



**Moving up
the Value Chain**

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Moving up the Value Chain



In the ever-evolving era of technology, the companies are compelled to find innovative ways to stay aligned to the momentum and stay in the competition. Manufacturing industry is also attuned to this wave and undergoing rapid transformation. The essence of this metamorphosis lies in shifting and upgrading from the low end of the value chain to the notches above and being the avant-garde. For a company it can be summarized as moving up the value chain from parts to assemblies, assemblies to systems, systems to vehicle and complementing partnerships and Joint Ventures.

From this perspective and in order to foster growth, we took a quantum leap from auto systems manufacturing into vehicle manufacturing thereby moving up the value chain. The buses built by the Company are state-of-the-art and ultra-modern. The prerogative for our bus division is to provide comfort and safety to its commuters. Our R&D team has actively done global benchmarking and adapted world class aggregates with latest technology like Independent Front Suspension (IFS), Inverted Portal Axle (IPA) and multiplexing in our bus segment.

As a future readiness measure we have taken a number of steps where the focus has been optimizing energy cost. Independent feeder has been installed at Faridabad unit to ensure continuous availability of power. We have entered into an agreement with Indian Energy Exchange (IEX) for the purchase of electricity units at competitive rates through the bidding process. We continuously monitor and maintain sustainable power consumption

level which results in optimization of energy consumption. In order to avoid wastage and ensure optimal cost of energy, Energy Audits are conducted at regular intervals. We have installed energy efficient LED light in office areas and also installed energy efficient motors in paint shop. This has resulted in 30% less power consumption on an average than conventional motors.

In our pursuit to manufacture products with consistent quality we have adopted the best-in-class processes, like the Just in time (JIT), Kaizen, Low cost optimization, Lean manufacturing among others, to ensure implementation of 'the JBM way'. These processes are targeted towards improvement in the Return On Investment (ROI) of business, by reducing in-process inventory and its carrying costs.

Collectively these measures on the various fronts of production, optimization in consumption in energy, enhanced product quality have led to sustained value creation. Over the last five year we have been continuously growing where Net Sales grew at a CAGR of 15.85% and PAT grew at a CAGR of 19.47%. As we move ahead we are committed to continue to move up the value chain and also continuously add value to our stakeholders.

At JBM Auto, we are relentlessly working towards the needs of our customers and incorporating their requirements and delivering them upto their expectations. We have placed tremendous thrust on customer focus and continues to bond with them.





JBM Auto Ltd.

Journey: One story at a time

JBM Auto Limited, established in 1996, is the flagship company of the USD 1.35 Billion diversified JBM Group. The Company is an automotive company that manufactures key auto systems and city buses. The Company over the last two decades has focused on technological excellence and is supplying products to almost all major OEMs in India. JBM Auto aims to be a pioneer for initiatives related to sustainable transportation solution aiding towards passenger comfort and safety.

Vision

Expanding leadership in our business by creating an agile environment that delivers excellence and delight to stakeholders through the power of people, innovation and technology.

Values

Integrity & Ethics: The conscience to remain honest, sincere and just in conduct at all times.

Ownership & Commitment: Accountability towards undertaken tasks with complete responsibility of outcomes.

Respect & Teamwork: Foster trust, appreciate diversity of ideas, harness individual potential and channelize it to accomplish greater group goals.

Customer Trust & Delight: Meet commitments, be sensitive to customer needs, address issues with clarity and speed.

Safe & Green: A conscientious corporate citizen that prioritizes People Safety, Environment Conservation and Community welfare.



Company Business Divisions

Bus Division

JBM Auto unveiled 'ECOLIFE' – India's first 100% Electric Bus in the AutoExpo in Feb 2016. The Diesel variant of 'CITYLIFE' was also launched at the expo. The Company currently has orders for the CNG Variant 'CITYLIFE' buses. CNG variant of CITYLIFE has successfully undergone the product validation process.

Component Division

JBM Auto's Component division manufactures metal components, sub-assemblies & assemblies. The Body-in-White parts constitute all major sheet metal parts contained in outer body of the vehicle. This division also manufactures skin panels, chassis & suspension systems, Cross Car/Truck Beam, etc.

Tool Room Division

High precision is a prerequisite for tool making which can be achieved only via extensive collaboration with the customer. In order to conform to the CTQs the Company's tool rooms are continuously upgraded to interface with the latest industry-grade software and technology.



Key Clientele Base



Chairman's Message



Dear Shareholders,

I am delighted to get this opportunity to connect with you rather I look forward to giving you a holistic account of the year gone by and the promising future that awaits your Company.

During the year 2015-16, the global macroeconomic growth continued to stagnate around 3.0% with divergent traits across the advanced and developing economies. China's economic rebalancing acts have given kneejerk reaction to all the economies. On the other hand, India emerged as one of the fastest growing economies in the world. During the FY 2015-16 India registered a GDP growth of 7.6%. The softening of commodity prices and crude oil in particular, augurs well for India.

The Government's initiatives of 'Smart Cities' and fast tracking highways construction, is favorable for the public transport domain. To ensure a hassle-free journey, the Government of India has introduced uniform bus body code. The applies to all companies and individuals engaged in bus manufacturing or bus body building and all types of buses are covered under the bus code. The Government's move to down play the role of unorganised sector in the bus manufacturing business is paving the way for a uniform structure to the bus segment and also ensuring heightened quality and safety of the products.

We seek to achieve this goal by executing our strategies across segments of passenger cars, farm equipments and commercial vehicles by implementing advanced technology with quality standards. Our bus manufacturing division is equipped with modern European technology which will set a bench mark for the industry.

Our goal is not simply to sell individual products, but rather to understand our clients' objectives and fashion cohesive solutions that help achieve those objectives.

Our newly established manufacturing plant in Sanand & Indore for manufacturing auto components will cater to Ford and other customers in the region. The initial investment for this plant is ₹ 200 Crores. We have set up a plant in Indore with an initial investment of ₹ 100 Crores.

The automobile industry produced a total of 23,960,409 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in FY15-16 as against 23,358,047 in FY14-15, registering a marginal growth of 2.58% Y-o-Y. The Passenger Vehicles segment grew by 7.24% in FY15-16, over the previous year. The Commercial Vehicles (CVs) segment registered a growth of 11.51% in FY15-16, against FY14-15. Within the CVs segment, the Medium and Heavy Commercial Vehicles (M&HCVs) grew by 29.91% and Light Commercial Vehicles grew by 0.30% respectively in FY15-16, over the previous year. The Three Wheeler and Two Wheeler sales grew by 1.03% and 3.01% respectively in FY15-16, over the previous fiscal.

During the year your Company achieved a total income of ₹ 1524.16 Crores as against ₹ 1561.04 Crores recorded in the previous year. However, EBITDA has marginally increased to ₹ 196.54 Crores from ₹ 195.02 Crores as a result of improved operational efficiencies. The EBITDA margin stood at 12.9% as against 12.5% in the previous year. The intense efficiency enhancement measures across our operating businesses are now yielding measurable results that would continue in the future. Innovation is core of everything we do. We take a design-led approach to building the best user experience in the world, combined with seamless, efficient functionality. We firmly abide by our long term strategy of investing in the future to drive sustained growth and stay ahead of competition. We are never hesitant of confronting new challenges and will

continue to excel our competition, by engaging in effective strategic planning and flawless execution.

We are progressing well in the bus segment. Our CNG & Diesel bus 'CITYLIFE' and electric bus 'ECOLIFE', which was unveiled in the Auto Expo-2016 have received a good response.

I remain optimistic for the future of the industry. The Government's committed efforts towards its flagship initiative 'Make in India' is encouraging local manufacturers and has put India on a Global Manufacturing arena. This is bound to augment sales of auto components. With the monsoon progressing well, the rural demand for automobiles would pick up in the coming months, thus increasing the demand for auto components.

I would like to thank all our shareholders for their continued support in FY15-16, and all our dynamic employees, who have consistently pushed themselves enabling a steady progress for the Company. I am grateful for the trust and confidence you have placed in us.

Best Regards

Surendra Kumar Arya
Chairman

Financial Highlights

Consolidated

(₹ In Crores)

Particulars	2016	2015	2014	2013	2012
Gross Sales	1711.18	1747.04	1540.41	1321.85	1082.33
Net Sales	1517.76	1556.95	1363.89	1170.96	967.32
Other Income	6.40	4.09	5.59	3.81	5.78
Total Income (Gross)	1717.58	1751.13	1546.00	1325.66	1088.11
Profit Before Depreciation & Tax (PBDT)	143.79	162.12	124.17	92.95	78.18
Profit Before Tax (PBT)	84.84	122.36	84.02	59.84	47.84
Profit After Tax (PAT)	52.38	76.41	50.21	32.60	25.88
Equity Share Capital	20.40	20.40	10.20	10.20	10.20
Reserve & Surplus	323.27	280.23	227.06	158.54	129.54
Net Worth	343.67	300.63	237.36	168.74	139.74
PBT/Net Sales (%)	5.59	7.86	6.16	5.11	4.95
PAT/Net Sales (%)	3.45	4.91	3.68	3.24	2.68
RONW (PAT/Net worth)%	15.24	25.42	21.16	22.49	18.52
Debt Equity Ratio	0.64	0.79	0.52	0.96	1.37