JAY BHARAT MARUTI LTD

Result Update (PARENT BASIS): Q4 FY19

CMP: 260.00	APRIL 24th, 2019
Overweight	ISIN: INE571B01028

Index Details

Stock Data	
Sector	Auto Parts & Equipment
BSE Code	520066
Face Value	5.00
52wk. High / Low (Rs.)	505.80/210.20
Volume (2wk. Avg.)	4825
Market Cap (Rs. In mn.)	5629.00

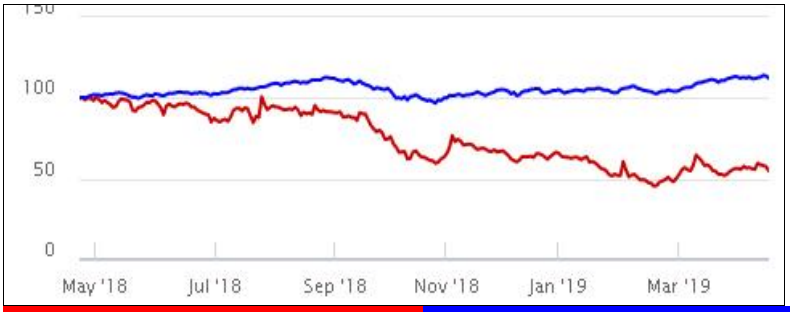
Annual Estimated Results(A*: Actual / E*: Estimated)

Years (Rs. In mn)	FY19A	FY20E	FY21E
Net Sales	19940.02	22213.18	24878.77
EBITDA	1775.02	2009.07	2260.99
Net Profit	521.74	572.06	639.05
EPS	24.10	26.42	29.52
P/E	10.79	9.84	8.81

Shareholding Pattern (%)

	As on Mar 2019	As on Dec 2018
Promoter	59.39	59.39
Public	40.61	40.61
Others	--	--

1 Year Comparative Graph



SYNOPSIS

- Jay Bharat Maruti Ltd, founded in 1986, in collaboration with Maruti Suzuki India Ltd, is the leading manufacturer of key auto components and assemblies such as BIW parts, exhaust systems, fuel fillers and suspension parts for passenger cars.
- The company has achieved a turnover of Rs. 4803.11 mn for Q4 FY19 as against Rs. 4803.90 mn in Q4 FY19.
- During the quarter, EBIDTA stood at Rs. 453.19 mn as against Rs. 482.67 mn in the corresponding period of the previous year.
- PBT stood at Rs. 183.71 mn in Q4 FY19 against Rs. 273.99 mn in the corresponding quarter of the previous year.
- During the quarter, net profit stood at Rs. 111.01 mn from Rs. 181.39 mn in the corresponding quarter ending of previous year.
- EPS of the company stood at Rs. 5.13 in Q4 FY19 as against Rs. 8.38 in Q4 FY18.
- The company has recommended a Dividend @ 50% i.e. Rs 2.50 per share (on fully paid up equity share of Rs 5/- each) for the year ended 31st March, 2019.
- Revenue registered a growth of 12% at Rs. 19940.02 mn in FY2019 as against Rs. 17877.88 mn in FY2018.
- During the FY2018-19, PAT stood at Rs. 521.74 mn as against Rs. 588.91 mn in FY2017-18.
- Net Sales and Operating Profit of the company are expected to grow at a CAGR of 9% and 14% over 2018 to 2021E, respectively.

PEER GROUPS	CMP	MARKET CAP	EPS(TTM)	P/E (X)(TTM)	P/BV(X)	DIVIDEND
Company Name	(Rs.)	Rs. In mn.	(Rs.)	Ratio	Ratio	(%)
Jay Bharat Maruti Ltd	260.00	5629.00	24.10	10.79	1.39	50.00
Minda Industries Ltd	383.00	100481.50	13.26	28.90	9.91	140.00
Munjal Showa Ltd	162.45	6497.20	19.34	8.40	1.14	225.00
G N A Axles Ltd	316.85	6801.30	30.12	10.52	1.99	20.00

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QUARTERLY HIGHLIGHTS (PARENT BASIS)

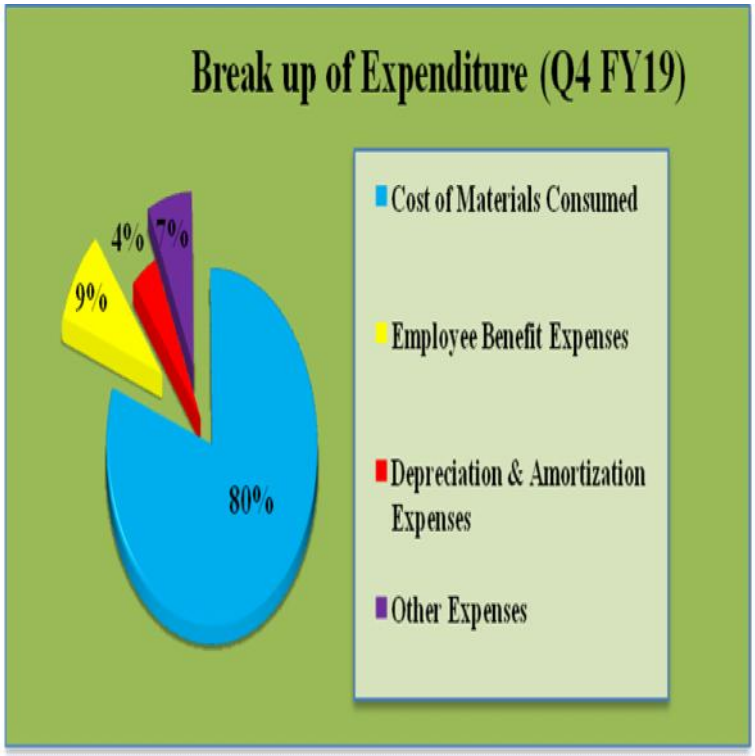
Results updates- Q4 FY19,

(Rs. In millions)	Mar-19	Mar-18	% Change
Revenue	4803.11	4803.90	-0.02%
Net Profit	111.01	181.39	-38.80%
EPS	5.13	8.38	-38.80%
EBIDTA	453.19	482.67	-6.11%

The company has achieved a turnover of Rs. 4803.11 million for the 4rd quarter of the FY 2018-19 as against Rs. 4803.90 million in the corresponding quarter of the previous year. During the quarter, net profit stood at Rs. 111.01 million from Rs. 181.39 million in the corresponding quarter ending of previous year. Reported earnings per share of the company stood at Rs. 5.13 in Q4 FY19 as against Rs. 8.38 in the corresponding quarter of the previous year. Profit before interest, depreciation and tax stood at Rs. 453.19 million as against Rs. 482.67 million in the corresponding period of the previous year.

Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q4 FY19	Q4 FY18	% Change
Cost of Materials Consumed	3519.57	3590.34	-2%
Employees Benefit Expenses	385.07	385.55	0%
Depreciation & Amortization Expenses	171.17	141.33	21%
Other Expenditure	299.52	346.15	-13%



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COMPANY PROFILE

Jay Bharat Maruti Limited (JBML), founded in 1986, in collaboration with Maruti Suzuki India Limited (MSIL), is the leading manufacturer of key auto components and assemblies such as BIW parts, exhaust systems, fuel fillers (fuel pipe), and suspension parts for passenger cars. The company's 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 highest quality. The Company's operational facilities include stamping, welding, fuel pipe manufacturing, die manufacturing, painting and plating. The Company's plants also have coordinate measuring rules and other quality control/assurance related equipment.

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FINANCIAL HIGHLIGHT (PARENT BASIS)

(A- Actual, E* -Estimations & Rs. In Millions)*

Balance Sheet as of March 31, 2018 -2021E

	FY18A	FY19A	FY20E	FY21E
ASSETS				
Non-Current Assets				
a) Property, Plant and Equipment	6292.61	8298.06	9625.75	10877.10
b) Capital Work in Progress	927.38	512.16	568.50	613.98
c) Intangible Assets	29.50	19.71	21.29	22.57
d) Financial Assets				
i) Investments	151.16	171.57	192.16	209.46
ii) Loans	12.57	20.25	24.09	27.71
e) Other Non – Current Assets	219.81	388.45	442.84	491.55
1. Sub Total Non- Current Assets	**7633.03**	**9410.20**	**10874.63**	**12242.35**
Current Assets				
a) Inventories	2024.85	1692.15	1793.68	1883.37
b) Financial Assets				
i) Trade Receivables	281.19	741.53	845.35	946.79
ii) Cash and Cash Equivalents	23.40	9.15	10.61	11.99
iii) Bank Balances	3.83	4.09	4.29	4.55
iv) Other Financial Assets	9.47	9.43	9.61	9.81
c) Other Current Assets	378.48	188.91	200.24	210.25
2. Sub Total – Current Assets	**2721.23**	**2645.25**	**2863.78**	**3066.75**
Total Assets (1+2)	**10354.26**	**12055.45**	**13738.41**	**15309.10**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share Capital	108.25	108.25	108.25	108.25
b) Other Equity	3494.19	3932.34	4504.40	5143.45
1. Total Equity	**3602.44**	**4040.59**	**4612.65**	**5251.70**
Non Current Liabilities				
a) Financial Liabilities				
i) Borrowings	2118.54	2692.41	2961.65	3168.96
ii) Other Financial Liabilities	0.00	287.51	299.01	310.97
b) Provisions	95.39	113.91	131.00	146.72
c) Deferred Tax Liabilities (Net)	550.49	670.66	784.67	894.52
d) Other Non – Current Liabilities	26.51	9.50	9.88	10.37
2. Sub Total – Non Current Liabilities	**2790.93**	**3773.99**	**4186.21**	**4531.55**
Current Liabilities				
a) Financial Liabilities				
i) Borrowings	518.13	793.97	921.00	1040.73
ii) Trade Payables	1804.10	2048.27	2338.56	2567.28
iii) Other Financial Liabilities	868.50	1120.56	1367.08	1572.15
b) Other Current Liabilities	753.89	257.16	288.01	316.81
c) Provisions	16.27	20.93	24.90	28.89
3. Sub Total – Current Liabilities	**3960.89**	**4240.88**	**4939.56**	**5525.86**
Total Equity and Liabilities (1+2+3)	**10354.26**	**12055.45**	**13738.41**	**15309.10**

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Annual Profit & Loss Statement for the period of 2018 to 2021E

Value(Rs.in.mn)	FY18A	FY19A	FY20E	FY21E
Description	**12m**	**12m**	**12m**	**12m**
Net Sales	**17877.88**	**19940.02**	**22213.18**	**24878.77**
Other Income	36.14	29.72	32.10	34.34
Total Income	17914.02	19969.74	22245.28	24913.11
Expenditure	-16321.44	-18194.72	-20236.21	-22652.12
Operating Profit	**1592.58**	**1775.02**	**2009.07**	**2260.99**
Interest	-201.19	-343.32	-398.25	-454.01
Gross profit	1391.39	1431.70	1610.82	1806.99
Depreciation	-491.03	-614.87	-707.10	-799.02
Profit Before Tax	900.36	816.83	903.72	1007.97
Tax	-311.46	-295.09	-331.67	-368.92
Net Profit	**588.91**	**521.74**	**572.06**	**639.05**
Equity capital	108.25	108.25	108.25	108.25
Reserves	3494.19	3932.34	4504.40	5143.45
Face value	5.00	5.00	5.00	5.00
EPS	**27.20**	**24.10**	**26.42**	**29.52**

Quarterly Profit & Loss Statement for the period of 30th Sep, 2018 to 30th Jun, 2019E

Value(Rs.in.mn)	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19E
Description	**3m**	**3m**	**3m**	**3m**
Net sales	**5497.53**	**4580.10**	**4803.11**	**4995.23**
Other income	7.54	11.08	7.97	8.37
Total Income	5505.06	4591.18	4811.08	5003.60
Expenditure	-5014.82	-4187.71	-4357.89	-4553.15
Operating profit	**490.25**	**403.46**	**453.19**	**450.45**
Interest	-88.99	-78.98	-98.32	-110.12
Gross profit	401.26	324.49	354.87	340.33
Depreciation	-148.04	-150.49	-171.17	-179.72
Profit Before Tax	253.22	174.00	183.71	160.61
Tax	-89.12	-61.81	-72.70	-58.62
Net Profit	**164.09**	**112.20**	**111.01**	**101.99**
Equity capital	108.25	108.25	108.25	108.25
Face value	5.00	5.00	5.00	5.00
EPS	**7.58**	**5.18**	**5.13**	**4.71**

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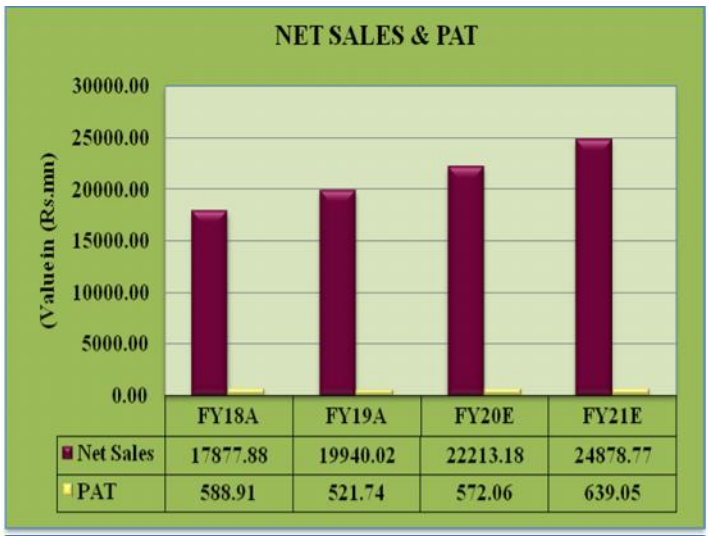
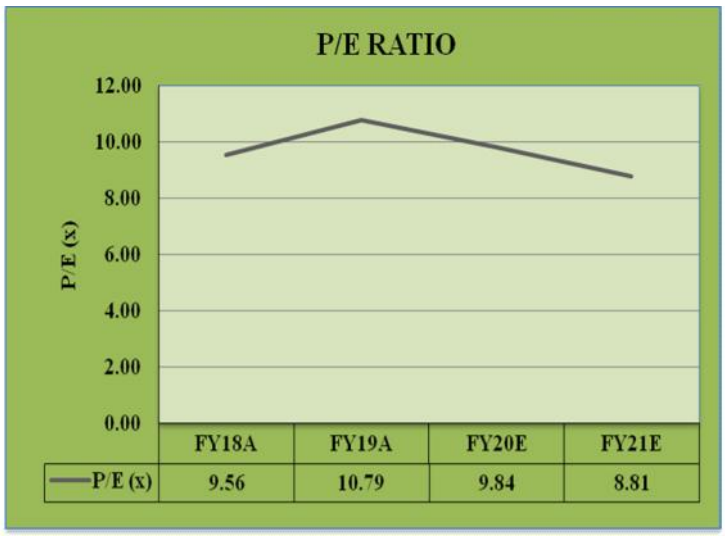
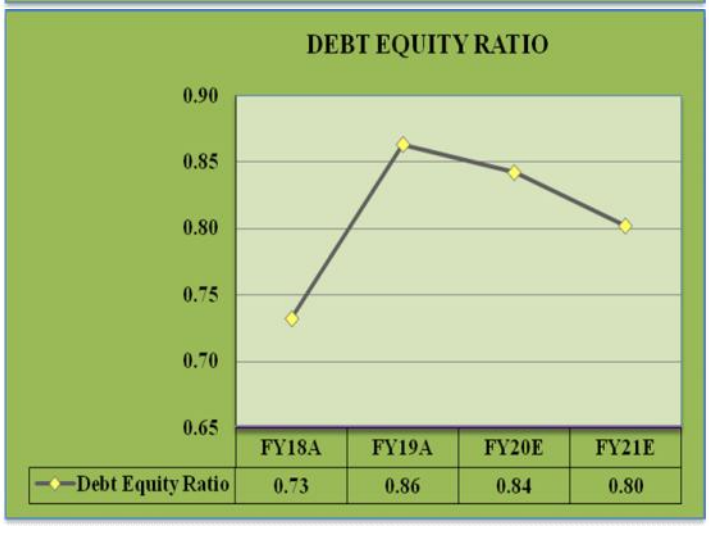
Ratio Analysis

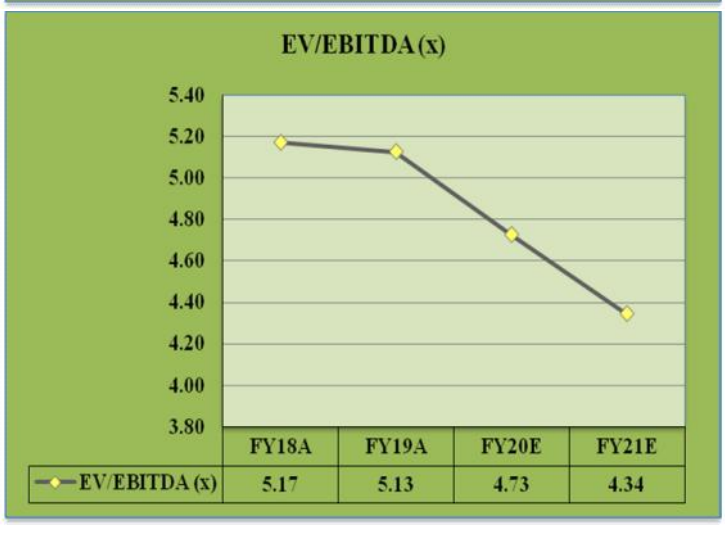
Particulars	FY18A	FY19A	FY20E	FY21E
EPS (Rs.)	27.20	24.10	26.42	29.52
EBITDA Margin (%)	8.91%	8.90%	9.04%	9.09%
PBT Margin (%)	5.04%	4.10%	4.07%	4.05%
PAT Margin (%)	3.29%	2.62%	2.58%	2.57%
P/E Ratio (x)	9.56	10.79	9.84	8.81
ROE (%)	16.35%	12.91%	12.40%	12.17%
ROCE (%)	17.66%	15.41%	15.33%	15.45%
Debt Equity Ratio	0.73	0.86	0.84	0.80
EV/EBITDA (x)	5.17	5.13	4.73	4.34
Book Value (Rs.)	166.39	186.63	213.06	242.57
P/BV	1.56	1.39	1.22	1.07

Charts









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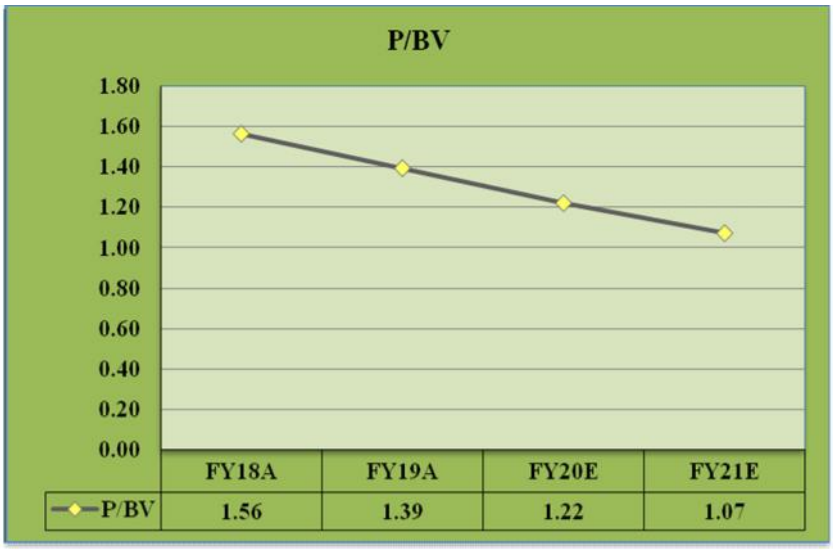

OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 260.00**, the stock P/E ratio is at 9.84 x FY20E and 8.81 x FY21E respectively.
- Earning per share (EPS) of the company for the earnings for FY20E and FY21E are seen at Rs. 26.42 and Rs. 29.52 respectively.
- Net Sales and Operating Profit of the company are expected to grow at a CAGR of 9% and 14% over 2018 to 2021E, respectively.
- On the basis of EV/EBITDA, the stock trades at 4.73 x for FY20E and 4.34 x for FY21E.
- Price to Book Value of the stock is expected to be at 1.22 x and 1.07 x for FY20E and FY21E respectively.
- Hence, we say that, we are Overweight in this particular scrip for Medium to Long term investment.

INDUSTRY OVERVIEW

The auto component industry is likely to grow at 10-12 per cent annually in the long term on rising rural income, higher disposable income and continued infrastructure activity.

The auto-components industry accounts for 2.3 per cent of India's Gross Domestic Product (GDP) and employs as many as 1.5 million people directly and indirectly each. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favorable destination for investment.

The Indian auto-components industry can be broadly classified into the organized and unorganized sectors. The organized sector caters to the Original Equipment Manufacturers (OEMs) and consists of high-value precision instruments while the unorganized sector comprises low-valued products and caters mostly to the aftermarket category.

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The total value of India's automotive exports stood at US$ 13.5 billion in 2017-18 as compared US$ 10.9 billion in the year 2016-17. This has been driven by strong growth in the domestic market and increasing globalization (including exports) of several Indian suppliers. Growth is further expected to accelerate to 8-10 per cent in FY19 due to pick up in global scenario. According to the Automotive Component Manufacturers Association of India (ACMA), the Indian auto-components industry is expected to register a turnover of US$ 100 billion by 2020 backed by strong exports ranging between US$ 80- US$ 100 billion by 2026.

The Foreign Direct Investment (FDI) inflows into the Indian automotive industry during the period April 2000 – June 2018 were recorded at US$ 19.29 billion, as per data by the Department of Industrial Policy and Promotion (DIPP).

Government Initiatives

The Government of India's Automotive Mission Plan (AMP) 2006–2016 has come a long way in ensuring growth for the sector. Indian Automobile industry is expected to achieve a turnover of $300 billion by the year 2026 and will grow at a rate of CAGR 15 per cent from its current revenue of $74 billion.

Government has drafted Automotive Mission Plan (AMP) 2016-26 which will help the automobile industry to grow and will benefit Indian economy in the following ways:-

- Contribution of auto industry in the country's GDP will rise to 13 per cent, currently which is less than 10%.
- More than 100 million jobs will be created in the economy.
- Companies will invest around US $80 billion as a part of their capital expenditure.
- End of life Policy will be implemented for old vehicles.

Road Ahead

The rapidly globalising world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.

The Indian auto-components industry is set to become the third largest in the world by 2025 Indian auto-component makers are well positioned to benefit from the globalisation of the sector as exports potential could be increased by up to four times to US$ 30 billion by 2021.

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