



Jamna Auto Industries Limited

ANNUAL REPORT

2014-15



CRUISING AHEAD...

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Jamna Auto Industries (JAI) Limited is India's market leader in automotive suspension solutions. We are the only Indian company to provide a complete range of automotive suspension solutions for Commercial Vehicles (CVs).

Having attained leadership in conventional spring suspension products in our home market, we are fast expanding in new technology suspension systems and new market segments, including the aftermarket and exports.





At **JAI** FY2015 has seen us

...**deliver growth** that has outperformed industry

...**strengthen our leadership** position through increase in market share

...**continue to diversify** into new technology suspension systems and new market segments including the aftermarket and exports

...**achieve leaner metrics** to strengthen the balance-sheet and maintain our competitiveness and leadership position

**Moving towards achieving our vision of becoming
a leader in automobile suspension solutions**

CORPORATE INFORMATION

Board of Directors

Mr. Bhupinder Singh Jauhar
Chairman

Mr. Randeep Singh Jauhar
CEO & Executive Director

Mr. Pradeep Singh Jauhar
COO & Executive Director

Mr. Hardeep Singh Gujral
Executive Director

Dr. Pierre Jean Everaert
Nominee-Clearwater Capital Partners (Cyprus) Ltd

Mr. Karthik Athreya
(Alternate Director to Dr. Pierre Jean Everaert)

Mr. Jainender Kumar Jain
Director

Mr. Chander Kailash Vohra
Director

Mr. Uma Kant Singhal
Director

Mr. Shashi Bansal
Director

Mr. Rakesh Kalra
Director

Ms. Payal Chawla
Director

Management Team

Mr. Randeep Singh Jauhar
CEO & Executive Director

Mr. Pradeep Singh Jauhar
COO & Executive Director

Mr. Hardeep Singh Gujral
Executive Director

Mr. Vivek Bhatia
Associate President (Finance & Legal) and CFO

Mr. Sunil Laroia
Vice President (International Business) and Head R&D

Mr. AK Goyal
Unit Head Malanpur Plant

Mr. AR Nanjanath
Unit Head Chennai & Hosur Plant

Mr. Jagdish Adlakha
Unit Head Yamuna Nagar & Jamshedpur Plant

Mr. Madhukar Sharma
Global Head After Market

Mr. Bhupesh Mehta
Vice President Commercial

Mr. Sudheer Chandele
Head Manufacturing - Jamshedpur Plant

Mr. T Valiappan
Head Manufacturing - Chennai Plant

Mr. JJ Mohan
Head Corporate Quality

Mr. Praveen Lakhera
Company Secretary & Head Legal

Mr. Sudhanshu Kulshrestha
Head Marketing (OEM - India)

Mr. Ved Prakash Singh
Head Corporate HR

ADVISORS

AZB & Partners
Lakshmi Kumaran & Sridharan

TECHNICAL ASSISTANCE

Ridewell Corporation, USA

BANKERS

State Bank of India
Kotak Mahindra Bank Ltd.
Standard Chartered Bank
HDFC Bank
Lakshmi Vilas Bank
ICICI Bank Ltd.
YES Bank
Axis Bank
SBER Bank

AUDITORS

S. R. Batliboi & Co, LLP
Chartered Accountants

INTERNAL AUDITORS

M/s Protiviti Risk & Business Consulting (w.e.f April 1, 2015)
K. Khanna & Associates (upto March 31, 2015)

REGISTRAR & SHARE TRANSFER AGENT (RTA)

Skyline Financial Services (P) Ltd
D-153 A, First Floor, Okhla Industrial Area, Phase – I,
New Delhi-110020
Ph. no. 011-26812682, 26812683
Fax no. 011-26292681
Email: grievances@skylinerta.com

INVESTOR CELL

Mr. Praveen Lakhera
Company Secretary & Head-Legal
praveen@jaispring.com

CORPORATE OFFICE

2, Park Lane, Kishangarh, Vasant Kunj,
New Delhi-110 070, India
Ph.: +91-11-26893331, 26896960
Fax: +91-11-26893180

PLANTS

- i) Jai Springs Road, Industrial Area,
Yamuna Nagar – 135 001, Haryana
- ii) U-27-29, Industrial Area, Malanpur,
District Bhind– 477116, Gwalior, M.P.
- iii) Plot no. 22-25, Sengundram Village,
Maraimalainagar Industrial Complex,
Singaperumal Koil Post, District
Kanchipuram - 603 204, Chennai,
Tamil Nadu
- iv) 262 - 263, Village Karnidih, Chandil,
District Saraikella, Kharswan - 832401,
Jamshedpur, Jharkhand
- v) Thally Road, Kalugondapalli Post,
Hosur, District Krishnagiri-635114,
Tamil Nadu

UNDER SUBSIDIARY ENTITY

JAI SUSPENSION SYSTEMS LLP

Plot no. 50A, Sector-11, I.I.E., Pant Nagar,
District Udham Singh Nagar - 263153,
Uttarakhand

REGISTERED OFFICE

Jai Springs Road, Industrial Area,
Yamuna Nagar-135001 (Haryana)
Ph.: +91-1732-251810/11/14
Fax : +91-1732-251820
CIN L35911HR1965PLC004485

CHAIRMAN'S LETTER

Dear Shareholders

The year gone by witnessed strong acceleration towards our goal of becoming a leader in automobile suspension solutions. The return of positive sentiments to the domestic commercial vehicle (CV) industry, coupled with our strategic focus on new generation products and new markets, saw Jamna Auto Industries (JAI) deliver growth in our net revenues. In FY15, revenues were Rs 1,095 crore, up from Rs 833 crore in FY14. Consolidated EBITDA was Rs 95 crore in FY15, compared to Rs 67 crore in FY14, while consolidated net profit increased in FY15 to Rs 29 crore, compared to Rs 14 crore in FY14. JAI emerged as a clear outperformer in the year with volume growth in Leaf Springs and in our new product, Lift Axles, as we increased share of business with key customers.

Demand for commercial vehicles is directly linked to the macro-economic environment, especially manufacturing, mining and construction. Other key elements include the fluctuating value of the rupee, fuel prices and financing availability. On all these fronts, the past few years have been very challenging. However, increased policy interventions to push for growth in infrastructure projects by the new government, improvements in macro-economic trends and an uplift in investment sentiments have begun to push the CV industry out of the woods and towards a comprehensive turnaround.

In FY15, total CV sales volumes, including export sales, were at 700,743 units, translating into another year of de-growth. However, the decline was considerably narrowed down at 1.3%, with the Medium and Heavy Commercial Vehicle (M&HCV) sub-segment springing back to robust growth of 17.4% at 263,407 units. CV exports were also up 11.3% in the year to reach 85,782 units, taking its share in total volumes up to 12.2%. Although the Light Commercial Vehicle (LCV) segment decline was still significant with 9.9% volume degrowth, it is expected to pick up soon as recovery in the LCV segment usually follows with a lag to the M&HCV segment. Unification of India into one single market through the Goods and Services Tax (GST) is expected to lead to significant improvement in supply chains and reduction in costs. This, in turn, will lead to consolidation of warehouses paving the way for large stocking points and efficient transportation methods which augurs well for the Indian CV industry.

The positive results from our internal Project 'Lakshya' have well-positioned JAI to ride the CV upcycle. As mentioned in our earlier annual reports, 'Lakshya' has been carefully designed to strengthen our business model by diversification in products and markets to protect against the cyclical nature of our business.



JAI is India's largest and amongst the world's top three players in Multileaf Springs. Over the years, we have been continuously expanding our product range. During FY15, we expanded our share in the domestic OEMs market for Multileaf Springs. Our sales of Lift Axles in FY15 increased, and we also witnessed increased market response for air suspension.

We have emerged as a pioneer in adoption of new technologies, buoyed by our extensive in-house research & development programmes. Our focus on R&D innovations has always been a priority. We also have associations with global leaders like Ridewell Corporation, USA, with whom we have collaborated for design and manufacturing of Air Suspension and Lift Axles. Over time, we are witnessing an increase in the value of our products per vehicle. With increased adoption of our portfolio of new generation products in the country, we see this growing further.

The poor condition of roads in India and subsequent increased wear and tear of parts, especially suspension parts, is increasing the need for high quality replacement parts which is strengthening the CV aftermarket in India. This is a market JAI is well positioned to capture. We have been building awareness of the quality and efficiency benefits of JAI products in the aftermarket by working closely and networking with drivers and service centers. We also see strong potential for our products in the global aftermarket.

JAI has, in the past, successfully exported to global majors

such as Ford and GM. In India, we are already approved vendors with multinational OEMs operating in the country. We now plan to expand our relationship with these global players as an optimal sourcing base for their global requirements.

FY15 was a pivotal year in which JAI made **significant headway in our goal to become a leader in automobile suspension solutions.** Our 'Project Lakshya' has been carefully designed to ensure our goal is achieved by setting aggressive targets

The diversification in markets helps protect against cycles in the domestic market. It also opens up new avenues for scalable growth and leads to improvements in working capital cycle.

We have the potential to become a hub for global OEMs and are in the process of building meaningful capacities to increase our presence in exports and the aftermarket segment. We continue to invest from internal generations to increase capacity and reorganize existing capacities to ensure dedicated lines for new generation commercial vehicles. In FY16, we plan to spend Rs 75 crore to expand capacity by 30,000 MTPA which will come on line by Q1FY17 at our Hosur plant. The new line is focussed on new generation products and exports.

ROCE improvement is a major target in Lakshya. We saw significant improvement in FY15 with ROCE at 22%, compared to 12% in FY14. Going forward, we plan to have our net block equal to net worth in the next two years. FY15 saw us continue to strengthen the balance-sheet with reduced leverage and healthy cash flows with Rs 78 crore of free cash flow in FY15 and our total debt including current maturities reduced from Rs 125 crore in FY14 to Rs 64 crore in FY15.

The performance in the last quarter of FY15 has been very encouraging and sets the pace for growth going forward – our consolidated revenues increased to reach Rs 342 crore in Q4'FY15, against Rs 245 crore in Q4'FY14. Our Consolidated PAT in Q4'FY15 was Rs 15 crore, compared to Rs 3 crore in Q4'FY14, led by improvement in operating margins and reduction in finance costs.

As a testament to our financial performance, we achieved continuous improvement in our credit ratings. In FY15, ICRA upgraded our ratings: Long Term Rating from LBBB- to A-, Short Term Rating from A3 to A2+ and further improved Long term rating to 'A' and Short term 'A1' in the month of April 2015.

FY15 was a pivotal year in which JAI made significant headway in our goal to become a leader in automobile suspension solutions. Our 'Project Lakshya' has been carefully designed to ensure our goal is achieved by setting aggressive targets. In order to improve liquidity of the company's shares in the stock markets, it is proposed to sub-divide (stock split) each Equity Share of Rs 10 each into 2 Equity Shares of Rs 5 each.

The on-going recovery in automotive sector augurs well for JAI. JAI is well-positioned to maximize growth and returns as it develops new growth drivers in higher margin replacement market, new value added products aided by strong cash accruals and strengthened balance-sheet.

Before I end, I would like to thank our employees who have made a significant contribution to our success. I would also like to thank our customers, collaborators, bankers, FIs, suppliers, business partners and shareholders for their continued support and confidence in our company.

Yours sincerely,



Bhupinder Singh Jauhar
Chairman

JAI TODAY

JAI is one of the world's leading players in automobile suspension solutions

Six state of the art strategically located plants manufacturing high technology suspension systems

India's largest and amongst the world's top three manufacturers of Multileaf springs with a growing presence in Parabolic Springs, Lift Axles and Air Suspensions

Supplying to Global and Domestic Commercial Vehicle Original Equipment Manufacturers with a successful track record of consistently delivering best in class quality

Potential to become a hub for global OEMs and in the process of building meaningful capacities to increase our presence in exports and the aftermarket segment

Pioneers in adoption of new technologies on the back of our extensive in-house research & development programmes Technical Assistance Agreement with Ridewell Corporation, USA, for design and manufacturing of Air Suspensions and Lift Axles





What We Make

PRODUCT LEADERSHIP IN SUSPENSION SOLUTIONS

Largest capacity in India at state-of-art facilities



Multi-Leaf Springs

JAI is the market leader in Multileaf Springs with a domestic OEM volume share of 64%. We manufacture a comprehensive range of Multileaf Springs ranging from 3Kg to 200 Kg.



Parabolic Springs

JAI was among the first to introduce Parabolic Springs in India and today leads the market. Parabolic technology improves the ride comfort, gives much better vehicle life and costs less.



Air Suspension

Greater driver comfort and better handling. JAI launched its air suspension in FY13 and has begun supplying to leading players like SML Isuzu Limited.



Lift Axle

JAI introduced Lift Axles in FY13 and is already supplying this product to Ashok Leyland.

Our Manufacturing Edge

Six plants that are strategically located close to customer and export hubs

Six plants across India supplying to all major OEMs



Map not to Scale