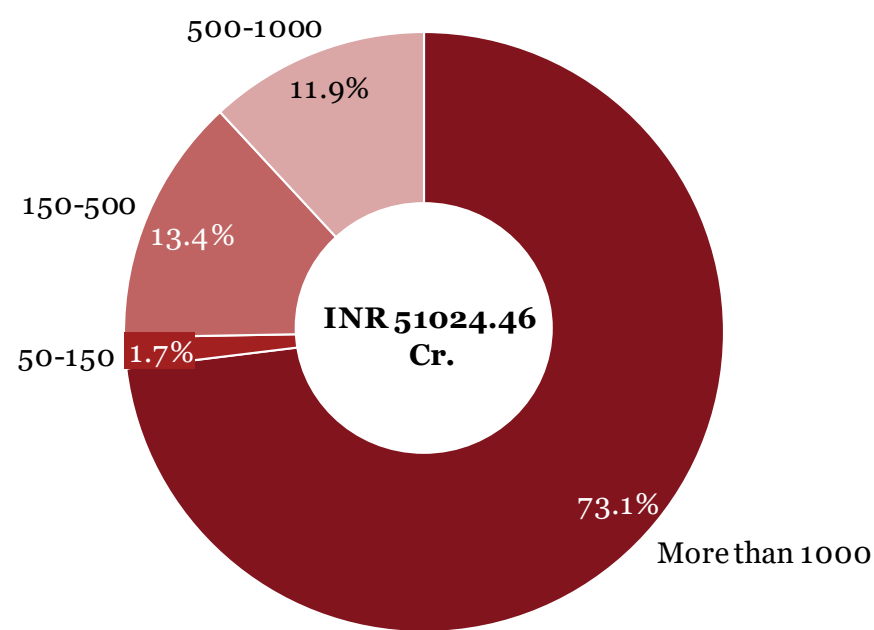
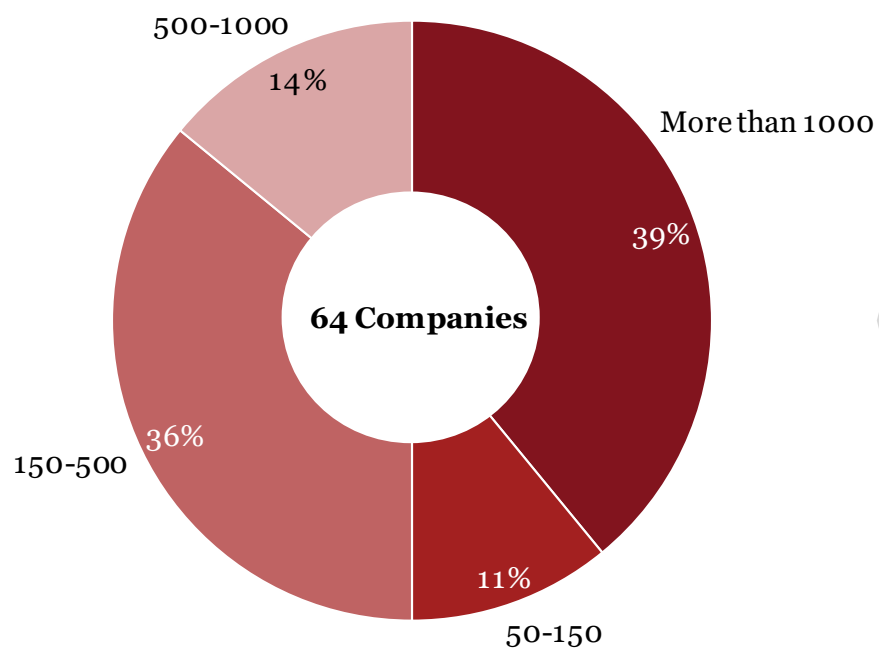
- The increase in the average Inventory Turnover over the years indicates less efficient management of inventory by the sector.
- The rise in Days Working Capital indicates less efficient use of capital by component majors

Size based analysis

Revenue based classification

Revenue based classification (n=64)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
7	23	9	25

Revenue based classification				
Revenue Range	50 – 150 cr.	150 – 500 cr.	500 to 1000 cr.	>1000 cr.
Number of companies	7	23	9	25

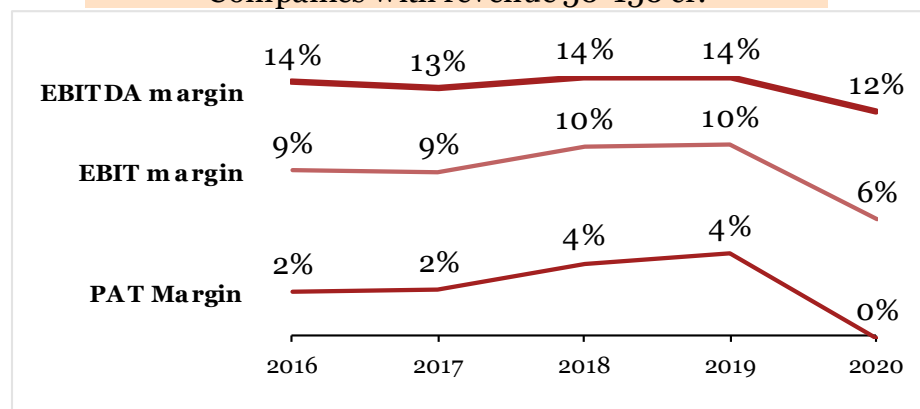


(Aggregate revenue of 64 companies)

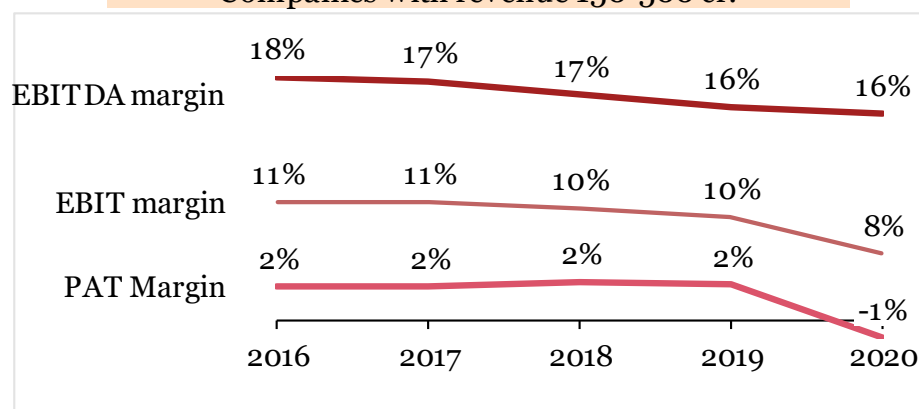
Trends in profitability (as % of Net sales)

Revenue based classification (n=64)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
7	23	9	25

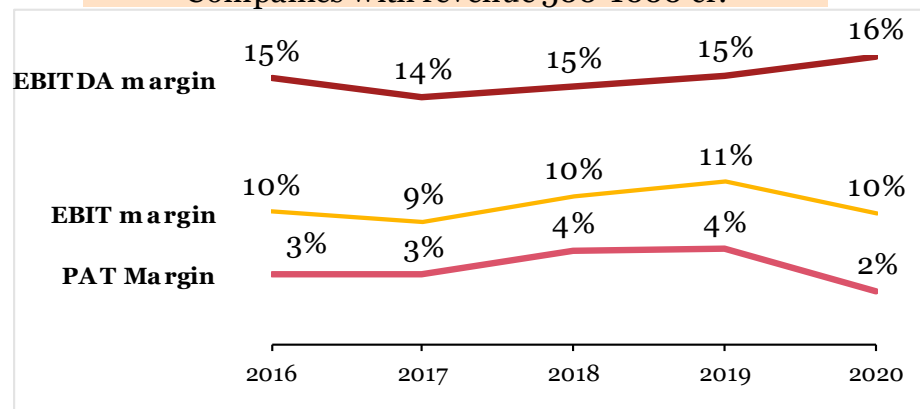
Companies with revenue 50-150 cr.



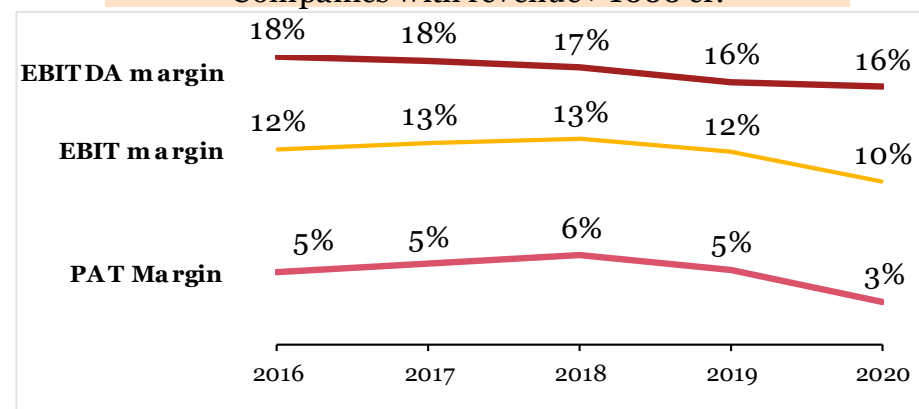
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



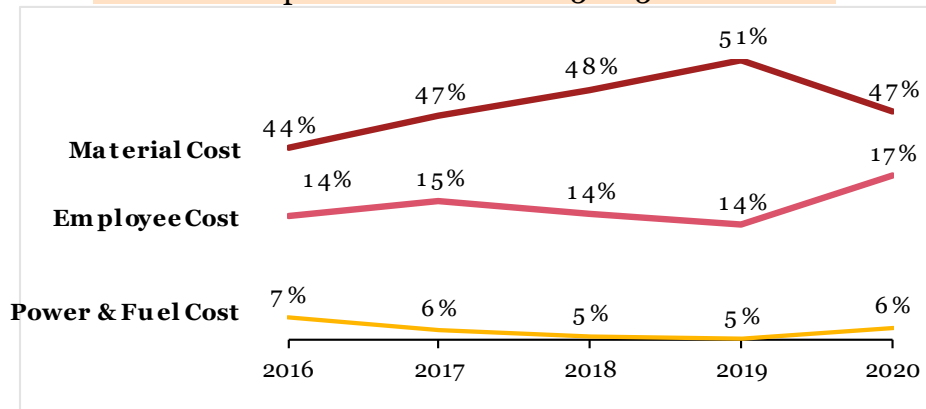
Companies with revenue >1000 cr.



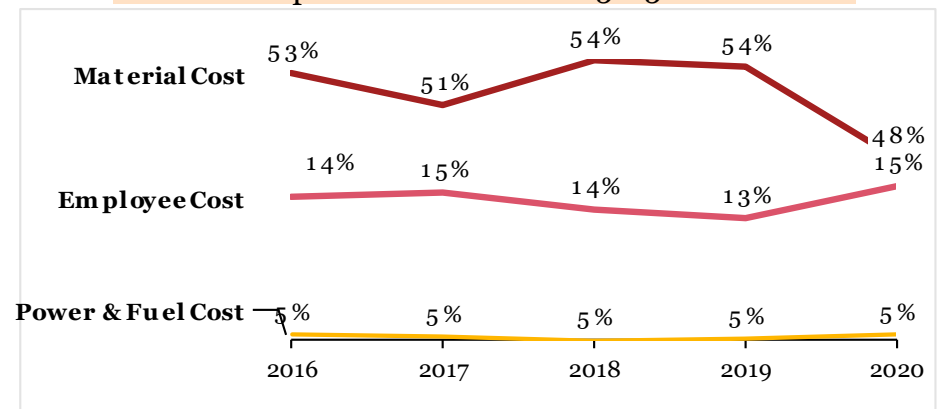
Trends in direct costs (as % of Net sales)

Revenue based classification (n=64)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
7	23	9	25

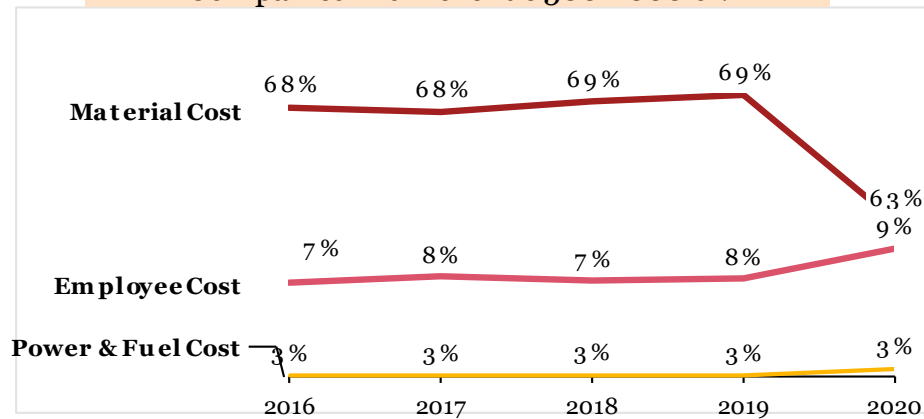
Companies with revenue 50-150 cr.



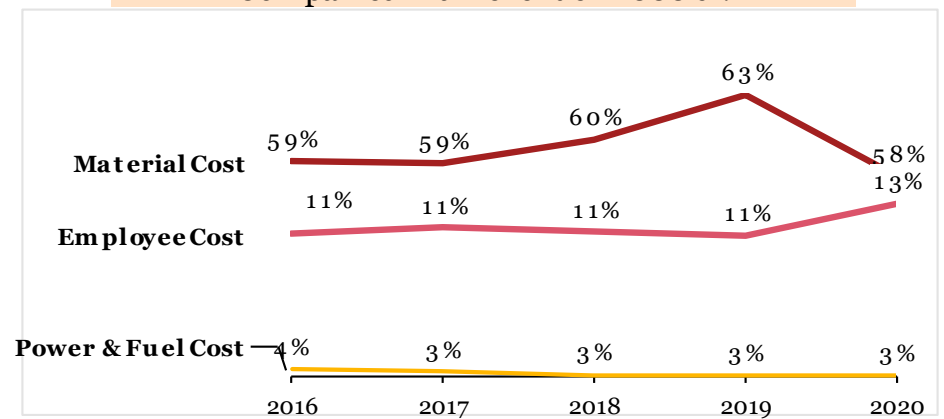
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



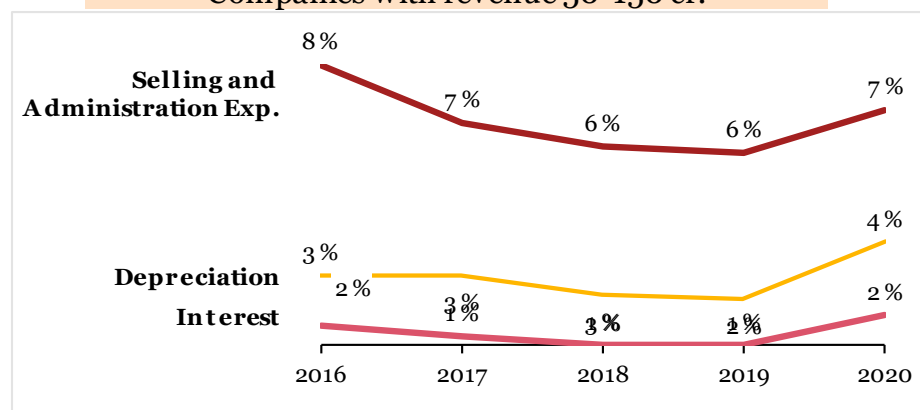
Companies with revenue >1000 cr.



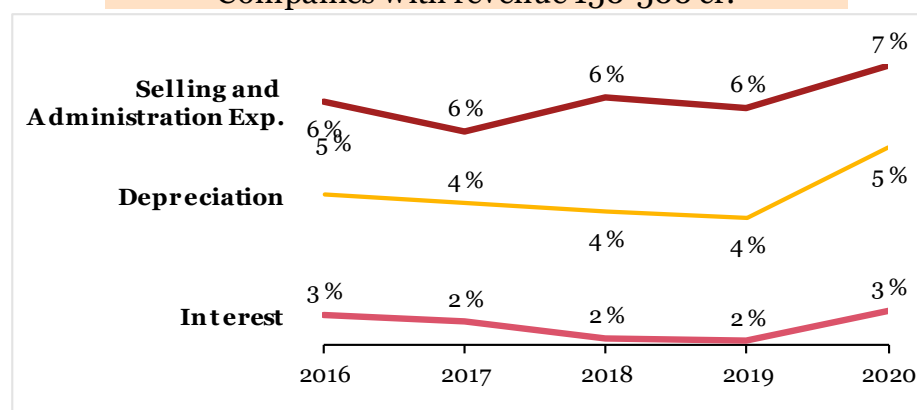
Trends in other costs (as % of Net sales)

Revenue based classification (n=64)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
7	23	9	25

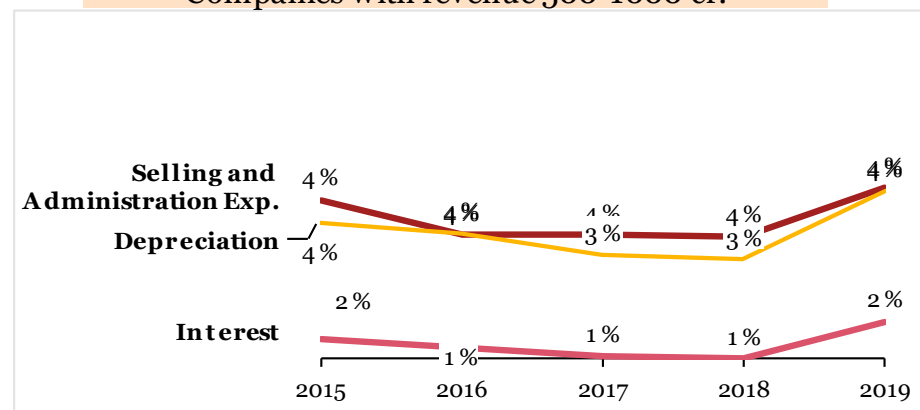
Companies with revenue 50-150 cr.



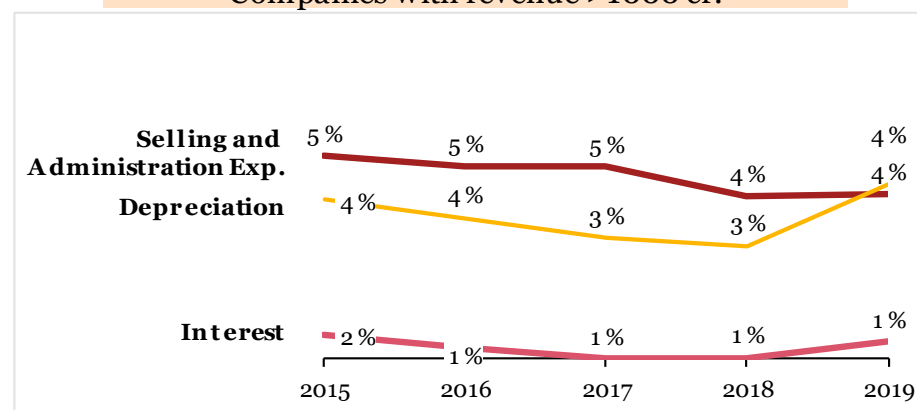
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



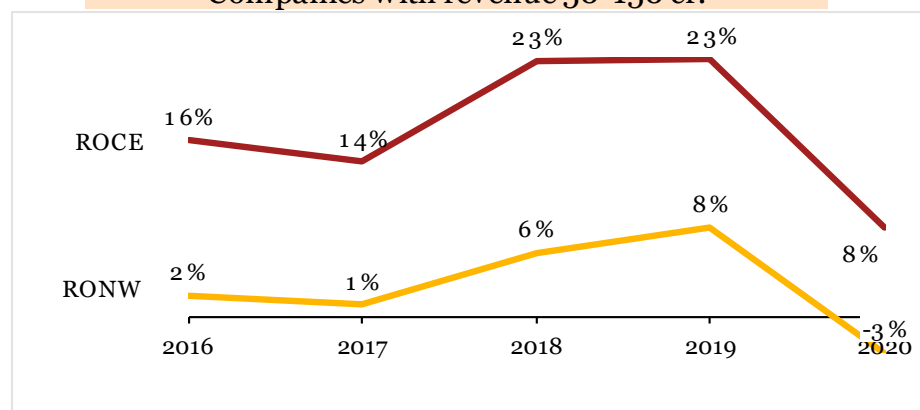
Companies with revenue >1000 cr.



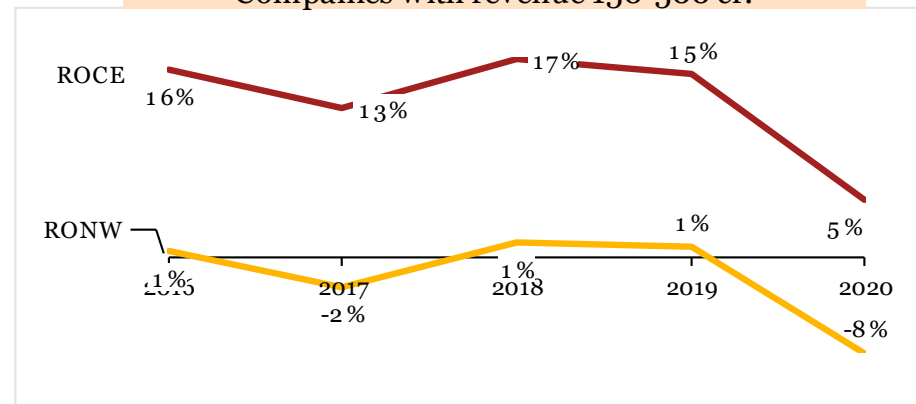
Trends in efficiency-1

Revenue based classification (n=64)			
50 - 150 Cr	150 - 500 Cr	500 to 1K Cr	>1K Cr
7	23	9	25

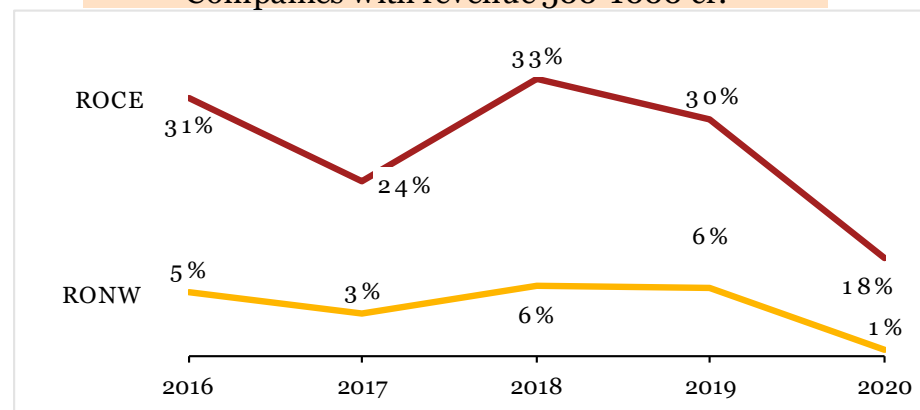
Companies with revenue 50-150 cr.



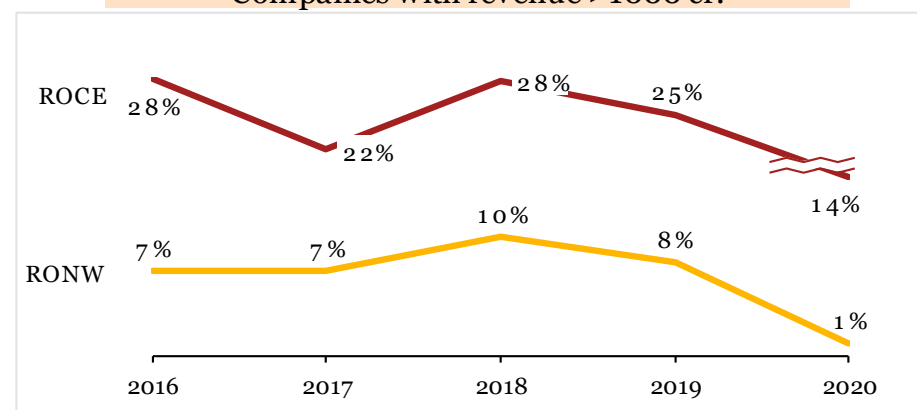
Companies with revenue 150-500 cr.



Companies with revenue 500-1000 cr.



Companies with revenue >1000 cr.

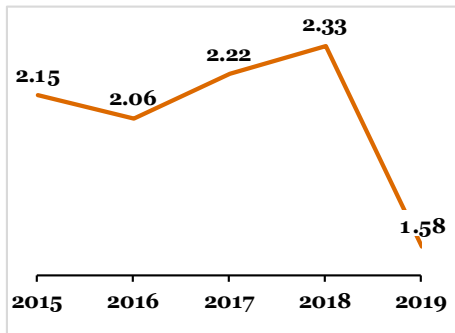


Trends in efficiency-2

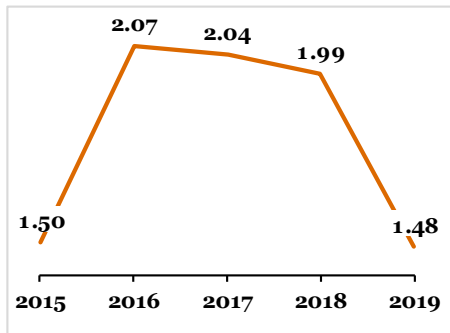
Revenue based classification (n=64)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
7	23	9	25

Fixed asset turnover ratio (FATO)

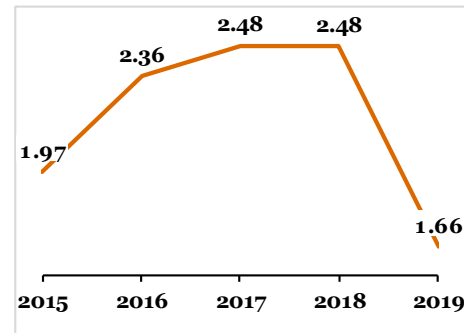
Companies: 50-150 cr.



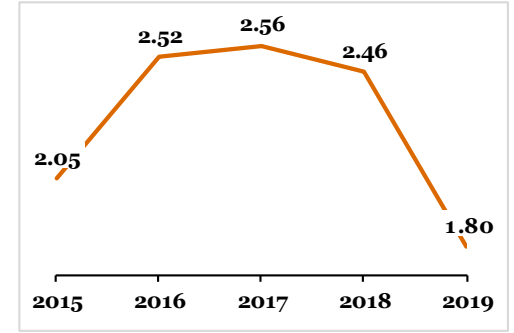
Companies: 150-500 cr.



Companies: 500-1000 cr.

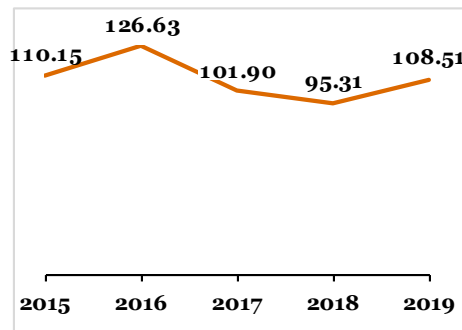


Companies: more than 1000 cr.

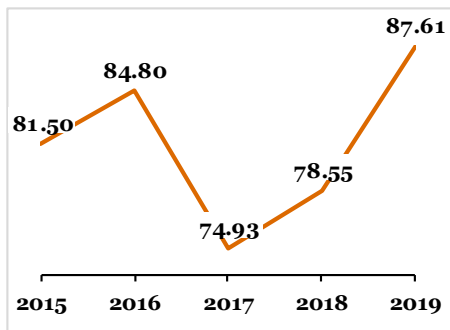


Working capital days (days)

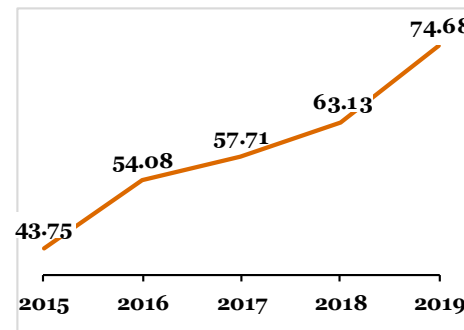
Companies: 50-150 cr.



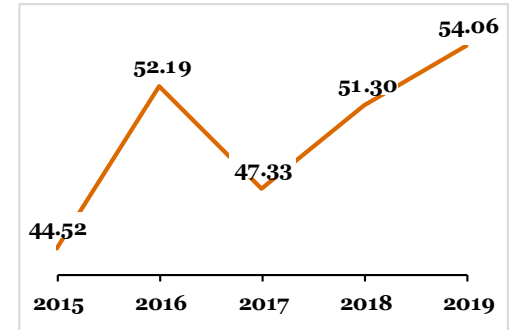
Companies: 150-500 cr.



Companies: 500-1000 cr.



Companies: more than 1000 cr.

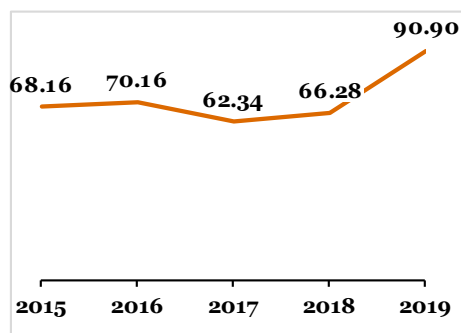


Trends in efficiency-2

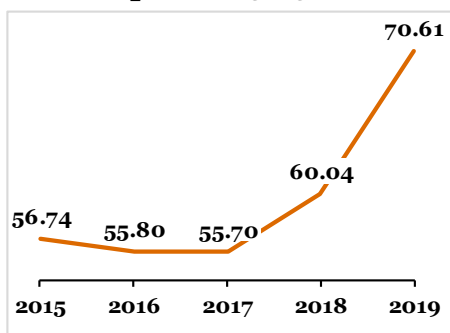
Revenue based classification (n=64)			
50 – 150 Cr	150 – 500 Cr	500 to 1K Cr	>1K Cr
7	23	9	25

Inventory Turnover (days)

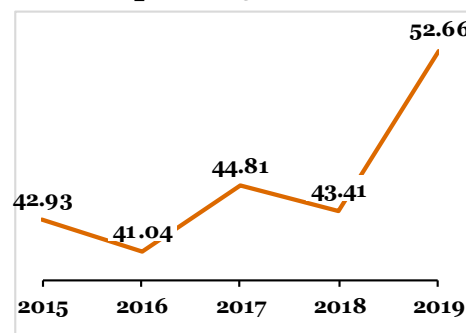
Companies: 50-150 cr.



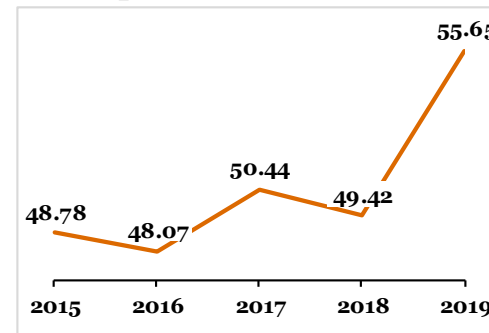
Companies: 150-500 cr.



Companies: 500-1000 cr.

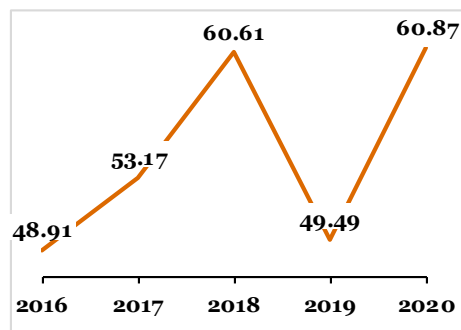


Companies: more than 1000 cr.

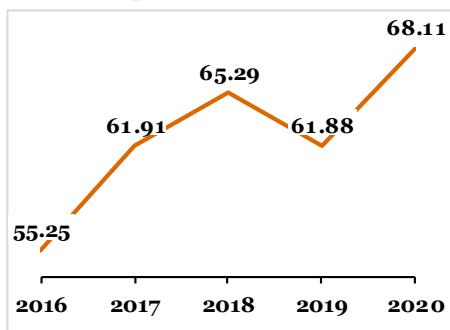


Credit turnover (days)

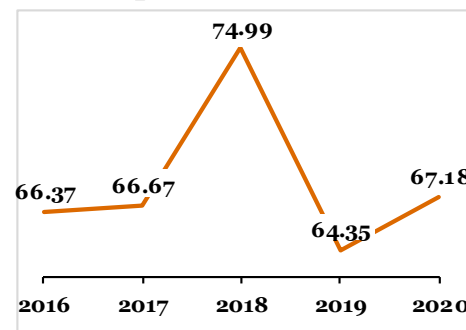
Companies: 50-150 cr.



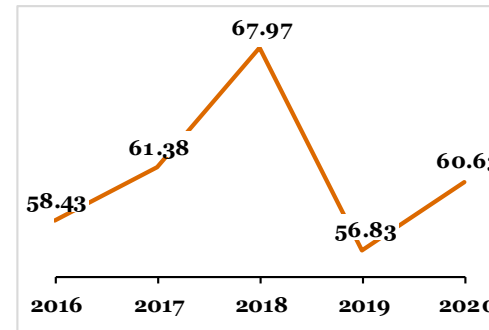
Companies: 150-500 cr.



Companies: 500-1000 cr.



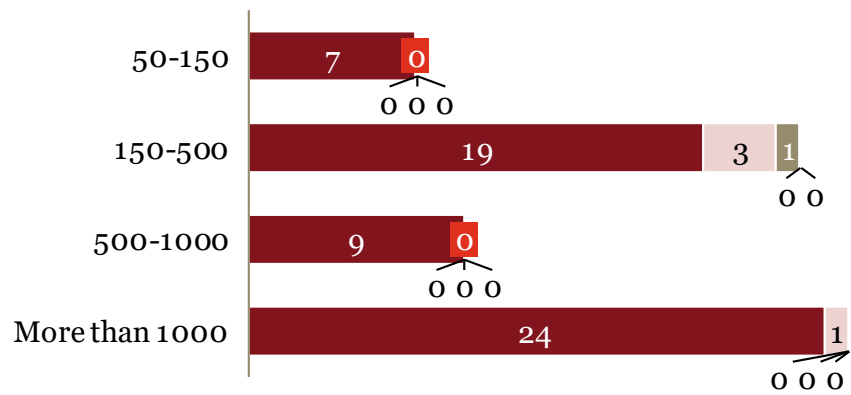
Companies: more than 1000 cr.



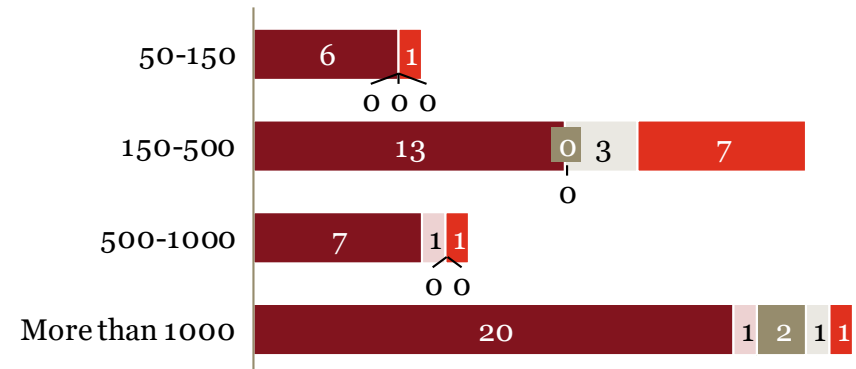
Revenue segment X growth % of in scope companies: FY18 vs. FY19

Revenue based classification (n=64)			
50 - 150 Cr	150 - 500 Cr	500 to 1K Cr	>1K Cr
7	23	9	25

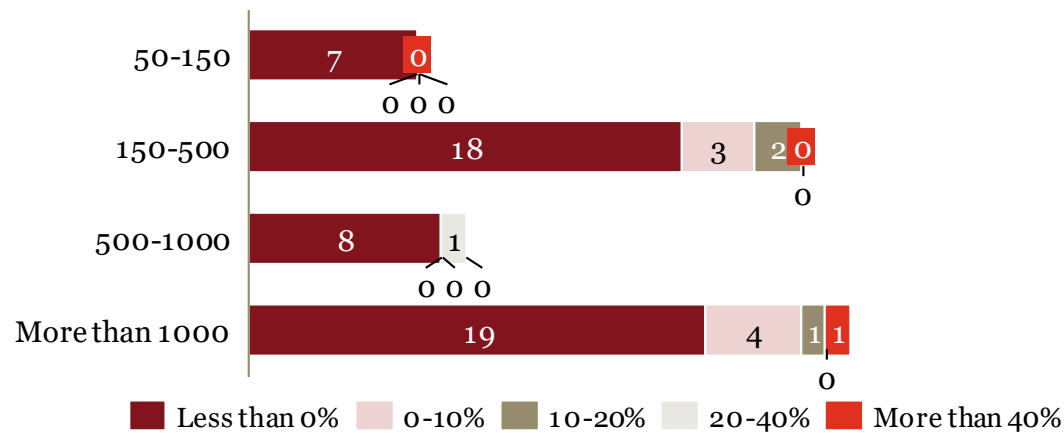
Count of companies by Y-o-Y Net Sales growth %



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

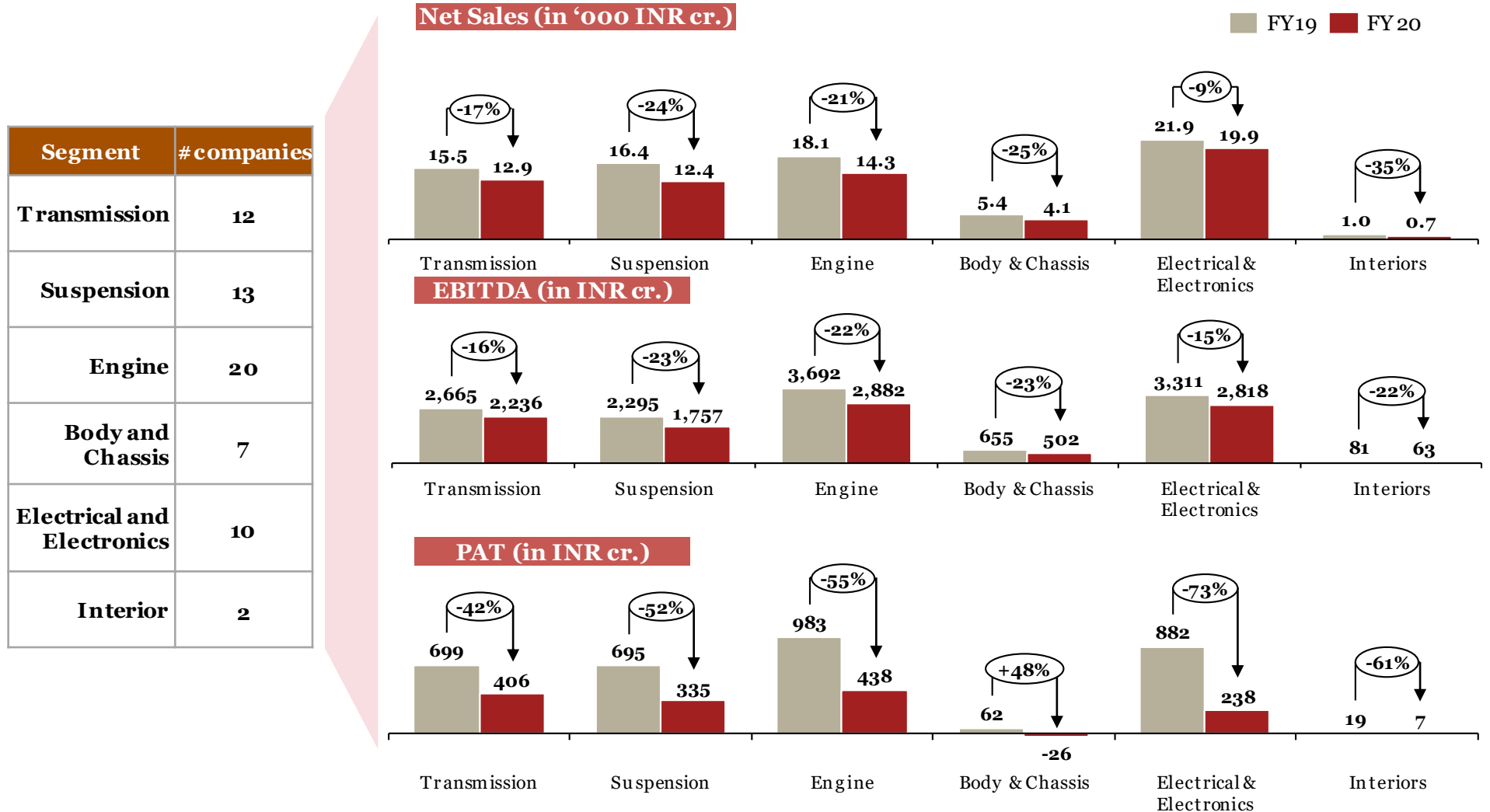


Count of companies by Y-o-Y EBITDA growth %



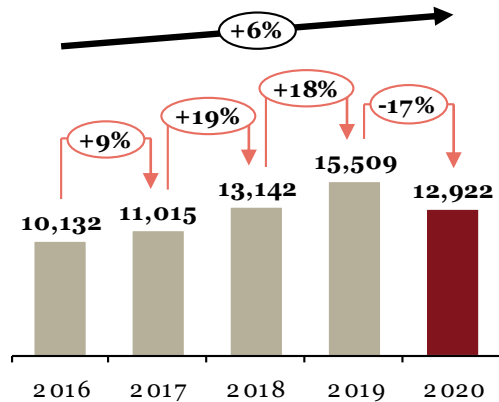
Segment based analysis

Segment-wise analysis of in-scope companies: FY19 vs. FY20

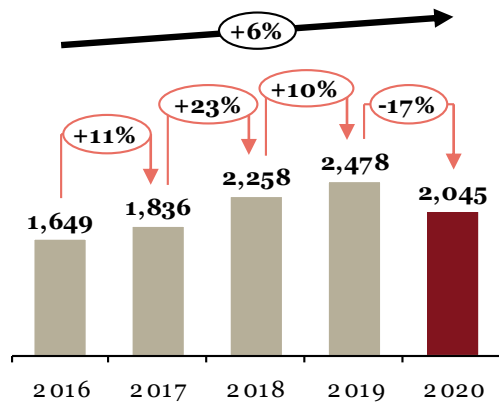


Transmission segment (12 companies)

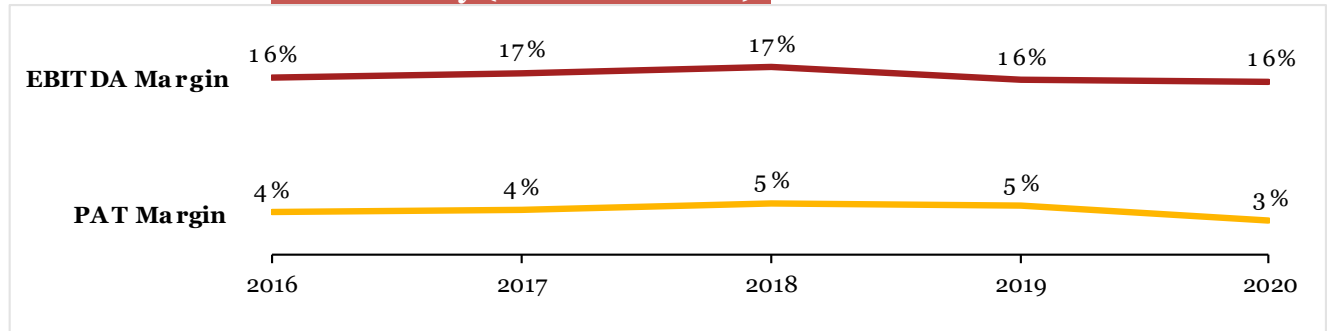
Net Sales (in INR cr.)



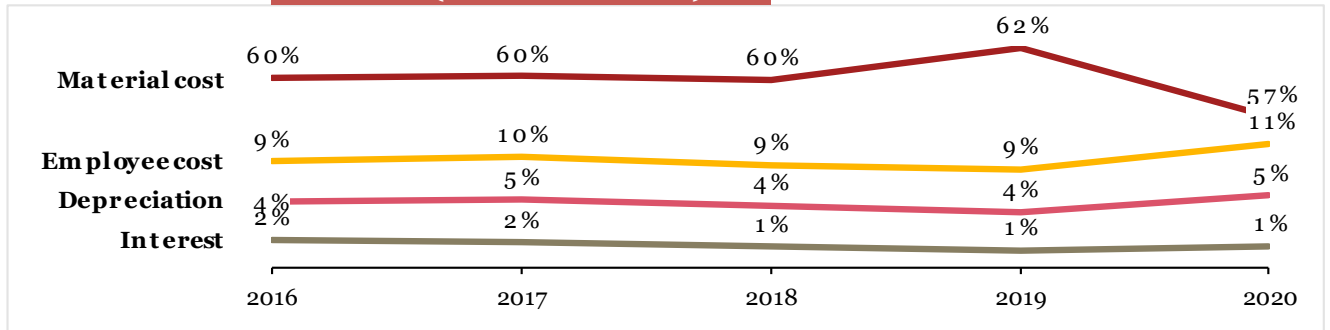
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

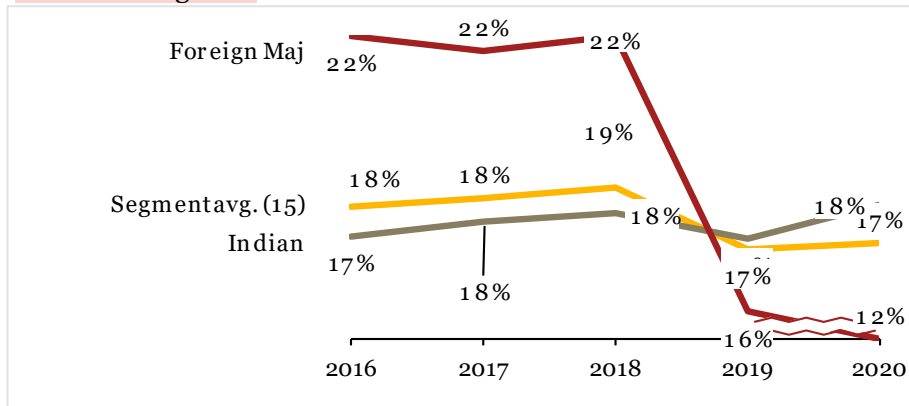


- Net Sales and EBITDA declined significantly in FY 20
- Lower material costs were cut with higher employee and depreciation costs as a % of net sales
- Declines in material cost were primarily seen with Indian majority owned companies

Transmission segment (Indian majority vs. Foreign majority owned)

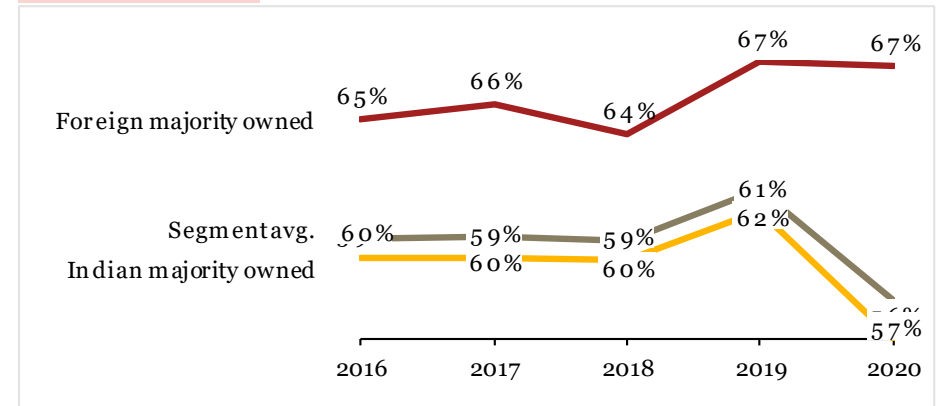
Profitability (as % of Net sales)

EBITDA Margin

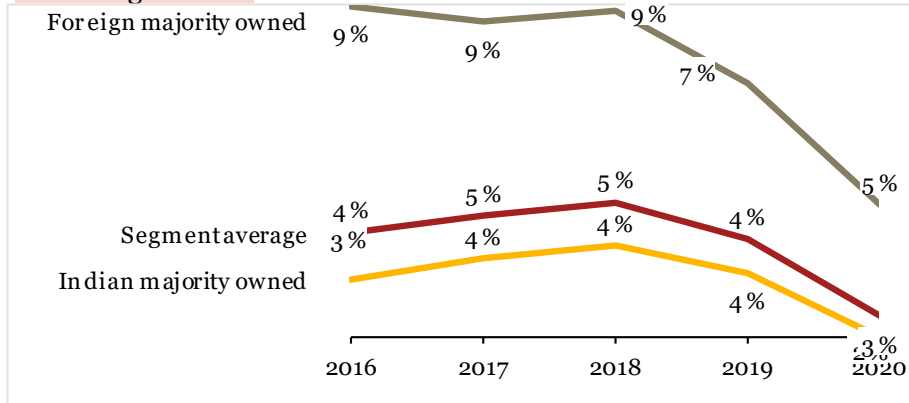


Costs (as % of Net sales)

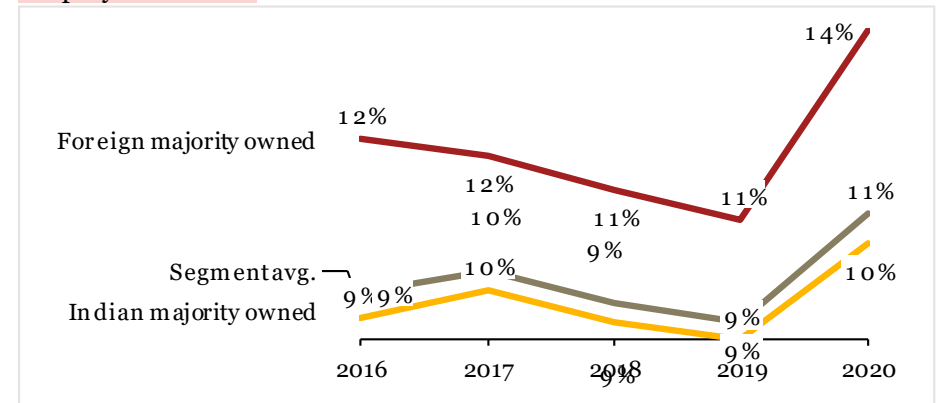
Material cost



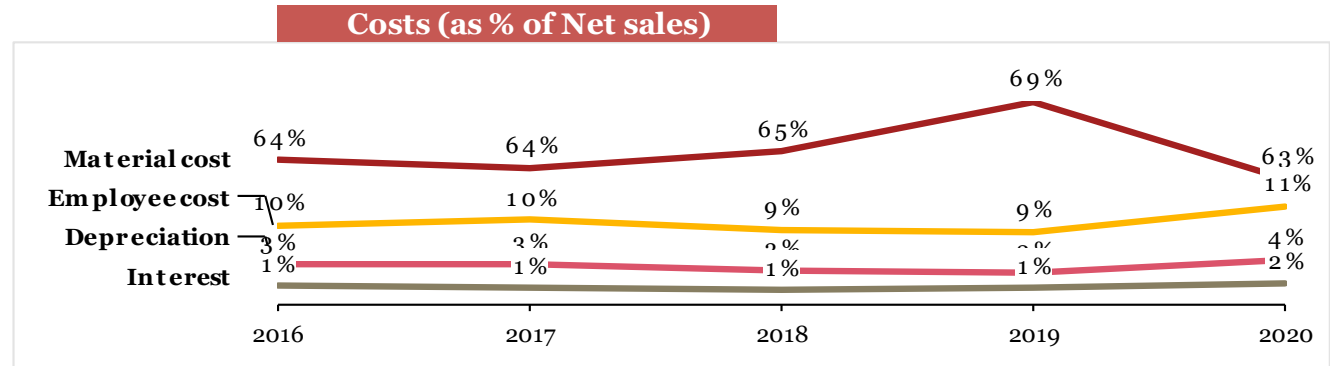
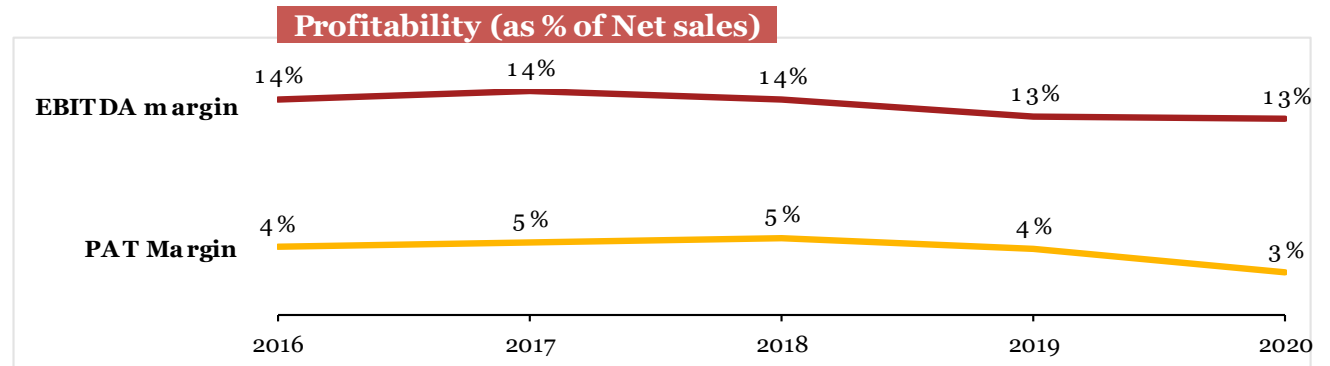
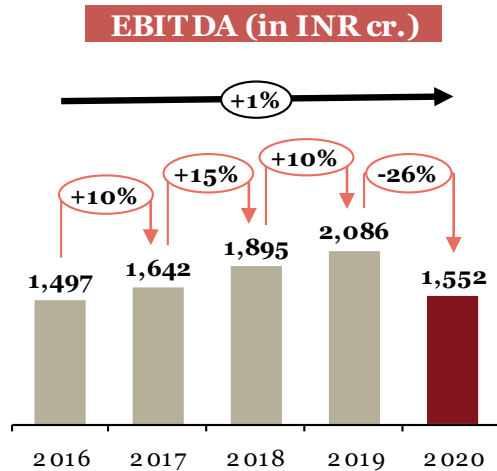
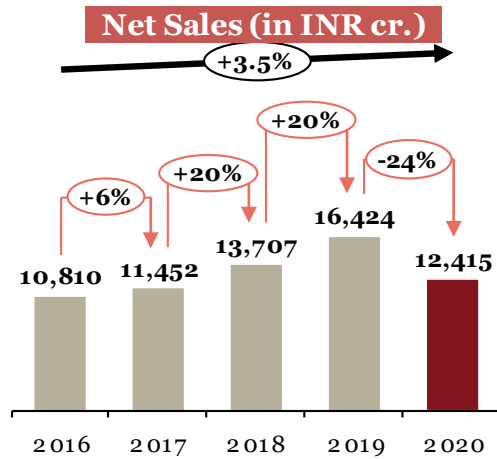
PAT Margin



Employee cost



Suspension segment (13 companies)

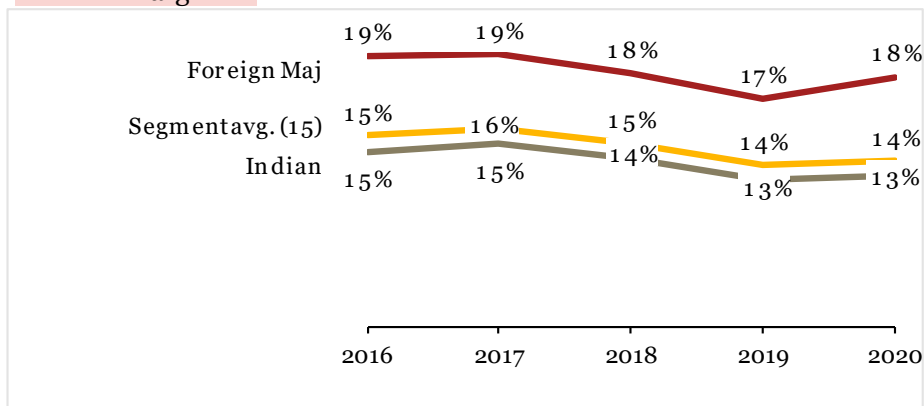


- The suspension segment saw a stable EBITDA margin, but a lower PAT margin in FY20
- Employee costs and depreciation costs rose in FY20
- Foreign majority owned firms saw a rise in EBITDA margin

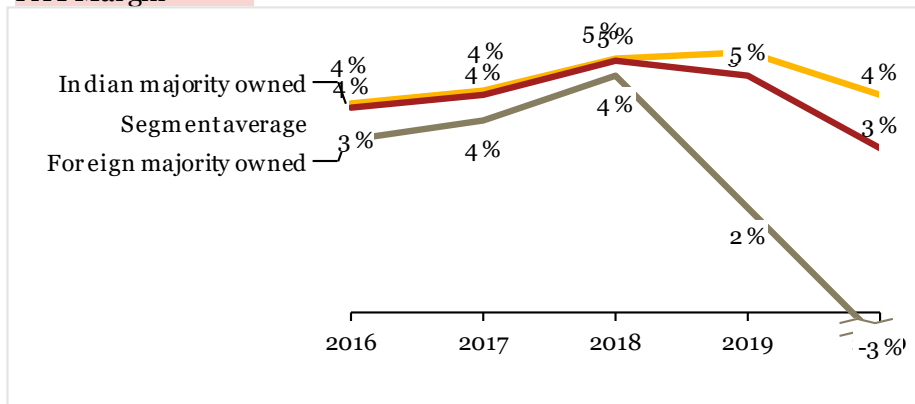
Suspension segment (Indian majority vs. Foreign majority owned)

Profitability (as % of Net sales)

EBITDA Margin

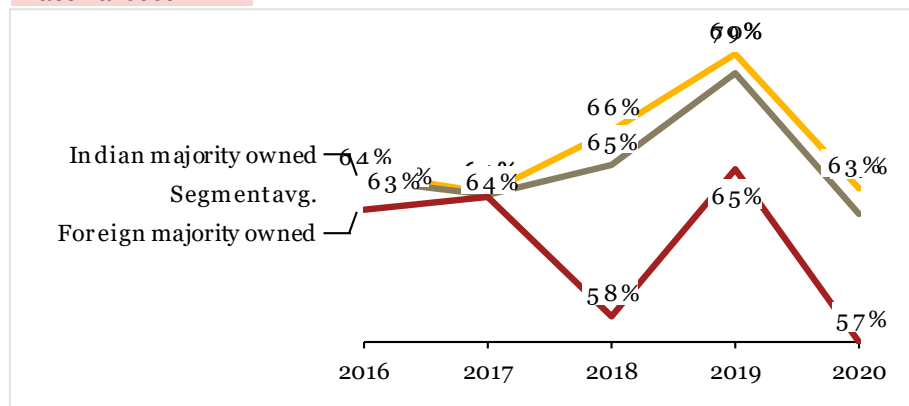


PAT Margin

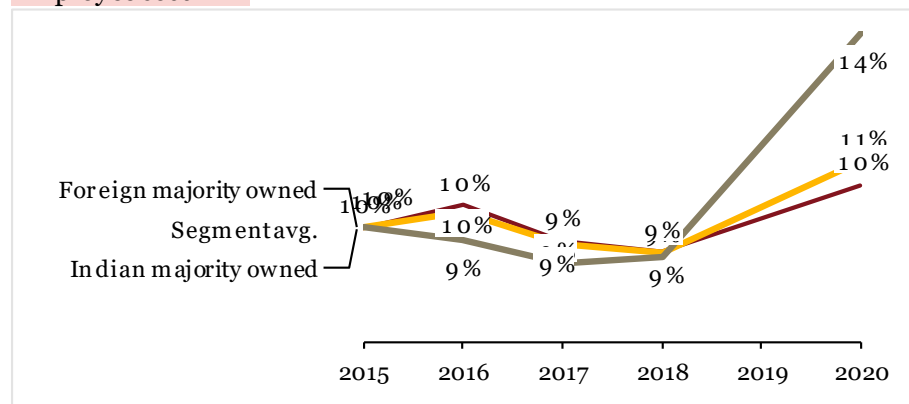


Costs (as % of Net sales)

Material cost

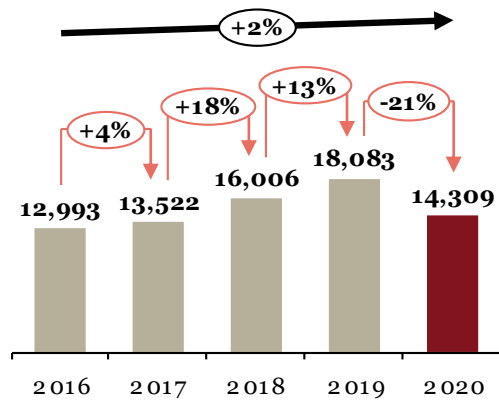


Employee cost

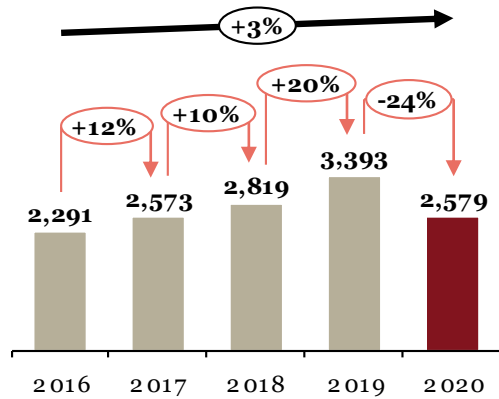


Engine segment (20 companies)

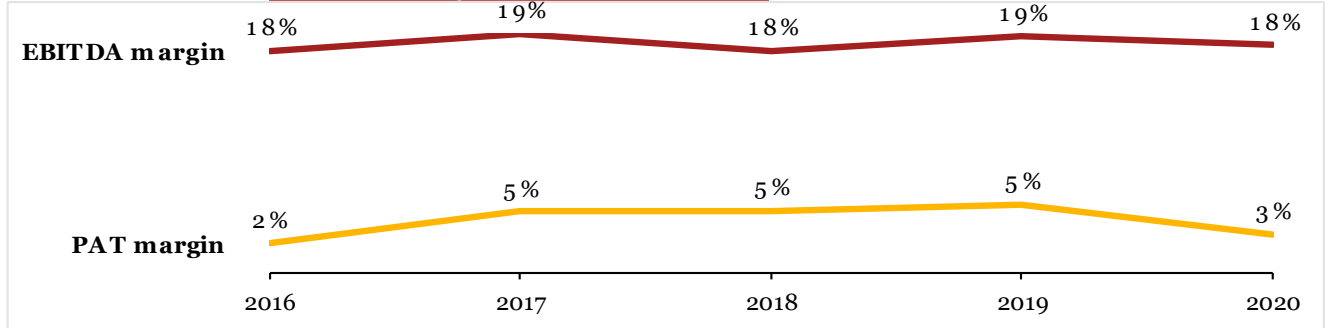
Net Sales (in INR cr.)



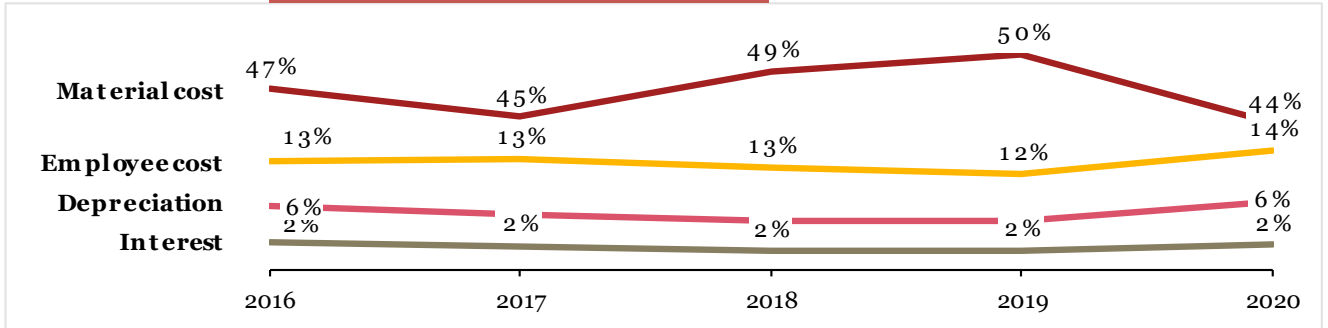
EBITDA (in INR cr.)



Profitability (as % of Net sales)



Costs (as % of Net sales)

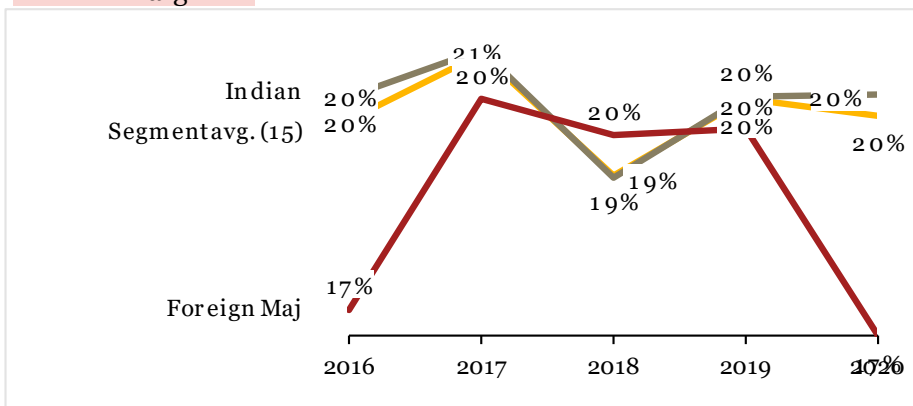


- Depreciation costs rose substantially in FY 20, along with employee costs
- Foreign owned firms recorded a decline in EBITDA margin

Engine segment (Indian majority vs. Foreign majority owned)

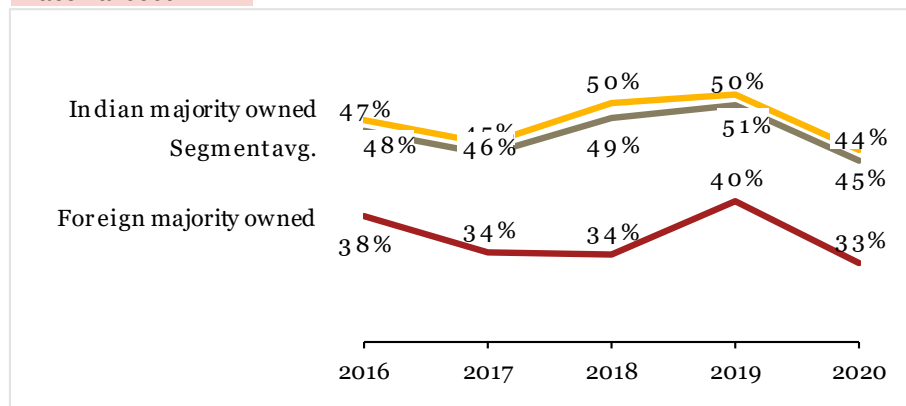
Profitability (as % of Net sales)

EBITDA Margin

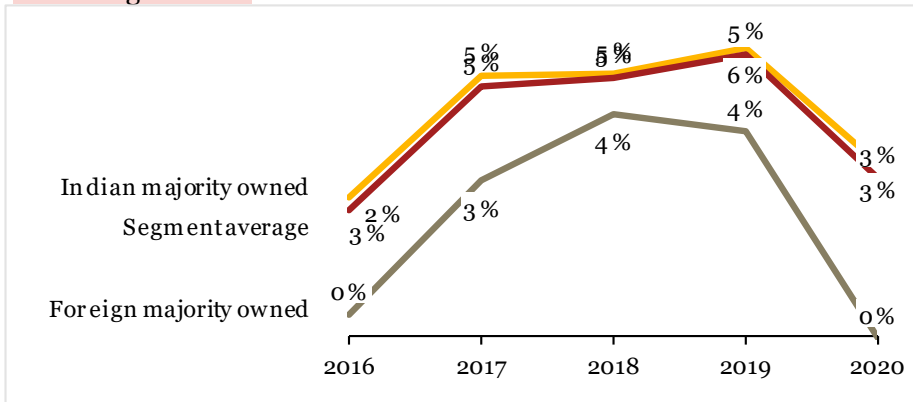


Costs (as % of Net sales)

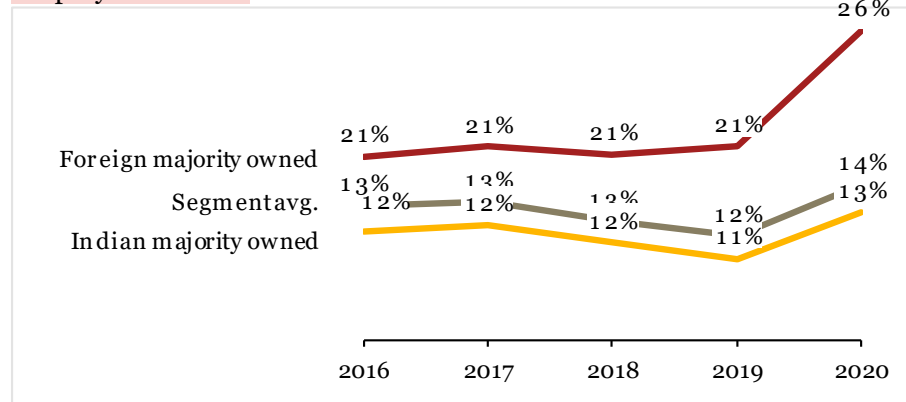
Material cost



PAT Margin

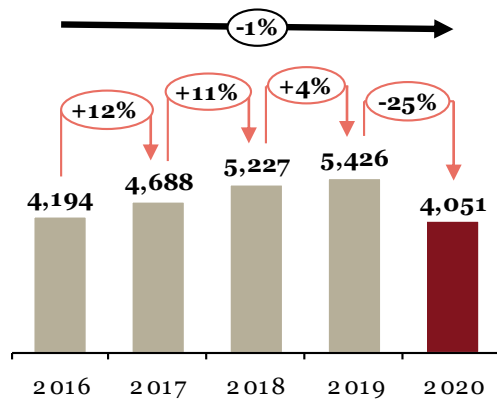


Employee cost

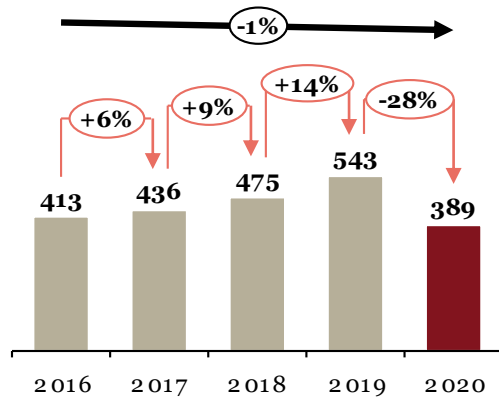


Body and chassis segment (7 companies)

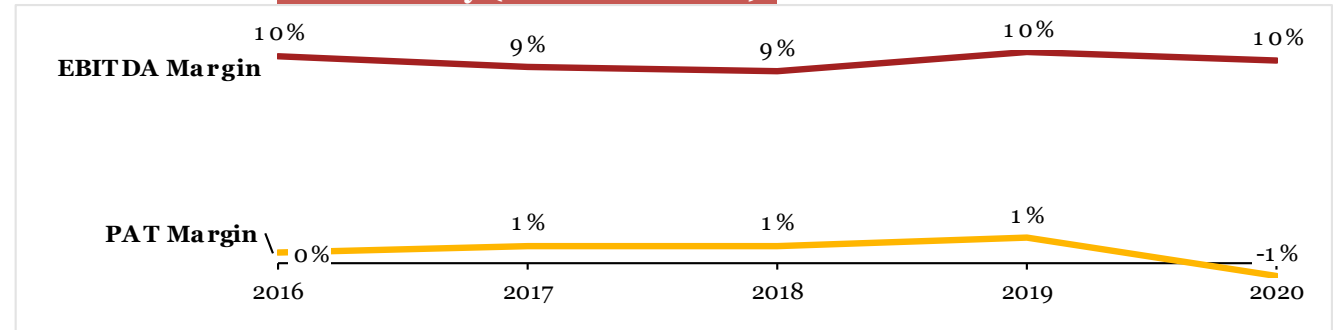
Net Sales (in INR cr.)



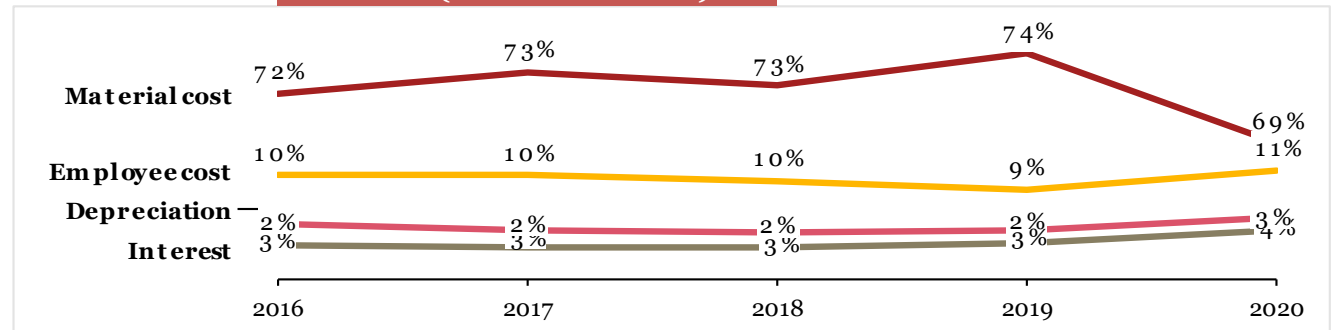
EBITDA (in INR cr.)



Profitability (as % of Net sales)



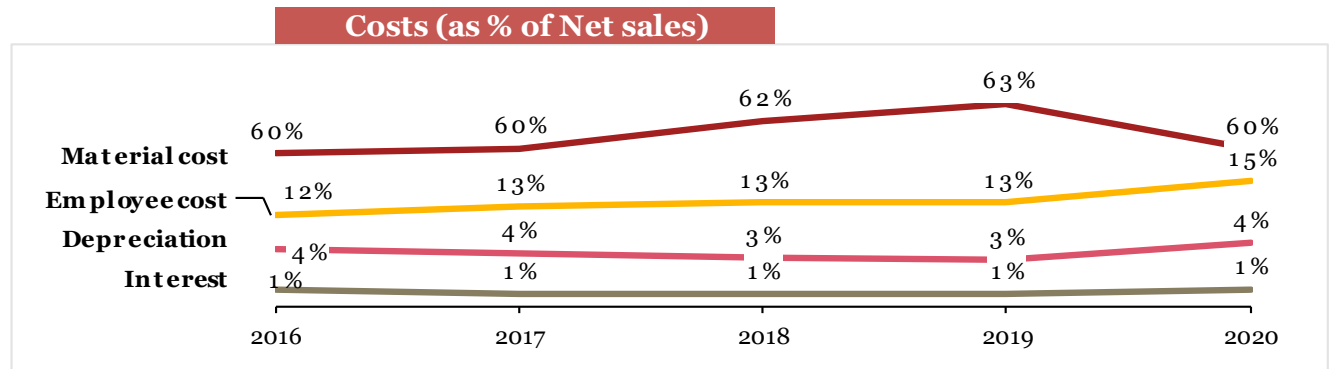
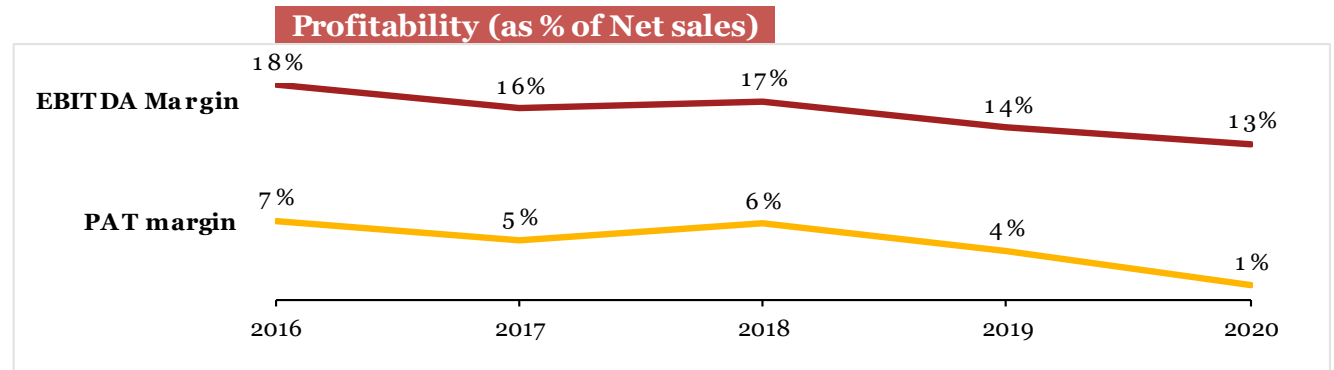
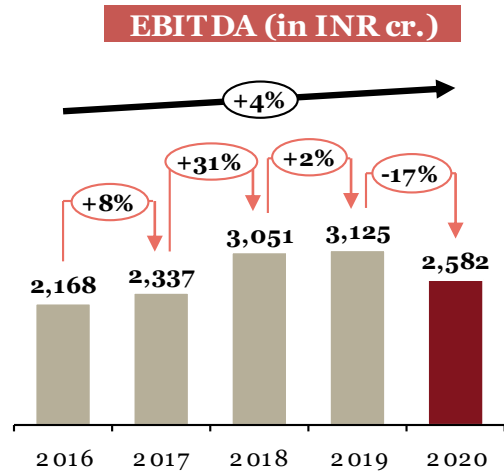
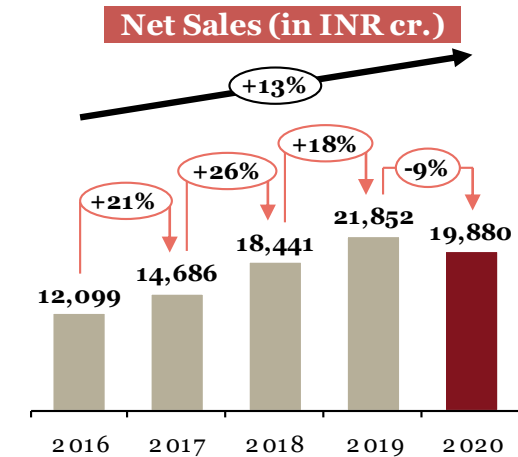
Costs (as % of Net sales)



- EBITDA margins remained steady, while PAT margins dipped into negative
- The Body and Chassis segment saw major declines in net sales and EBITDA

No foreign majority holdings company in-scope

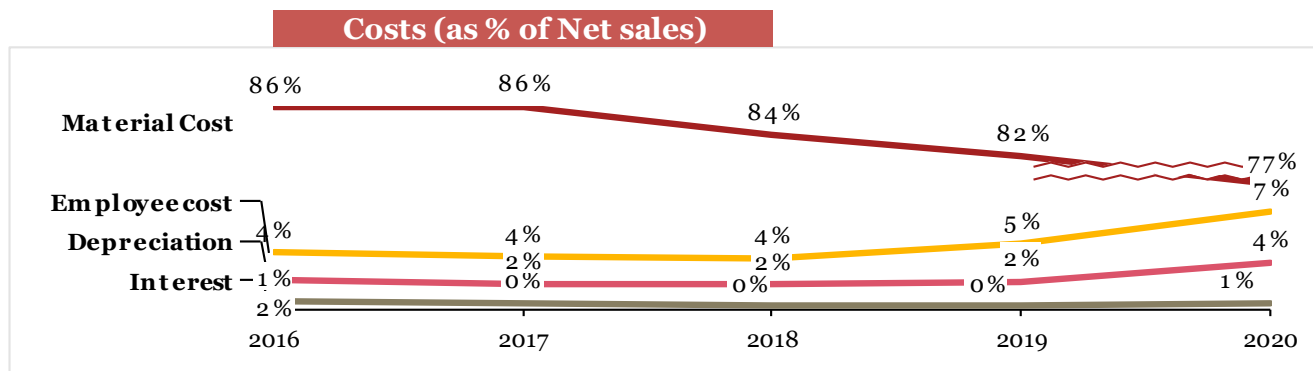
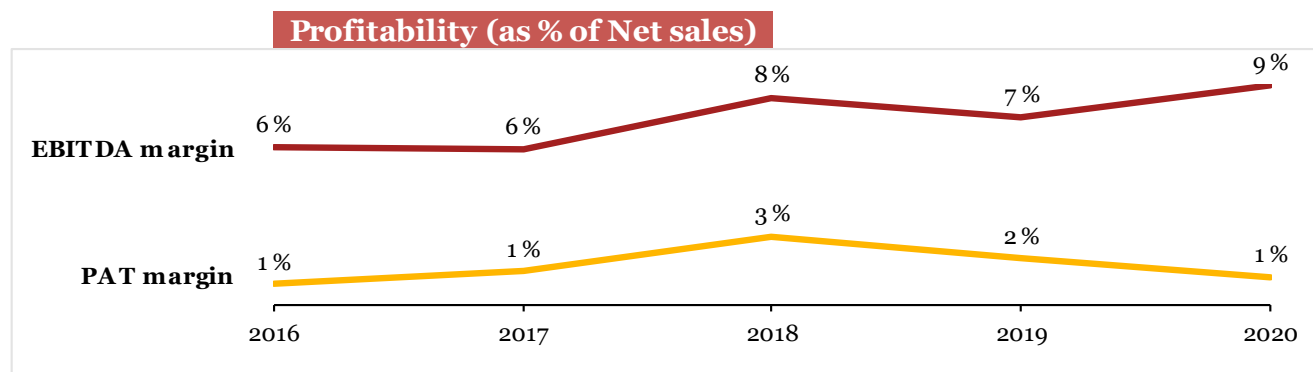
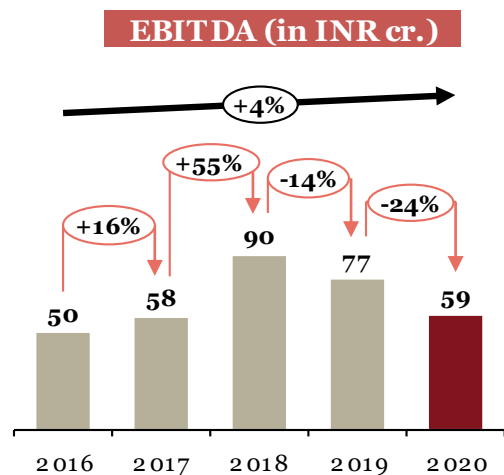
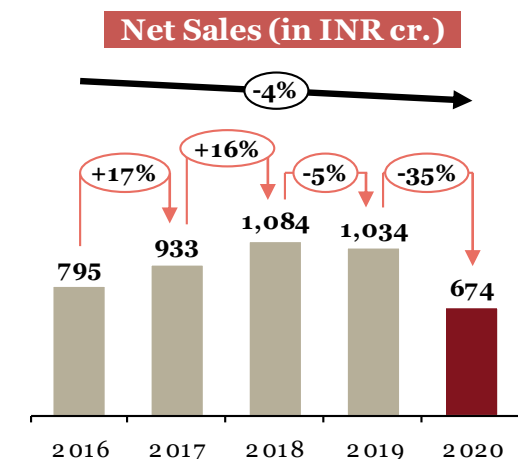
Electrical and Electronics segment (10 companies)



- The Electricals and Electronics segment saw the smallest decline in net sales of all segments
- Continued movement towards Electric Vehicles should offer strong market potential in the future

No foreign majority holdings company in-scope

Interior segment (2 companies)



- EBITDA margins for interior segment firms rose in FY 20, with a 5% decrease in material cost
- Material costs and depreciation have remained more or less steady in FY 20

No foreign majority holdings company in-scope



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