

CHAIRMAN'S LETTER



BHUPINDER SINGH JAUHAR
Chairman

Dear Shareholders,

I trust and hope that you and your families are safe and in good health. The COVID19 pandemic has gripped the entire world and impacted human lives and businesses adversely. People all over the world are struggling and hoping to resume their normal routines and activities soon. And we are no different.

The year under review had been a difficult one for the commercial vehicle (CV) segment due to prolonged recession in the automobile industry. The slowdown started in the second half of FY2018-19 itself and continued as the demand remained low throughout FY 2019-20. Unfortunately, by March

2020, the economy started feeling the impact of Covid-19 pandemic as well which has now become a global crisis. The Central and State Governments enforced nationwide lockdown in March 2020 and the industries were at a standstill during lockdown period. Operations at Company's plants and offices were temporarily suspended and disrupted during this period. Operations now have resumed gradually across locations in adherence with the social distancing norms and Governments guidelines.

During the year under review, consolidated sales and profits were Rs.1129 crore and Rs.48 crore respectively compared to sales of Rs.2135 crore and profits of Rs.137 crore in previous year. In view of the challenges faced in current economic situation, performance of the Company during FY 2019-20 towards its medium term Lakshya is broadly aligned. As a result of our focused efforts revenue from new markets (after-market and export) was around 24% as against 16% in FY 2018-19. While, in new products the revenue was around 32% at same level of 34% in FY 2018-19. However, primarily due to steep fall in revenue, the RoCE achieved was 16% as against 55% in last year.

During FY 2019-20, the Company has incorporated a wholly owned subsidiary company, viz., Jai Automotive Components Limited. The subsidiary has acquired land on lease at Indore from Madhya Pradesh State Industrial Development Corporation.

One assembly unit of Jai Suspension Systems LLP at Lucknow (U.P.) was closed in FY 2019-20. However, group installed capacity remained unchanged. The Company has also deferred its current capex and expansion plans which shall be reviewed upon demand revival. In line with the above, the proposed plant at Adityapur (Jharkhand) has also been deferred. The Stabilizer bars project is completed and the commercial production will start in FY 2020-21.

Last year, we had reported that our R&D team was developing Extralite springs using Tinsley Bridge Limited, UK technology. I would like to inform you that, during the year under review, prototypes of Extralite springs were in advanced stages of development.

Given the current economic crisis and continued spread of the pandemic, we do not expect any major demand from OEM or after market in current year as well. We understand that demand for Company's products shall depend on the production levels

of OEM's and commercial vehicle movement in the country. However, the situation has slowly begun to change and greater clarity will emerge in the next few months.

I would like to assure you that your Company is still in a strong financial position and will be able to tide out these hard times. The Company has adequate liquidity and support from banks to meet its business requirements. For FY 2019-20, the Company has paid dividend (inclusive of dividend distribution tax) of 40% of PAT as against the Lakshya of dividend payout ratio (inclusive of dividend distribution tax) of 33% of PAT. The Company paid dividend of Rs.0.40 per share for FY 2019-20. It is capable to service all debts as and when due. As on March 31, 2020 the Company had debt to equity ratio of just 0.2. A good RoCE track record with minimal debt reflects its ability and strength to generate positive cash flow on continuing basis.

The current pause has helped us revisit our current business strategies. Our priorities will of course be continuation of business with health and safety of our workers and employees. After market will continue to remain focus area and an important part of Jamna Auto Growth Strategy. To achieve its objective of de-risking from the cyclic nature of OE business

and have sustainable growth, organization has identified many new products to increase presence in the after-market sector by leveraging the existing channel and supply chain.

As a responsible corporate citizen, we shall continue to support our communities and people in need through corporate social responsibility. I firmly believe that your Company will emerge stronger from this crisis.

Your Company acknowledges the importance of harmonious industrial and employee relations. We are fortunate to have a committed, talented and motivated team which keeps us excited about our future. The Company recognizes the dedication and efforts put in by every employee at all levels.

Last but not the least, I would thank our customers, bankers, suppliers, business partners and shareholders. Without their continued support and confidence, your Company wouldn't have been where it is today.

Yours sincerely,

Bhupinder Singh Jauhar
Chairman