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Saksham Kaushal  
sakshamkaushal@plindia.com  
+91-22-66322235

Poorvi Banka  
poorvibanka@plindia.com  
+91-22-66322426

Rating	<b>Not Rated</b>
Price	Rs65
Target Price	NA
Implied Upside	NA
Sensex	32,802
Nifty	10,118

(Prices as on December 06, 2017)

### Trading data

Market Cap. (Rs bn)	26.0
Shares o/s (m)	398.4
3M Avg. Daily value (Rs m)	141.8

### Major shareholders

Promoters	47.88%
Foreign	4.49%
Domestic Inst.	5.81%
Public & Other	41.82%

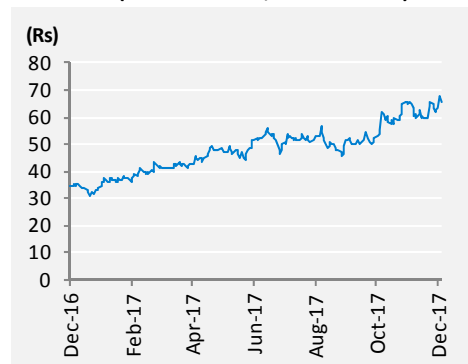
### Stock Performance

(%)	1M	6M	12M
Absolute	2.9	28.4	96.8
Relative	6.0	23.7	72.2

### How we differ from Consensus

EPS (Rs)	PL	Cons.	% Diff.
2018	NA	4.7	NA
2019	NA	6.0	NA

### Price Perf. (RIC: JMNA.BO, BB: JMNA IN)



Source: Bloomberg

**We recently meet the management of Jamna Auto Industries. Jamna Auto is the largest manufacturer of Tapered Leaf and Parabolic Springs for Commercial Vehicles (CVs) and has ~73% OEM market share in the domestic market. The Company is fast expanding its presence in new-generation products, like air suspension and lift axle.**

### Key takeaways from our interaction:

- Management is confident of maintaining the current OEM market share at 73% in the tapered leaf and parabolic spring segment and is expected to grow ahead in-line with the CV industry.
- With a structural shift towards higher tonnage segment, company is witnessing a gradual shift towards parabolic springs (currently 18% of overall revenues, higher EBITDA contribution).
- Aftermarket sales for the domestic market currently are ~Rs2.5bn (19% of total sales) while the management is targeting to increase this to ~Rs7.5bn over the next few years and to achieve this target various initiatives have been taken up at the ground level.
- Current capacity is at 2,10,000 tons per annum, with no major capex requirement in the near future, as current capacity is sufficient to handle an increase of ~25% in the CV industry volume (currently utilization levels at ~70%).
- On back of cost cutting measures and higher operational efficiencies, the company has brought down its break-even point to ~35% capacity utilization.
- Company has entered in an alliance with Ridewell group for manufacturing of air suspension and lift axle and is targeting ~33% of total revenues contribution from these new non-leaf spring products (also includes Parabolic springs).

### Key financials (Y/e March)

	2014	2015	2016	2017
Revenues (Rs m)	8,333	10,951	12,558	12,995
Growth (%)	(15.0)	31.4	14.7	3.5
EBITDA (Rs m)	471	945	1,622	1,830
PAT (Rs m)	138	294	715	1,047
EPS (Rs)	0.3	0.7	1.8	2.6
Growth (%)	(50.5)	116.0	143.6	46.1
Net DPS (Rs)	0.1	0.2	0.6	0.7

### Profitability & Valuation

	2014	2015	2016	2017
EBITDA margin (%)	5.7	8.6	12.9	14.1
RoE (%)	7.9	15.6	32.6	36.4
RoCE (%)	12.6	23.1	48.3	47.9
EV / sales (x)	0.5	0.9	0.9	1.3
EV / EBITDA (x)	8.0	10.5	6.5	8.5
PE (x)	20.8	32.9	15.4	16.2
P / BV (x)	1.6	4.9	4.6	5.1
Net dividend yield (%)	1.4	0.9	2.0	1.6

Source: Company Data; PL Research

**Income Statement (Rs m)**

Y/e March	2014	2015	2016	2017
<b>Net Revenue</b>	<b>8,333</b>	<b>10,951</b>	<b>12,558</b>	<b>12,995</b>
Raw Material Expenses	5,632	7,376	7,941	7,958
Gross Profit	2,701	3,575	4,617	5,037
Employee Cost	598	691	941	1,083
Other Expenses	1,632	1,938	2,054	2,124
<b>EBITDA</b>	<b>471</b>	<b>945</b>	<b>1,622</b>	<b>1,830</b>
Depr. & Amortization	259	311	452	478
Net Interest	241	180	203	148
Other Income	20	20	83	239
<b>Profit before Tax</b>	<b>-9</b>	<b>474</b>	<b>1,050</b>	<b>1,444</b>
Total Tax	29	180	335	396
<b>Profit after Tax</b>	<b>-37</b>	<b>294</b>	<b>715</b>	<b>1,047</b>
Ex-Od items / Min. Int.	176	0	0	0
<b>Adj. PAT</b>	<b>138</b>	<b>294</b>	<b>715</b>	<b>1,047</b>
<b>Avg. Shares O/S (m)</b>	<b>40</b>	<b>40</b>	<b>80</b>	<b>80</b>
<b>EPS (Rs.)</b>	<b>0.3</b>	<b>0.7</b>	<b>1.8</b>	<b>2.6</b>

**Cash Flow Abstract (Rs m)**

Y/e March	2014	2015	2016	2017
C/F from Operations	447	981	1,379	821
C/F from Investing	242	(221)	(751)	(897)
C/F from Financing	(664)	(784)	(655)	125
Inc. / Dec. in Cash	25	(24)	(27)	49
Opening Cash	85	111	86	60
Closing Cash	111	86	60	109
FCFF	437	561	456	104
FCFE	237	449	317	(3)

**Key Financial Metrics**

Y/e March	2014	2015	2016	2017
<b>Growth</b>				
Revenue (%)	(15.0)	31.4	14.7	3.5
EBITDA (%)	(44.1)	96.4	76.7	21.3
PAT (%)	(50.1)	112.3	143.3	46.5
EPS (%)	(50.5)	116.0	143.6	46.1
<b>Profitability</b>				
EBITDA Margin (%)	5.7	8.6	12.9	14.1
PAT Margin (%)	1.7	2.7	5.7	8.1
RoCE (%)	12.6	23.1	48.3	47.9
RoE (%)	7.9	15.6	32.6	36.4
<b>Balance Sheet</b>				
Net Debt : Equity	0.6	0.3	0.0	0.2
Net Wrkng Cap. (days)	(1.1)	(8.8)	(0.1)	13.9
<b>Valuation</b>				
PER (x)	20.8	32.9	15.4	16.2
P / B (x)	1.6	4.9	4.6	5.1
EV / EBITDA (x)	8.0	10.5	6.5	8.5
EV / Sales (x)	0.5	0.9	0.9	1.3
<b>Earnings Quality</b>				
Eff. Tax Rate	17.2	38.0	31.9	27.5
Other Inc / PBT	(2.4)	0.0	0.1	0.2
Eff. Depr. Rate (%)	5.6	6.6	9.4	8.8
FCFE / PAT	1.7	1.5	0.4	(0.0)

Source: Company Data, PL Research.

**Balance Sheet Abstract (Rs m)**

Y/e March	2014	2015	2016	2017
Shareholder's Funds	1,816	1,964	2,425	3,331
Total Debt	1,209	643	158	731
Other Liabilities	191	212	118	192
<b>Total Liabilities</b>	<b>3,216</b>	<b>2,819</b>	<b>2,701</b>	<b>4,253</b>
Net Fixed Assets	2,616	2,497	2,761	3,039
Goodwill	-	-	-	-
Investments	-	-	-	5
Net Current Assets	599	321	(64)	1,209
<i>Cash &amp; Equivalents</i>	<i>137</i>	<i>107</i>	<i>80</i>	<i>145</i>
<i>Other Current Assets</i>	<i>2,636</i>	<i>2,340</i>	<i>1,991</i>	<i>2,364</i>
<i>Current Liabilities</i>	<i>2,175</i>	<i>2,127</i>	<i>2,135</i>	<i>1,300</i>
Other Assets	1	1	3	-
<b>Total Assets</b>	<b>3,216</b>	<b>2,819</b>	<b>2,701</b>	<b>4,253</b>

**Quarterly Financials (Rs m)**

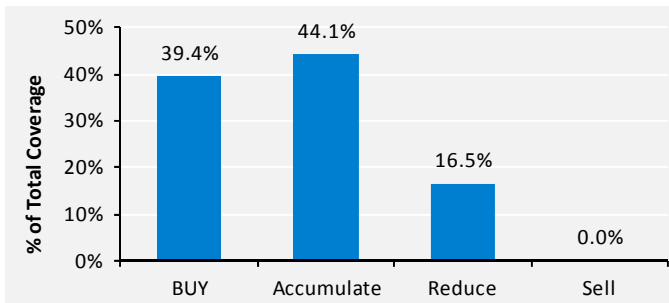
Y/e March	Q3FY17	Q4FY17	Q1FY18	Q2FY18
<b>Net Revenue</b>	<b>3,057</b>	<b>3,850</b>	<b>3,013</b>	<b>3,861</b>
<b>EBITDA</b>	<b>382</b>	<b>558</b>	<b>305</b>	<b>503</b>
<i>% of revenue</i>	<i>12.5</i>	<i>14.5</i>	<i>10.1</i>	<i>13.0</i>
Depr. & Amortization	95	97	84	85
Net Interest	19	46	25	43
Other Income	56	56	59	61
<b>Profit before Tax</b>	<b>324</b>	<b>470</b>	<b>256</b>	<b>437</b>
Total Tax	115	116	82	142
<b>Profit after Tax</b>	<b>209</b>	<b>354</b>	<b>174</b>	<b>294</b>
<b>Adj. PAT</b>	<b>209</b>	<b>354</b>	<b>174</b>	<b>294</b>

Source: Company Data, PL Research.

**Prabhudas Lilladher Pvt. Ltd.**

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India

Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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<b>Accumulate</b>	:	Outperformance to Sensex over 12-months
<b>Reduce</b>	:	Underperformance to Sensex over 12-months
<b>Sell</b>	:	Over 15% underperformance to Sensex over 12-months
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<b>Trading Sell</b>	:	Over 10% absolute decline in 1-month
<b>Not Rated (NR)</b>	:	No specific call on the stock
<b>Under Review (UR)</b>	:	Rating likely to change shortly

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