



# BLAZING PICKS

FREQUENCY	ALLOCATION	DURATION	APPROX RETURNS	RISK	MAX OPEN CALLS
Every Monday	20% of capital on every call	3 months	15-20%	<10%	5

## SALIENT FEATURES:

- 👍 Allocation based product – 20% of capital on every call
- 👍 For Short to Medium term clients
- 👍 Mid Cap & Large Cap quality stocks
- 👍 Company with growth prospects and compliance free
- 👍 Moderate risk product

## JAMNA AUTO LTD



Buy LTP: Rs 112, Add on dips to Rs 108 | TGT Rs 130 (16%)

► **Company Profile (JAI):** Delhi-NCR based JAI is involved in manufacturing conventional leaf springs, parabolic leaf springs, air suspensions and lift axles predominantly for CVs. With a consolidated annual manufacturing capacity of 3,00,000 MT, the company remains India's largest and the world's third largest CV spring manufacturer.

► **Strategic Plant Location to serve "JIT":** "Just is Time" is a widely practiced method in manufacturing industry to lower the inventory and reduce time. JAI's manufacturing facilities are strategically located in all direction of india. They are situated at Yamuna Nagar (Haryana), Chennai (Tamil Nadu), Malanpur (Madhya Pradesh), Jamshedpur (Jharkhand), Hosur (Tamil Nadu), Pune (Maharashtra), and Sriperumbudur (Tamil Nadu).

► **Strong Business Position:** The JAI Group is market leader in the domestic M&HCV OEM market for leaf springs, with a dominant share of its business coming from two of the leading CV OEMs - TML and ALL. It continues to maintain healthy business relations with the OEMs, as evident from a strong and stable share of business over the years (JAI's market share has remained at levels of 65-71%).

► **Favorable Shift In Sales Mix:** Jamna's products mix shifting towards higher value-accretive products which supports future prospects, allowing it to withstand cyclicity in the domestic CV industry. With the Group planning to expand its presence in the market for allied products, the same is likely to result in value addition over the medium term.

► **Q1 FY22 Performance:** In Q2, JAI, registered 16.1% YoY sales growth to Rs 10,881 Cr. The expenditure grew by 15.9% to Rs 8,886.1 Cr. EBITDA risen by 17.2% to at Rs 1,995.2 Cr. Company saw a Incline of +150 bps in EBITDA margin on YoY basis. the PAT margin improved by +99 bps in same period. PAT risen to Rs 1,338.7 cr. From 9,371 cr in Q2FY21.

► **Softening Headwinds:** Current headwinds of Chip shortage, Raw material price inflation, Supply chain system crunch are softening. Hence worst is possibly behind the commercial vehicle space.

► **Recommendation:** JAI's stock is trading PE (x) of 35.1 TTM. We estimate 15% growth in PAT. Stock is trading at PE (x) of 23 for FY25E. We recommend a **BUY** on **JAMNAAUTO** with the Price target of Rs.130.

### KEY DATA

NSE   BSE Code	JAMNAAUTO   520051
Sector	Auto Ancillary
Industry	Manufacturing
Face value / Book Value (Rs per share)	1 / 15.2
Dividend yield (%)	0.69
52 H/L (Rs)	119/50
Market Cap. (Rs Cr)	4,464
No of Share Issued (Cr)	39.84
20 Day Avg Traded Volume	14,30,561

### KEY RATIOS

	Mar_18	Mar_19	Mar_20	Mar_21
P/E (x)	18.7	14.9	14.4	21.6
P/B (x)	1.8	2.0	2.7	5.4
EV/Sales	1.8	1.8	2.2	4.7
EV/EBITDA	10.2	8.3	9.2	14.4
ROCE	9.9	13.3	18.7	27.6
ROE	13.7	19.6	23.7	36.5

### EARNINGS SUMMARY

(In Rs Cr)	Mar_18	Mar_19	Mar_20	Mar_21
Net Sales	30773	34742	36868	37855
Sales Growth(%)	6%	13%	6%	3%
Operating Profit (Ex OI)	4682.5	6336.9	5508.6	6796.3
Operating Prof. Mar. (%)	15%	18%	15%	18%
PAT	3800	4298	4033	4428
PAT Margin (%)	12%	12%	11%	12%
EPS (Rs)	43.01	48.43	46.26	50.66

### QUARTER SUMMARY

(In Rs cr)	Q2FY22	Q2FY21	YoY Var%	Q1FY22
Net Sales	10881.3	9371.8	16.1%	10197.6
Total Expenditure	8886.1	7668.8	15.9%	8321.2
PBIDT (Excl OI)	1995.2	1703	17.2%	1876.4
PAT	1338.7	1064.6	25.7%	1353.2
PBIDTM% (Excl OI)	18.34	18.17	+17 bps	18.4
PBIDTM%	20.93	19.43	+150 bps	21.22
PATM%	12.33	11.34	+ 99 bps	13.39
EPS (Annualized) (Rs)	61.17	48.81	25.7%	61.87

Source: Company, ACE Equity, Dealmoney Research

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