

**Price:** 707

**Recommendation:** Buy

**Industry:** Auto Components

**Sector:** Consumer Discretionary

**Report Date:** 21-Apr-2025

JBMA Auto Limited (JBMA) is a key player in the automotive industry, focusing on expanding its electric vehicle (EV) segment to align with global sustainable transportation trends. The company is enhancing its EV manufacturing capabilities, launching new electric buses and vehicles for domestic and international markets. JBMA is also diversifying into renewable energy and smart city solutions, leveraging its engineering expertise to develop integrated urban infrastructure solutions. The company invests in R&D; to foster innovation, improve efficiencies, and ensure competitiveness.

Sales		Profit & Loss		Profitability Matrix	
Current Year	4763 Cr	Operating Profit(Year)	352 Cr	Operating Profit Margin	7.40 %
Previous Year	3749 Cr	Operating Profit(Quarter)	102 Cr	EBITDA Margin	6.72 %
Current Quarter	1277 Cr	PAT (Year)	56.9 Cr	Net Profit Margin	1.34 %
Previous Quarter	1100 Cr	PAT (Quarter)	30.4 Cr	EPS	4.43
Revenue (QYoY)	1260 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	159	Sales Growth	22.9 %	Sales Growth	16.09 %
PEG Ratio	-15.8	PAT Growth	-52.98 %	Sales Growth QYoY	1.35 %
EV/EBITDA	45.3	EPS Growth	72.37 %	PAT Growth	0.0 %
P/B	15.3	Dividend Yield	0.11	PAT Growth QYoY	46.86 %
Capital Allocation		Holdings		Leverage	
RoE	5.56 %	Promoter	67.5 %	Debt/Equity	1.56
RoA	1.79 %	FII	2.75 %	Debt	1705 Cr
RoCE	9.17 %	DII	0.07 %	Market Cap	16714 Cr
RoIC	8.50 %	Public	29.6 %	Enterprise value	18318 Cr
		No of Shares	23.6 Cr	Cash Equivalents	102 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

JBMA Auto Limited (JBMA), a prominent player in the automotive sector, has recently been focusing on expanding its electric vehicle (EV) segment, aligning with global trends towards sustainable transportation. The company has announced plans to enhance its EV manufacturing capabilities, aiming to capture a significant share of the growing EV market. This strategic move is supported by the launch of new electric buses and vehicles, which are expected to cater to both domestic and international markets. JBMA's commitment to innovation is evident in its investment in advanced technologies and partnerships with global leaders in the EV space, which are expected to bolster its product offerings and competitive edge.

In addition to its focus on electric vehicles, JBMA is actively pursuing diversification strategies to mitigate risks associated with market fluctuations in the traditional automotive sector. The company is exploring opportunities in renewable energy and smart city solutions, which are anticipated to provide new revenue streams and enhance its sustainability profile. By leveraging its expertise in engineering and manufacturing, JBMA aims to develop integrated solutions that address the evolving needs of urban infrastructure and mobility. This diversification is not only expected to drive growth but also position JBMA as a key player in the transition towards a more sustainable and connected future.

JBMA's recent initiatives also include strengthening its research and development (R&D;) capabilities to foster innovation and improve operational efficiencies. The company is investing in state-of-the-art R&D; facilities and collaborating with academic institutions to accelerate the development of cutting-edge technologies. These efforts are aimed at enhancing product quality, reducing production costs, and shortening time-to-market for new products. By prioritizing R&D;, JBMA is positioning itself to respond swiftly to changing market demands and technological advancements, thereby ensuring long-term competitiveness and growth.

Looking ahead, JBMA's strategic focus on electric vehicles, diversification into new sectors, and investment in R&D; are expected to drive its future growth and scaling prospects. To capitalize on these opportunities, the company could consider expanding its global footprint through strategic alliances and acquisitions, which would enhance its market presence and access to new technologies. Additionally, JBMA could benefit from strengthening its supply chain resilience and adopting digital transformation initiatives to improve operational agility. By continuing to innovate and adapt to market trends, JBMA is well-positioned to achieve sustainable growth and deliver value to its stakeholders.

JBMA Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Samvardh. Mothe.	93245.30	22.61	11.80%	-0.52%	7.89%	-0.13%	61.97%
Bosch	82124.70	40.59	15.97%	1.62%	6.19%	-1.39%	4.33%
Uno Minda	51641.12	54.86	18.89%	-1.43%	18.77%	-2.79%	20.21%
Exide Inds.	32695.67	41.24	7.05%	-9.74%	0.93%	-32.20%	-21.69%
Sona BLW Precis.	28325.47	47.48	20.91%	-5.89%	11.01%	2.06%	16.75%

Aspect	Commentary
Revenue	The company shows a strong revenue growth with a 22.9% YoY increase, indicating robust sales performance. The quarterly growth of 16.09% further supports a positive trend, suggesting effective market strategies and product demand. This consistent growth trajectory is a positive indicator for future revenue potential.
Profit & Loss	Operating profit margins are healthy, reflecting efficient cost management. However, the significant drop in PAT by 52.98% YoY suggests challenges in net profitability, possibly due to increased expenses or one-time costs. The quarterly PAT stability indicates potential recovery or stabilization efforts.
Profitability Matrix	The operating profit margin of 7.40% and EBITDA margin of 6.72% suggest moderate profitability. The low net profit margin of 1.34% highlights challenges in translating revenue into net income, possibly due to high operational costs or financial expenses impacting overall profitability.
Valuation Matrix	The high trailing P/E of 159 indicates market optimism or overvaluation. A negative PEG ratio suggests growth concerns. The EV/EBITDA of 45.3 and P/B of 15.3 reflect high valuation metrics, possibly due to future growth expectations or market positioning in the EV sector.
Growth (YoY)	Sales growth of 22.9% is strong, but the PAT decline of 52.98% indicates profitability issues. EPS growth of 72.37% suggests improved earnings per share, possibly due to share buybacks or improved operational efficiency. Dividend yield remains low, reflecting reinvestment strategies.
Growth (QoQ)	Quarterly sales growth of 16.09% and PAT growth of 0% indicate stable performance. The 46.86% PAT growth QYoQ suggests recovery or improved cost management. The slight sales growth QYoY of 1.35% indicates consistent market demand, supporting a stable growth outlook.
Capital Allocation	RoE of 5.56% and RoA of 1.79% indicate moderate returns on equity and assets. RoCE of 9.17% and RoIC of 8.50% suggest efficient capital use. These metrics reflect the company's ability to generate returns from its investments, supporting sustainable growth and value creation.
Holdings	Promoter holding of 67.5% indicates strong control and confidence. FII and DII holdings are minimal, suggesting limited institutional interest. Public holding of 29.6% reflects a significant retail investor base. The shareholding pattern indicates stability and potential for strategic investments.
Leverage	A debt/equity ratio of 1.56 indicates moderate leverage, suggesting reliance on debt for growth. Total debt of 1705 Cr and market cap of 16714 Cr reflect a balanced capital structure. Cash equivalents of 102 Cr provide liquidity, supporting operational needs and potential investment opportunities.

**Analyst viewpoint:** JBM Auto Limited is positioned for growth with a strategic focus on the burgeoning electric vehicle sector, reflecting an impressive quarterly sales increase of 16.09%. Their emphasis on enhancing EV manufacturing capabilities aligns well with global sustainability trends. The company is leveraging its engineering expertise to deliver innovative products, which has bolstered its competitive advantage in both domestic and international markets. Their P/E ratio of 159, despite being relatively high, indicates strong market optimism, bolstered by their diversification into renewable energy and smart city solutions. The robust QoQ PAT growth of nearly 47% further signifies their potential for sustainable financial performance in upcoming quarters. These proactive measures, combined with considerable investment in R&D, highlight JBMA's commitment to long-term innovation and operational excellence.

Nonetheless, attention should be paid to their significant YoY PAT decline of 52.98%, suggesting potential challenges in profitability despite stable quarterly performance. This indicates areas that still require strategic adjustments to manage costs effectively and sustain high net profitability. The company's moderate leverage, with a debt/equity ratio of 1.56, suggests reliance on debt for growth, which, while manageable, necessitates careful capital allocation strategies to maximize future returns. Overall, JBMA's trajectory with its innovation-led approach and strategic diversification offers a promising outlook, potentially rewarding investors in the short to mid-term horizon.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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