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Rating	Not Rated
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%

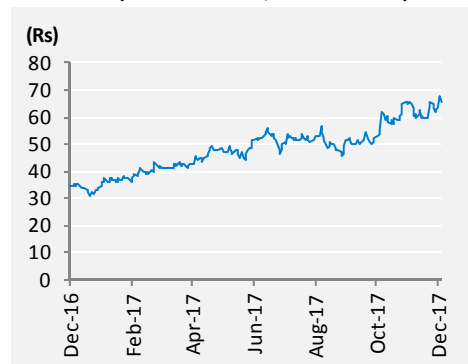
Stock Performance

(%)	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
Net Revenue	8,333	10,951	12,558	12,995
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
EBITDA	471	945	1,622	1,830
Depr. & Amortization	259	311	452	478
Net Interest	241	180	203	148
Other Income	20	20	83	239
Profit before Tax	-9	474	1,050	1,444
Total Tax	29	180	335	396
Profit after Tax	-37	294	715	1,047
Ex-Od items / Min. Int.	176	0	0	0
Adj. PAT	138	294	715	1,047
Avg. Shares O/S (m)	40	40	80	80
EPS (Rs.)	0.3	0.7	1.8	2.6

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
Growth				
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
Profitability				
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
Balance Sheet				
Net Debt : Equity	0.6	0.3	0.0	0.2
Net Wrkng Cap. (days)	(1.1)	(8.8)	(0.1)	13.9
Valuation				
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
Earnings Quality				
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
Total Liabilities	3,216	2,819	2,701	4,253
Net Fixed Assets	2,616	2,497	2,761	3,039
Goodwill	-	-	-	-
Investments	-	-	-	5
Net Current Assets	599	321	(64)	1,209
Cash & Equivalents	137	107	80	145
Other Current Assets	2,636	2,340	1,991	2,364
Current Liabilities	2,175	2,127	2,135	1,300
Other Assets	1	1	3	-
Total Assets	3,216	2,819	2,701	4,253

Quarterly Financials (Rs m)

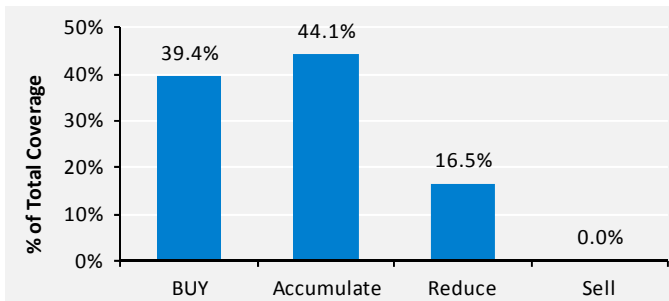
Y/e March	Q3FY17	Q4FY17	Q1FY18	Q2FY18
Net Revenue	3,057	3,850	3,013	3,861
EBITDA	382	558	305	503
% of revenue	12.5	14.5	10.1	13.0
Depr. & Amortization	95	97	84	85
Net Interest	19	46	25	43
Other Income	56	56	59	61
Profit before Tax	324	470	256	437
Total Tax	115	116	82	142
Profit after Tax	209	354	174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

Source: Company Data, PL Research.

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

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