

Company Details

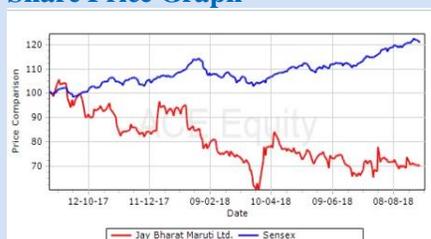
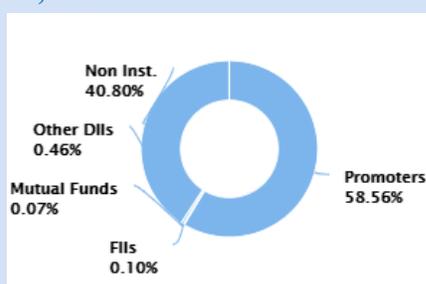
CMP:	Rs.422.00
Face value:	Rs.5.00
Market cap:	Rs.939.61 Crs.
TTM EPS	Rs.11.4
52 week high:	Rs.673.35
52 week low:	Rs.368.15
BSE Code:	520066
Sector	Auto Parts & Equipment

Financial Highlights (YoY)

Rs. in crores			
	FY18	FY17	% Var
Net Sales	1787.79	1732.05	3.22
Total Expendit	1632.14	1598.95	2.08
PBDIT	155.64	133.10	16.93
Op.Profit	159.26	134.52	18.39
OPM (%)	8.91	7.77	14.70
PBT	90.04	74.79	20.39
PAT	58.89	53.77	9.52
EPS (Rs.)	27.19	24.82	9.52
Equity	10.83	10.83	0.00

Quarterly Performance (YoY)

Rs. in crores			
	Q1FY19	Q1FY18	% Var
Net Sales	505.93	434.67	16.39
Total Expe	463.43	405.77	14.21
PBDIT	42.50	28.90	47.06
Op.Profit	42.81	30.95	38.32
OPM (%)	8.46	7.12	18.84
PBT	20.59	15.30	34.58
PAT	13.44	10.13	32.68
EPS (Rs.)	6.20	4.68	32.68

Share Price Graph**Shareholding pattern as on June 30, 2018****Company Background**

Jay Bharat Maruti Ltd.,(JBML), a Haryana based company, established in 1986 in collaboration with the Maruti Suzuki India Limited (which now holds 29.3% shares of JBML), is leading manufacturer of Sheet Metal Components & assemblies such as BIW parts, exhaust system, fuel fillers(fuel pipe), and suspension parts for passenger cars. Its five state-of-the-art manufacturing plants, located in Gurgaon, Bawal, Manesar (Haryana) and Gujarat are well equipped with advanced production lines to develop products of the highest quality. The company generates its 64.7% of the revenues from Sheet metal components for automobiles and 25.9% from rear Axle.

In 2017-18, the Indian economy grew at 6.6% against 7.1% in 2016-17 impacted by the demonetization, GST and global uncertainties. According to IMF, Indian Economy is expected to grow at 7.3% in 2018-19 and has grown at 8.2% in Q1FY19. India has emerged as the fastest growing major economy in the world as per the CSO and IMF and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by strong democracy and partnerships.



Auto industry is said to be the growth engine in most developed countries, including China and India today. The Indian automotive sector has ended the first quarter of 2018-19 with robust growth rate of 18.1% across the segment and **the outlook for the company for the coming few years is fairly positive.**

**Financial Performance**

For Q1 FY19, the Net sales of the company increased by 16.4% to Rs. 505.93 crores compared to Rs. 434.67 crores in Q1 FY18 on the back of rising disposable income, new launches and rural demand. The passenger vehicles including passenger cars have seen the double digit growth in sales. The EBITDA for Q1FY19 stood at Rs. 42.50 crores as compared to Rs. 28.90 crores in Q1FY18 resulting in a growth of 47% Y-o-Y due to strong operational performance. **PAT for Q1FY19 stood at Rs. 13.44 crores as compared to Rs. 10.13 crores in Q1FY18 recording a growth of 32.7%.The Debt/Equity ratio of the company at the end of FY18 was at 0.8:1.**

Investment Rationale

- **Strong growth with brighter road ahead:** In Q1FY19, the company has achieved double digit growth in sales. As the income of middle class population is rising, the sales demand of automobile will be robust. The government's aim to develop India as a global manufacturing auto hub highlights a bright road ahead.
- **Strategic Alliance:** Given the increase in electronic content in passenger vehicles, OEMs needs to collaborate with suppliers and outside traditional auto industry. Accomplishing this will require changes in the way OEMs function, this will result the OEMs to co-invest with their top suppliers in new global platforms and will ultimately be the driving force for the industry in the future.
- **The company has setup New Plant in Vithalapur Gujarat**, which is now operational and caters the needs of Suzuki Motor Gujarat Pvt Ltd. The phase-II of expansion is under way so as to increase the capacity to cater to 5, 00,000 numbers of vehicles for M/s Suzuki Motor Gujarat Pvt Ltd.
- The company is expanding its tooling manufacturing capacity and has obtained know how for localizing High tensile dies and critical BIW parts. It is **setting up new tool room with M/s Ogihara (Thailand) co. ltd and M/s JBM Auto Limited for manufacturing of press stamping dies including Ultra High tensile and critical BIW dies. The tool room is situated at Greater Noida** and is expected to be operational from next financial year.
- **Working capital management:** The Company adopts prudent working capital management practices and does adequate planning for managing its day to day requirement of funds. The

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company has enormous importance to timely receivables, realizations and maintains a low level of inventory.

- **High equity stake by Maruti ensures a good share in MSIL's component requirement from JBML as well as participation in future expansion by Maruti/Suzuki group.**
- The promoters hold 58.6% equity of the company; whereas FIIs and DIIs own 0.10% and 0.53% respectively and the balance 40.8% shares are held by public.

Concerns

The competition from peers, high steel prices, volatility in fuel prices and US China tariff war are the major concern.

Valuation

The share of the Company has corrected by ~40% from 52 week high of Rs 673. It is now trading at reasonable **TTM P/E of only 14.5x** which is lower than the industry P/E of 30x. Keeping in view the positive outlook for auto component industry, sizeable expansion plans, improvement in operating margin, higher promoter holding assured orders from Maruti Suzuki and reasonable TTM P/E ratio, we suggest share of the company can be considered for investment. We estimate the company to report **EPS of Rs.30 for FY19E. Based on PE of 20x** we estimate the price of the scrip to appreciate to Rs.600 over the next 12 months.

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