

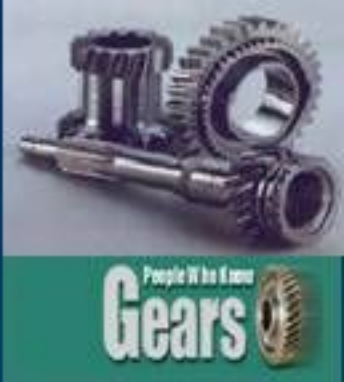


*"Quality is the  
manifestation of  
creativity. It means  
surpassing the best,  
breaking out of the  
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- Company Overview
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- Summary




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# Investment highlights



Well positioned to capitalize on the strong rebound in the Indian automotive sector

- Indian automotive sector **saw a strong rebound** during FY10 with PV (Passenger Vehicle) and CV (Commercial Vehicle) sectors witnessing Y-o-Y growth rate of 26% and 38% respectively in FY10 after having a flat/negative growth during FY09
- According to a SIAM-EY study, the sector is expected to grow at a **CAGR of ~14 % - 15%** over the next five years
- JMT has invested **~INR 1,916 Mn** over the last five years to backward integrate, streamline and enhance its manufacturing capabilities. This has enabled it build a strong platform needed to capitalize on the expected growth in the Indian automotive sector

Best in class operations

- **Fully integrated manufacturing facility** with significant forging and foundry capacities along with multiple machining and heat treatment facilities
- Multiple quality certifications: **ISO 9000, QS 9000, TS 16949 and AS 9100**

Diversified global customer base

- **Diversified marquee customer base** across wide range of sectors and geographies
- **Diversified end markets** - Non automotive business segments constituted ~8% of the total sales in FY10 and are growing rapidly

Strong financial performance

- TTM Net sales; **INR 2,672 Mn**, EBITDA: **INR 470 Mn** and PAT: **INR 85 Mn**
- Delivered 5 year **average EBITDA CAGR of 19.0%** and **Revenue CAGR of 11.3%**
- Witnessed **a healthy revenue growth of ~59%** during the first 9 months of FY11

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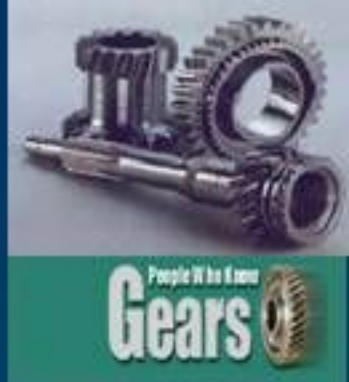


# Company Overview





# Business highlights



- JMT is one of the leading high precision component manufacturers for the auto, oil & gas, earth moving, agriculture, railways and aerospace sectors
- Its core competencies lie in manufacturing high quality high precision engineering components such as transmission and engine gears for automotive sector, valves and inserts for oil & gas sector and locking plates for railways
- JMT is one of the few auto component manufacturers in the country to have a fully integrated manufacturing facility with significant forging and foundry capacities along with multiple machining and heat treatment facilities
- JMT's heat treatment facility is the largest in the country and is recognized by the MNC's such as TIMKEN and CATERPILLAR as equivalent to the best in the world
- The Company is among the most technologically advanced auto component manufacturers in India which got recognized by the fact that JMT was able to receive AS9100 certification within 3-4 months marked improvement over other similar businesses in India



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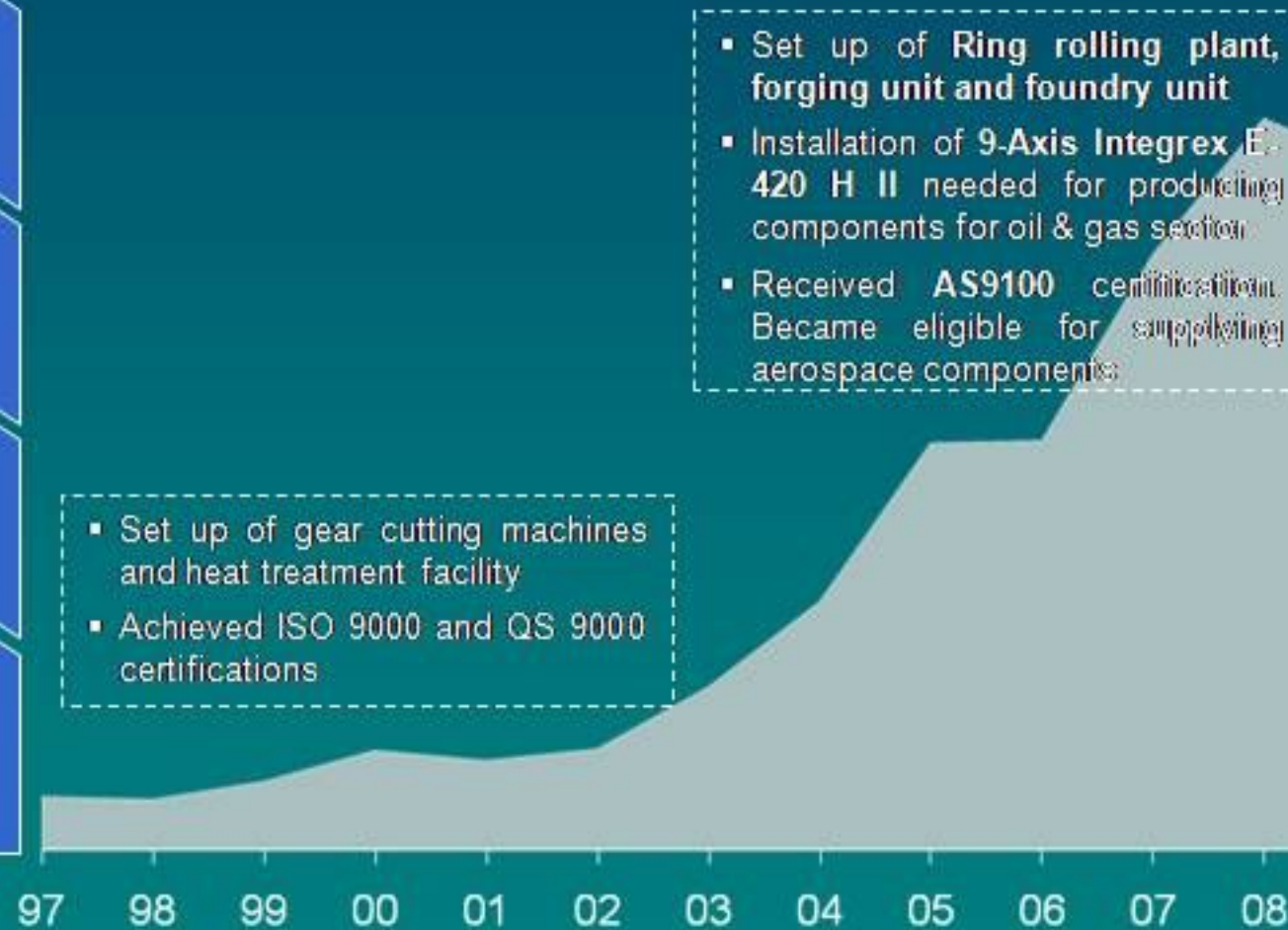




# On a strong growth trajectory



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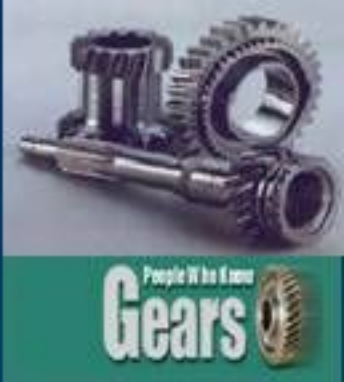
Focus on expanding product portfolio and augmenting technical capabilities

Focus on backward integration, technological advancement and diversification





# Qualified and accomplished Management team



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<b>Rajeev S. Dugal</b> <b>(Chairman &amp; Managing Director)</b>	<p>He has been leading the firm since its inception in 1987. His vision has earned him recognition as one of the upcoming entrepreneurs in India. He did his MBA from XLRI in 1985 and then took up the challenge of going into CNC technology when automobile Industry was looking at a major transformation from conventional technology.</p>
<b>Harjinder Singh</b> <b>(Chief Financial Officer)</b>	<p>An M.Com with 22 years experience in Book keeping and Taxation related matters assisted by a team of young professionals.</p>
<b>Ravi S. Dugal</b> <b>(President)</b>	<p>An engineer with 20 years experience in the industry. Focus on Non Automotive Exports and new markets. His main aim is to target growth with better revenues.</p>





# Organizational structure



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## Total number of employees - 1520

Employee breakup by type



■ Permanent Employees ■ Contractual Employees

Employee breakup by qualifications



■ Engineer ■ Diploma ■ Others

### ■ Training programmes for employees:

- Mandatory training: 32 Hrs / employee / annum
- In-house trainers used for training new employees
- Outside experts from different fields also periodically called for providing training to the employees





# Integrated manufacturing base

- JMT Auto has 7 state of art manufacturing facilities located at Jamshedpur (6 facilities) and Dharwad (1 facility)
  - **Unit I** – Machining facility primarily dedicated for manufacturing gears for Tata Motors and earthmover components for Telcon. The total covered area of this facility is 1,21,372 sqft
  - **Unit II** – Heat treatment facility with 19 furnaces and covered area of 4,69,577 sqft
  - **Unit III** – Machining facility dedicated for manufacturing camshaft gears for CNH, excavator pins for Tata Hitachi and other types of pins for TAFE and other customers. It has a total covered area of 30,113 sqft
  - **Forging Unit** – Facility equipped with 3 drop forge hammers varying from 1.0 ton to 2.5 ton, one 6 ton hammer and one 1,300 ton press. The total covered area in this facility is 3,33,669 sqft
  - **Foundry Unit** - It has 2 ton dual track inductotherm melting furnace with 600 ton capacity each. It is equipped with a TM-160 centrifugal sand mixer for automatic sand mixing. Majority of operations are carried out manually. The total covered area of foundry unit is 3,11,454 sqft
  - **Unit VI** : Machining facility dedicated for manufacturing valves and inserts for oil and gas sector. Gears and gear housing for Tata Motors are also manufactured here
  - **Dharwad Unit** – Heat treatment facility equipped with 6 furnaces having a covered area of 1,73,831 sqft
- The Company has organized its manufacturing facilities into small activity based manufacturing areas called cells such as hobbing cell, gear cutting cell, drilling cell etc. This lowers changing time needed during production processes and enables higher throughput



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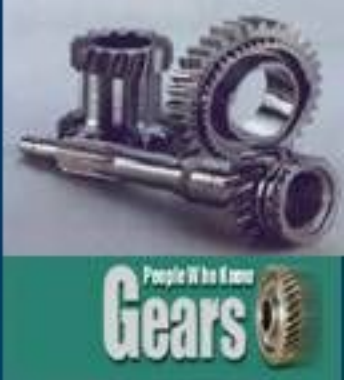
- ISO 9000
- QS 9000
- TS 16949
- AS9100

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# Diversified product portfolio to serve a wide range of industries



Product categories	Offerings	Indicative list of clients
Gear	On road and Off road vehicles, Railways	Tata Motors, Telcon, CNH, Daimler, Cummins, TAFE, L&T Komatsu, Caterpillar, BHEL, Indian Railways etc
Axle Components	On road and Off road vehicles	Telcon, Caterpillar
Excavator Components	Off road vehicles	L&T Komatsu, Caterpillar, BHEL
Engine Components	On road vehicles	Tata Cummins
Others	Railways, Oil & Gas, Defence and Aerospace	A leading service provider to the oil and gas sector, Timken, A leading Indian aeronautics company





# Diversified client base

## Excellent relationships with marquee names in the Indian automotive industries

### Indicative Customers List



OEMs	Share of Business (%)
Tata Motors	50% (of Gears, Shafts etc)
Cummins	25% (of Engine gears)
TAFE	50% (of Transmission gears)
Telcon	100% (of Housing, Drums & Gears)
Komatsu	100% (of Hydraulic gears & Bushes)
Caterpillar	100% (Of Companion flanges, Spindle & Arm pitman)
Eaton	100% of Spencer 696 driver shaft 100% of Reynosa 707 drive shaft

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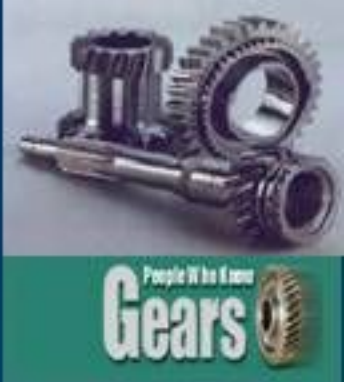


# End User Industries' Outlook





# Indian automotive sector on a strong rebound



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PV Segment Sales Volume Trend ('000)



CV Segment Sales Volume Trend ('000)

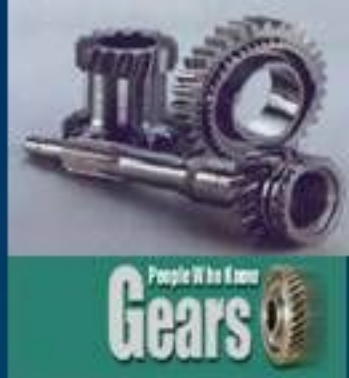


- After a year of falling sales during FY09, Indian automotive sector witnessed a strong rebound in FY10
- The secular growth story of the Indian automotive industry is expected to continue as the long term macro growth drivers remain intact



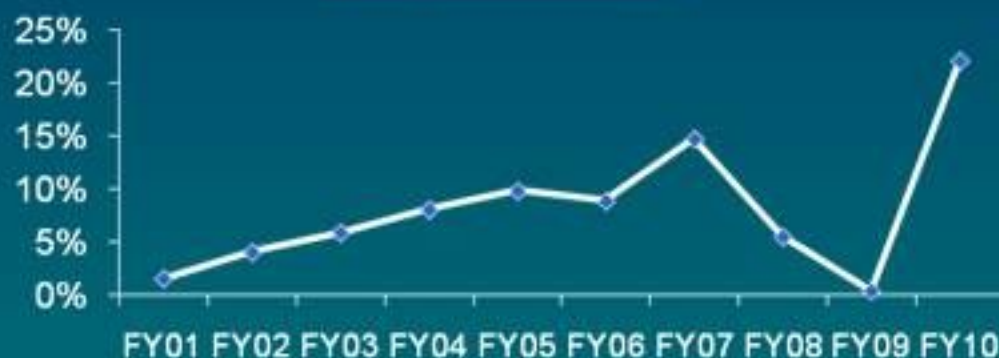


# Commercial Vehicle segment poised for a strong growth



## Buoyant Industrial Activities

IIP growth rate (%)



Source: RBI

## Firm Freight Rates

Truck rates from Delhi to major cities



Source: Market research

## Government Thrust on Road Development

Road & Bridges	Total Xlth Plan spend (INR Bn)
Center	1,074
States	1,000
Private	1,068
<b>Total</b>	<b>3,142</b>

Source: Planning Commission

## High Expected Replacement Demand

Trucks Profile



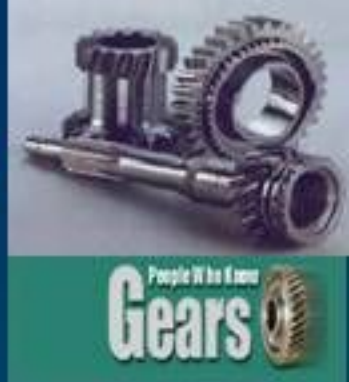
Source: Shriram Finance

**Driven by long term strong macro growth drivers, Commercial Vehicle segment is expected to grow at a CAGR > 20% over the next 3 years. JMT has a strong presence in this segment**





# Automotive component industry on a strong growth trajectory



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- Automotive components is expected to be one of the fastest growing sectors in the Indian manufacturing sector in the next decade
- India is turning out to be an attractive destination as a global outsourcing hub and manufacturing base for the original equipment manufacturers (OEMs), especially after the global economic downturn
- According to ACMA – EY 2020 vision document published in May 2010, the Indian automotive component industry is expected to grow at an annual CAGR of ~11.3% to US\$ 40 Bn during FY10 – FY16 while the investments in automotive component in India is expected to grow at a CAGR of ~15.1% to US\$ 21 Bn during the same period

Market Size (US\$Bn)



Source: ACMA FY10 Annual Report and ACMA – EY Vision 2020 document – May 2010

Investments (US\$Bn)

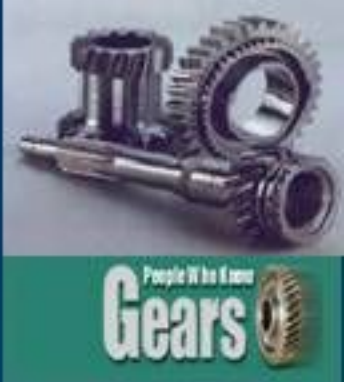


Source: ACMA FY10 Annual Report and ACMA – EY Vision 2020 document – May 2010





# Large untapped export potential for JMT

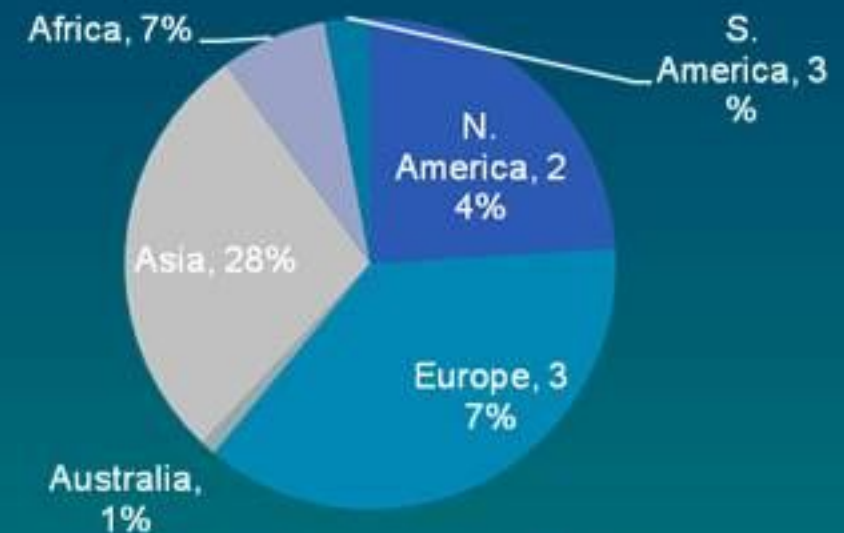


Export market size (US\$Bn)



Source: ACMA - EY Vision 2020 document - May 2010

Export markets (2009)



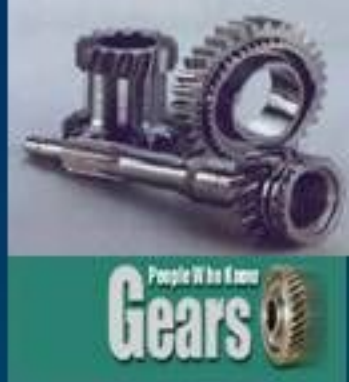
Source: ACMA - EY Vision 2020 document - May 2010

- According to ACMA – EY vision 2020 document, the export market for the Indian automotive component manufacturers is expected to increase almost two and half fold to US\$9.4Bn by FY15
- Given the enormous export potential of Indian auto component industry, JMT has enough head room to grow in international markets and hence is aggressively targeting these markets





# Indian Railways – an attractive sector for component manufacturers such as JMT



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Annual average production level - Wagons



Source: Vision 2020 document and White paper by Indian Railways

Annual average production level - Coaches



Source: Vision 2020 document and White paper by Indian Railways

- According to the Indian Railways Vision 2020 document, a huge investment is planned for the expansion of Indian Railways in the next decade - on an average an annual investment of ~ INR 290 Bn is expected to be done by Indian Railways in the rolling stocks during the next decade
- Indian Railways presents high growth opportunities for component manufactures such as JMT
- Railways is one of key focus area for JMT in the next 3-4 years. The Company is aiming to significantly ramp up its sales from this sector





# Financial Performance





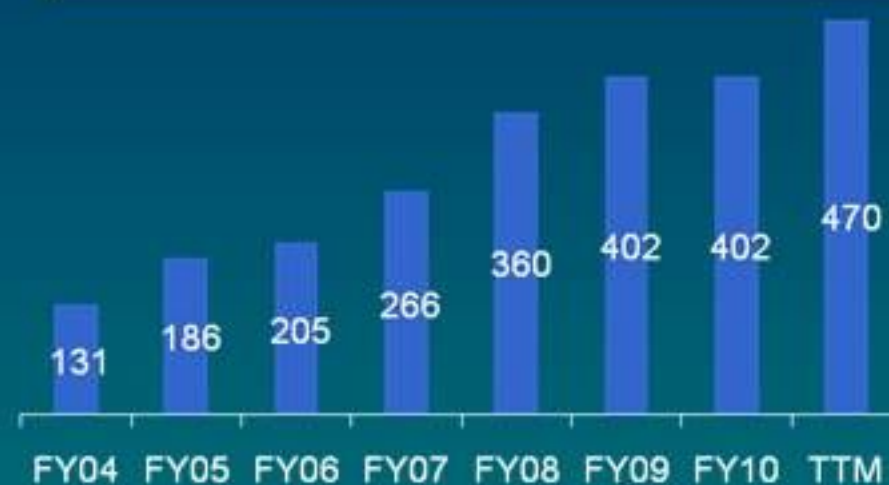
# Financial performance

Gross Sales (INR Mn)



**FY04 – FY10 Revenue CAGR: 18.5%**

EBITDA (INR Mn)



**FY04 – FY10 EBITDA CAGR: 20.7%**



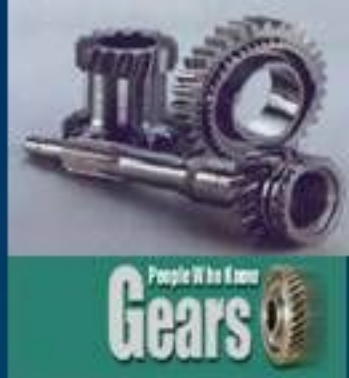
■ Despite extremely recessionary environment for ~2 years, JMT Auto has posted a Revenue CAGR of 18.5% and EBITDA CAGR of 20.7% during the last 6 years

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# FY11 first 9 months financial performance



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Particulars	Apr – Dec 2010(INR Mn)	Apr – Dec 2009(INR Mn)	Y-O-Y Growth (%)
Net Sales	2,066	1,303	58.6%
Other Operating Income	5	6	
Total Income	2,071	1,309	58.2%
Manufacturing and SG&A Expenses	1,718	1,030	
EBITDA	353	279	26.5%
Other Non -Operating Income	14	6	
Depreciation	134	118	
EBIT	233	167	39.5%
Interest	135	132	
PBT	98	35	180.0%
Tax	24	10	
PAT	74	25	196.0%

**Strongest first 9 month of a financial year in the last 5 years**






# Strategic Initiatives





# Key strategic initiatives

- Strengthen presence in non-automotive sectors such as railways, oil & gas, aerospace and defence
- Aggressively target international markets such as USA, Belgium, South East Asia, Brazil, Germany, Italy and Mexico
- Continue focus on capacity augmentation and automation
- Tighten its operations to optimize working capital levels

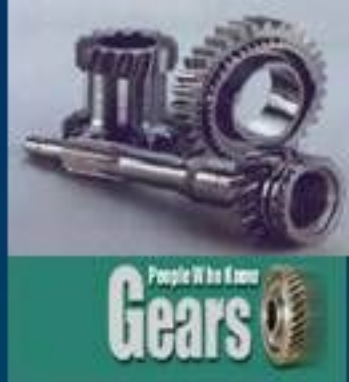


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# Strengthen presence in non-automotive sectors



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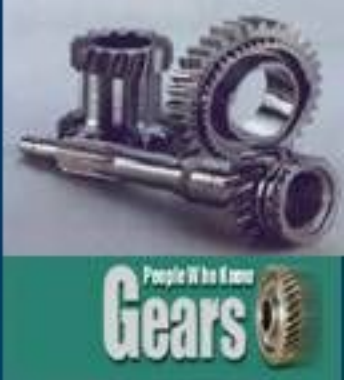


- Over the last few years JMT has invested significantly in developing capabilities to service non-automotive sectors such as railways, oil & gas, defence & aerospace and to further consolidate its presence in the off-Road Vehicle segment which is less cyclical than on road vehicle segment
- Sales from non automotive sectors such as railways and oil & gas has significantly increased during the first half of FY11
- JMT is targeting to increase the share of non-automotive sectors in Company's sales from existing 8% to ~ 18% - 20% in the next 3 years





# Aggressively target international markets



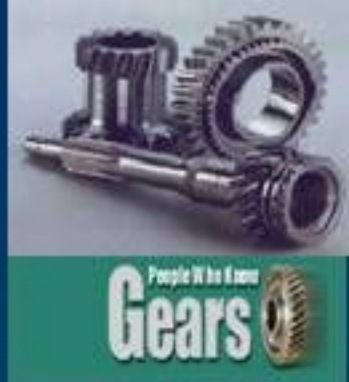
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- There is a large untapped potential in the international markets for JMT's products and hence the Company is aggressively targeting these markets. It is also continuously pitching for supplying parts to the international operations of the existing customers in India
- The international markets primarily targeted by the Company are USA, Belgium, South East Asia, Brazil, Germany, Italy and Mexico





# Continued focus on capacity augmentation and automation



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■ JMT has made significant investments (INR 1,916 Mn) in the last five years to backward integrate, streamline its manufacturing processes and build capabilities for increasing its presence in other sectors such as railways, defence, aerospace and oil & gas

- JMT would continue its focus on capacity augmentation and automation. The Company plans to make investments of ~INR 370 Mn in next two and half years on the followings initiatives
  - Increasing capacity of the heat treatment unit
  - New equipments for forging unit
  - Gear grinding equipments
  - New metallurgical equipments
  - Augmentation of gear cutting facility for the off-road and commercial vehicle segments
  - Modernization and automation of foundry unit





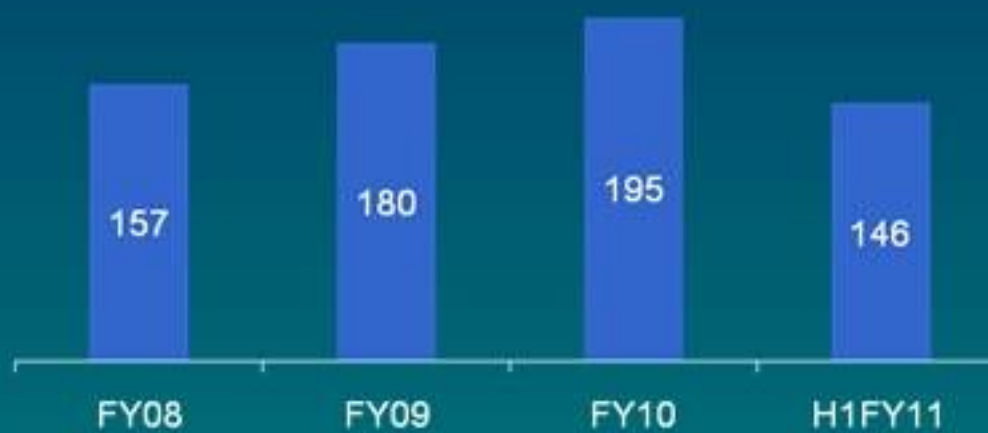
# Optimize working capital



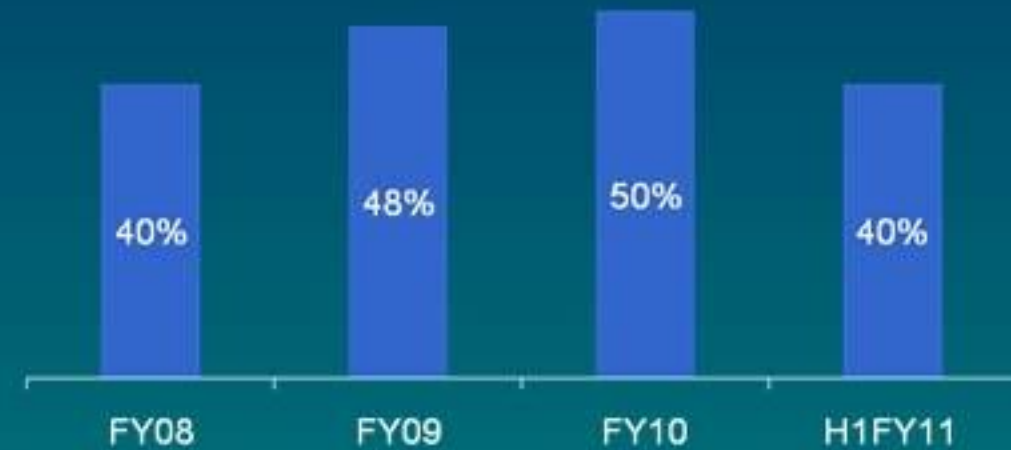
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Inventory days



Working Capital (as a % of Net sales)



Note: H1FY11 inventory days and working capital figures are calculated using TTM performance

- Implementation of ERP system will help the Company optimize the working capital levels – The result is already evident in the working capital trend of the first half of this financial year





# Summary







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- **Exciting time ahead for Indian component manufacturers**
  - Automotive industry has shown strong rebound post recession and is expected to continue on a healthy growth trajectory of annual growth rate between 15% - 18% in the next 2-3 years
  - Non-automotive sectors such as railways, oil & gas, aerospace and defence present new growth opportunities for the high tech component manufactures
- **The investments by the Company in the last 4-5 years has placed JMT in a good position to capitalize on the expected growth of its targeted industry segments in the coming years**
  - After stagnant sales during FY09 and FY10, JMT has witnessed a strong revenue growth during first 9 months of FY11, when the sales have grown by more than 55% as compared to the first 9 months of FY10
  - The Company is well positioned to enter/consolidate its presence in non automotive sectors such as railways, oil & gas, aerospace and defence
- **4-pronged growth strategy**
  - Strengthen its presence in non automotive sectors
  - Increase foothold in the international markets
  - Continue focus on capacity augmentation and automation
  - Optimize working capital levels







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# THANK YOU

