



Jamna Auto Industries Limited



on the move...

ANNUAL REPORT

2015-16

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Jamna Auto Industries (JAI) Limited is India's market leader in automotive suspension solutions. We are, today, the only Indian company to provide the 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 markets, including the aftermarket and export segments.



Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

At **JAI** we are continuously

ON THE MOVE

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

...while maintaining our **dominant position** in the market
and **strengthening our ties** with existing & new clients

...continuing to **diversify** into new market segments including
the aftermarket and **export segments**

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



CORPORATE INFORMATION

Board of Directors

Mr. Bhupinder Singh Jauhar

Chairman

Mr. Randeep Singh Jauhar

Vice Chairman & Executive Director (From May 20, 2016)

Mr. Pradeep Singh Jauhar

Managing Director & CEO (From May 20, 2016)

Mr. Hardeep Singh Gujral

Executive Director

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

ADVISORS

AZB & Partners
Lakshmi Kumaran & Sridharan

TECHNICAL ASSISTANCE

Ridewell Corporation, USA

BANKERS

State Bank of India
Kotak Mahindra Bank
Standard Chartered Bank
HDFC Bank
ICICI Bank
AXIS Bank
YES Bank

AUDITORS

S. R. Batliboi & Co, LLP
Chartered Accountants

INTERNAL AUDITORS

Protiviti, Risk and Business Consulting

SHARE REGISTRAR & 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
Email: praveen@jaispring.com

CORPORATE OFFICE

2, Park Lane, Kishangarh, Vasant Kunj,
New Delhi-110 070, India
Ph. No.: 011-26893331, 26896960
Fax No.: 011-26893180

REGISTERED OFFICE

Jai Springs Road, Industrial Area,
Yamuna Nagar-135001
Ph. No.: 01732-251810/11/14
Fax No.: 01732-251820
CIN L35911HR1965PLC004485

PLANTS

1. Gwalior (MP)
2. Yamuna Nagar (Haryana)
3. Jamshedpur (Jharkhand)
4. Chennai (Tamil Nadu)
5. Hosur (Tamil Nadu)
6. Pillaipakkam (Tamil Nadu)
7. Pune (Maharashtra)

UNDER SUBSIDIARY ENTITY

8. Pant Nagar (Uttarakhand)

CHAIRMAN'S LETTER



Dear Shareholders

The year 2015-16 witnessed India becoming one of the fastest-growing economies in the world, something to clearly rejoice about. Adding to the cheer, the Commercial Vehicle (CV) industry delivered buoyant growth on the back of the much-anticipated revival of the Light Commercial Vehicles (LCVs) segment and a second consecutive year of 'best-in-industry' performance of the Medium & Heavy Commercial Vehicles (M&HCVs) segment. The improved economic environment provided strong impetus for Jamna Auto Industries (JAI) which, for the second year in a row, outperformed the CV industry growth of 12.2%. JAI ended the year with year-on-year (YoY) growth in net consolidated revenues to reach Rs. 1,256 crore in FY2015-16 compared to Rs. 1,095 crore in FY2014-15.

We are happy to report that the year also saw us make strong progress in profitability. Our strategic focus on diversifying our product portfolio to add more value-added higher-margin products and improvement of operational efficiencies saw us deliver YoY growth in our consolidated EBITDA, which reached Rs. 165 crore in FY2015-16 compared to Rs. 95 crore in FY2014-15. JAI, not only registered volume growth in both its conventional and non-conventional product segments, but also increased its share of business with key customers. Going forward, as industry momentum gathers strength, we look forward to expand our

share of business with existing and new customers and those with whom our presence is relatively low.

Low energy prices, easing of interest rates and low inflation have helped pull back the muffled demand for LCVs, which during the year grew at 2.6% YoY. The government's increased investment and focus on infrastructure projects, along with roll-out of new policies, have strengthened the already strong performing M&HCV segment, which registered a growth of 28.2% YoY in FY 2015-16. Cumulatively, the CV industry, including both domestic and export segments, grew 12.2% to reach sales of 7,87,393 units.

Improvement in internal efficiency and productivity, coupled with the industry up-cycle, has taken us closer to achieving the internal target we set for ourselves in terms of 'Project Lakshya'. We have improved our ROCE from 22% in FY 2014-15 to 51%, in FY2015-16. We will continue to maintain a payout ratio of 33% as we believe in creating value and sharing it with our shareholders.

Revenue from non-conventional products increased in the year as the Indian market gradually continued to adopt new products, helping us inch towards the 33% target for revenue from non-conventional products. We have

maintained our stronghold as India's largest player in Multileaf Springs and have further increased our domestic Original Equipment Manufacturers (OEMs) market share. Our other non-conventional products are performing in line with our expectations and have experienced demand pull from the market after gaining acceptance from many clients.

We continue to be focused, in line with our commitment, to increase revenue from new markets, such as exports and aftermarkets to 33%. The aftermarket, which is estimated to be larger than the OEM market, due to India's poor road infrastructure, presents a huge opportunity. This year, we have formed a dedicated strong team to work on improving our presence in this segment.

During the year, we have set up two manufacturing units for air suspension & lift axle, one in Pune and other in Pillaipakkam near Chennai. We also begun work on our integrated R&D centre in Pune. On the exports front, the Hosur plant is being further expanded to cater to international players. This is part of an overall expansion plan in which we are expanding capacities at both Malanpur and Hosur plants. The entire expansion will be funded through internal accruals in line with our 'Lakshya' of 'Net Block to be funded by Net Worth'.

Our journey has been built on trust and faith of our shareholders and clients. During the year, apart from strengthening our ties with the existing clients, we also built relationships with new customers. Multinational OEMs have shown great confidence in us which has helped us in expanding the reach of our non-conventional products. With increasing acceptability in the market and OEMs moving towards newer technologies, we are witnessing a market shift towards parabolic springs, which is good news for us.

Usually, manufacturing firms struggle with debt, but I am pleased to inform that your company is now virtually debt-free. This will help your company maintain our aim of

Improvement in internal efficiency and productivity, coupled with the industry up-cycle, has taken us closer to achieving the internal target we set for ourselves in terms of 'Project Lakshya'.

fulfilling any future capex requirements from internal accruals as stated in 'Project Lakshya'. By virtue of our financial performance and market leadership, we have seen continuous upgradation in our credit rating. During the year, ICRA once again upgraded our rating for term loans from 'A+' to 'AA-'.

Before I close, I would like to take this opportunity to thank our employees who have made significant contribution to our success. I would also like to express my gratitude to our customers, collaborators, bankers, suppliers, business partners and shareholders for their continued support and confidence in our company.

Yours sincerely,

Bhupinder Singh Jauhar

Bhupinder Singh Jauhar
Chairman

JAI is one of the world's **leading players in leaf springs.**

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

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**

Pioneer in the adoption of new technologies **on the back of
our extensive in-house R&D programmes** and Technical
Assistance Agreement with **Ridewell Corporation, USA, for
design & manufacturing of Air Suspension & Lift Axles**

What We Make

PRODUCT LEADERSHIP IN SUSPENSION SOLUTIONS



Multi-Leaf Springs

A stack of spring steel leaves held together with a center bolt. The number of leaves in a stack will directly affect the spring's capacity or load rate. JAI is the market leader in Multileaf Springs with a domestic OEM volume share of 66%. We manufacture a comprehensive range of Multileaf Springs ranging from 3 Kg to 200 Kg.



Parabolic Springs

A leaf or a set of leaves that are tapered in a parabolic curve. It allows better ride quality and weight reduction; is capable of handling increased stress levels and reduced inter-leaf friction for longer fatigue life. JAI was among the first to introduce Parabolic Springs in India and today leads the market.



Air Suspension

Used in place of conventional steel springs, mostly in heavy vehicle applications, such as buses and trucks. Provides smooth and constant ride quality. JAI launched its air suspension in FY13 and has begun supplying to leading players, such as SML Isuzu Limited and the aftermarket.



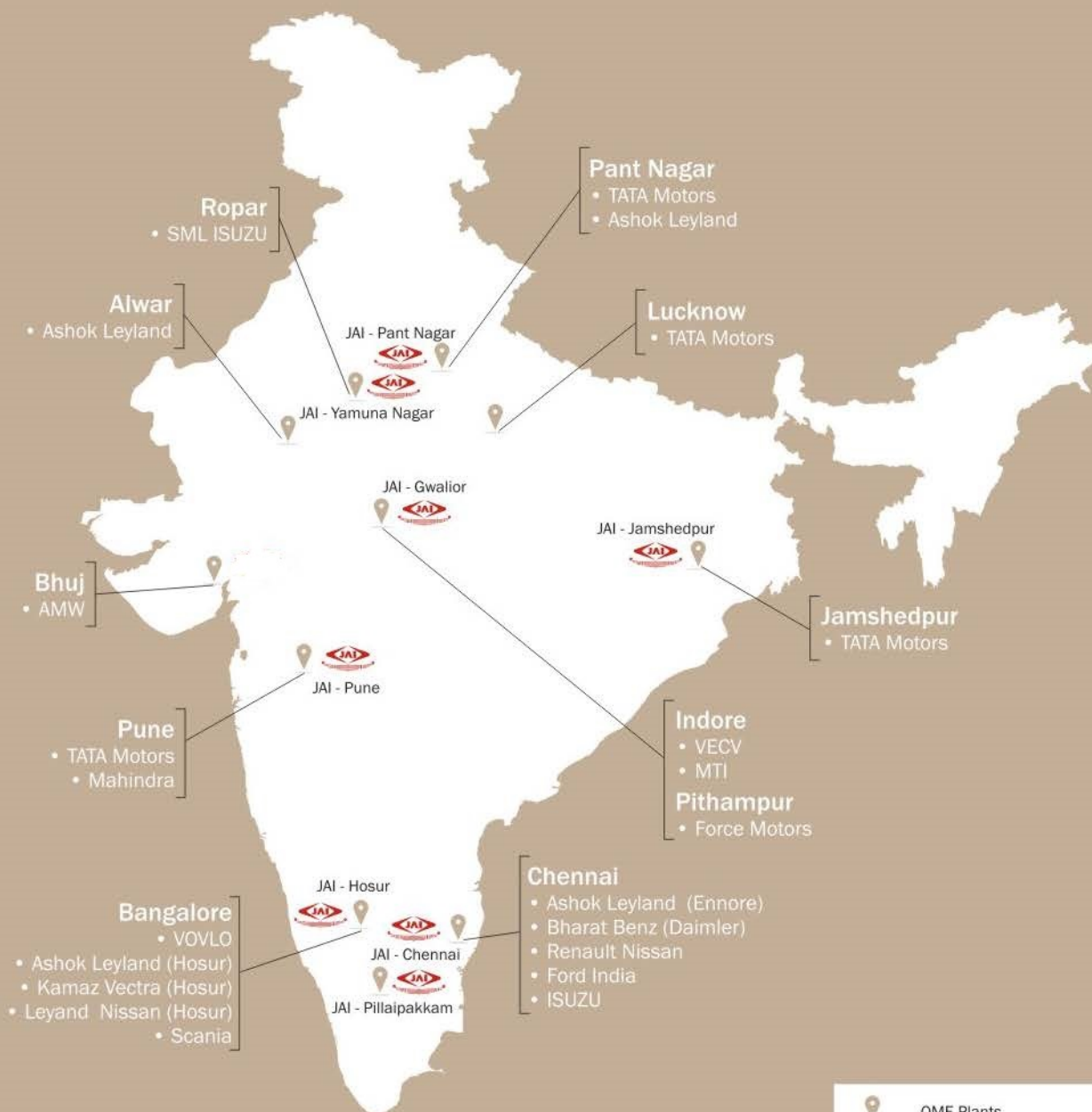
Lift Axle

Uses air bags to carry weight. Can be mounted on a truck, trailer or both and is commonly found on tanker-style trucks as well as vehicles used to haul oversized loads. JAI introduced Lift Axles in FY13 and has begun supplying to leading players such as Ashok Leyland, VE Commercial Vehicles and Mahindra & Mahindra.



Our Manufacturing Edge

Largest capacity in India at state-of-the-art facilities

Eight plants across India supplying to all major OEMs



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

 OME Plants
 JAI Existing Plants
Pant Nagar Plant is under subsidy entity
Map not to scale