



## Weekly Newsletter

### Markets This Week

The positive rally was hit by a sudden sell off on Friday following the weaknesses in global indices. Crude weekend and is now at \$57.59 per barrel which has showed its impact on INR which stands at \$70.14.

### Stocks In News

- **Bharati Airtel's** board approved sale of upto 59 Crores equity shares representing 32% stake of Bharti Infratel owned by the company to its arm Nettle Infrastructure Investments.
- **Coal India** said it would pay interim dividend of Rs7.25 per share aggregating Rs4500 Crore to its shareholders.
- **Infosys** appointed Nilanjan Roy as CFO wef from March 1, 2019.
- **Power Finance Corporation's** board approved proposal to buy GOI's entire shareholding in REC
- **Indiabulls Realestate** entered into an agreement with BlackStone to divest upto 50% stake in two office assets in Gurugram at aggregate value of Rs464Cr.
- **Pfizer Plc** entered into a JV with **GlaxoSmithKline** plc to create a global consumer company.
- **Uflex** launched three packaging foil solutions for pharma companies.
- **TCS** launched Cloud Solutions Program in Canada
- **IDFC Bank** sets Dec31st as record date for determining the shareholders
- **Yes Bank** says it sold 2.13% stake in Fortis Healthcare. The bank has been selling the shares of the healthcare company in various tranches.
- **Graphite India** has received permission from the Karnataka State Pollution Control Board to operate for Graphite Electrode Plant in Bengaluru for a period upto June30,2020 with the condition to shift the unit from existing location.
- **Tata Motors** hired Boston Consulting Group for \$3.2 Billion turnaround plan as per media reports.

### Stock Study

#### Jamna Auto (CMP-Rs64)

- It is a market leader in the domestic commercial vehicle segment (70% domestic market share) and is the second largest spring manufacturer in the world.
- It has strong technical competence thanks to its technical association with Ridwell Corporation USA a global leader in design and manufacturing of Air Suspensions and Life Axels. It has also signed agreement with Tinsley Bridge UK for technology transfer.
- Jamna Auto's performance is directly linked to growth of the CV Segment. The CV segments demand has been strong and outperforming the industry growth recently. The near-term outlook for CV demand is muted because of multiple challenges led by slower growth, liquidity concerns and the rise in interest rates. While the long-term outlook continues to be positive on the back of expectation of strong economic growth, focus on rural economy and infrastructure. Further, BS VI emission norms, to be implemented from April 2020, are expected to lead to pre-buying. Additionally, the government's scrappage policy would potentially lead to the replacement of 200,000-300,000 trucks, which are over 20 years old. These regulatory changes are expected to augur well for JAI
- JAI has a decent presence in domestic spring aftermarket (15-18 percent market share). Post-GST, it has been witnessing a strong demand in aftermarket led by a shift from unorganised to organised players. JAI now focusing extensively to expand its distribution network and plans to reach the target of 30-35 percent market share in next couple of years.

**17th December to 21th December, 2018**

#### Indian equity benchmark indices' returns

Broad Indices	WkOp	WkCl	% Chg
NIFTY 50	10853.2	10754	-0.91
SENSEX	36176.67	35764	0.78
NIFTY MID 50	4807.05	4844.7	0.42
NIFTY NEXT 50	27900.45	28017.35	0.42

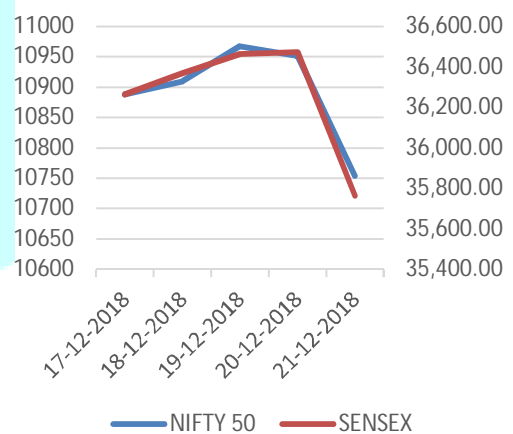
Sectoral Indices	WkOp	WkCl	% Chg
BANK	26915.45	26869.65	-0.17
AUTO	9304.65	9337.25	0.35
FINANCIAL	11364.75	11439.05	0.65
FMCG	30477.6	30199.8	-0.91
IT	14931.05	14207.85	-4.84
METAL	3161.35	3162.3	0.03
PHARMA	8775.35	8774.05	-0.01
REALITY	238.6	238.5	-0.04
ENERGY	14186.55	14159.75	-0.19

#### Nifty 50 top 5 gainers/losers

Gainers	% Chg
HPCL	10%
BPCL	8.5%
Power Grid	6.5%
Tata Motors	5.57%
JSW Steel	5.08%

Losers	% Chg
Zee Entertainment	-8.51%
Infosys	-8.58%
TCS	-4.72%
UPL	-3.81%
Grasim Industries	-3.64%

#### Benchmark Indices





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- There is also an additional demand to be created with the application of BSVI norms by the government in the adoption of parabolic leaf springs by major OEM's on the back of the need to lighter products. Jamna Auto has 90% presence in this market.
- JAI is the second-largest manufacturer across globe with an installed capacity of 240,000 units across its 9 manufacturing units. In order to cater to rising demand, it has two upcoming plants, one each in Indore and Adityapur.
- Net sales clocked year-on-year (YoY) growth of 42 percent on the back of strong demand coming in from M&HCV (medium and heavy commercial vehicle), which witnessed a YoY production growth of 38 percent during the same period. What continues to trouble the company is the sharp rise in RM (raw material) prices. RM prices as a percentage of net sales went up 144 bps leading to earnings before interest, tax, depreciation and amortisation (EBITDA) margin contraction of 72 bps (YoY). Fall in margin was arrested by operating leverage, lower operating and employee costs. Profit-after-tax (PAT) also witnessed a strong YoY growth of 21 percent.
- The stock looks very attractive at its current valuation of 16.58PE and we recommended it as a long term buy with a target of Rs95 in a years time.

## Market Outlook

The next week through shortened by holidays promises to be full of action as we await for Fiscal Deficit Data for the month of November and release of eight infrastructure industries data, apart from that currency data and global cues need to be tapped.