

ANNUAL REPORT

2016-17



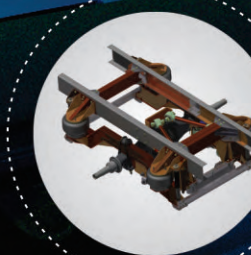
Jamna Auto Industries Limited



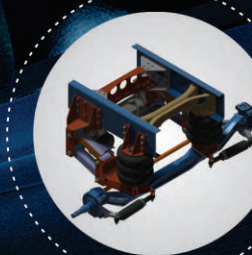
Multi-Leaf Springs



Parabolic Springs



Air Suspension



Lift Axle

Ahead of the Curve



At JAI, we are continuously looking for ways to stay ahead of the curve...

...by focusing on **new products**

...by expanding into **new markets**

...by embracing our **customers' needs**

...by implementing **leaner metrics**

...by adopting **new technology**

To achieve our vision
of becoming a
global leader in automobile
suspension solutions

CORPORATE INFORMATION

Board of Directors

Mr. Bhupinder Singh Jauhar

Chairman

Mr. Randeep Singh Jauhar

Vice Chairman & Executive Director

Mr. Pradeep Singh Jauhar

Managing Director & CEO

Mr. Hardeep Singh Gujral

Executive Director

Mr. Jainender Kumar Jain

Director

Mr. Uma Kant Singhal

Director

Mr. Shashi Bhushan 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
YES Bank

AUDITORS

S. R. Batliboi & Co, LLP
Chartered Accountants

INTERNAL AUDITORS

Protiviti, Risk and Business Consultant

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. **Yamuna Nagar** (Haryana)
2. **Gwalior** (MP)
3. **Chennai** (Tamil Nadu)
4. **Jamshedpur** (Jharkhand)
5. **Hosur** (Tamil Nadu)
6. **Pune** (Maharashtra)
7. **Pillaipakkam** (Tamil Nadu)
UNDER SUBSIDIARY ENTITY
(JAI SUSPENSION SYSTEMS LLP)
8. **Pant Nagar** (Uttarakhand)
9. **Lucknow** (UP)

CHAIRMAN'S LETTER



Dear Shareholders

We are happy to report another successful year for Jamna Auto Industries Limited (JAI). This is despite the fact that FY 2016-17 was a year full of challenges, uncertainties and subdued growth for the commercial vehicles (CV) industry.

FY17 saw the CV industry deliver moderated growth of 4.3% YoY following a healthy rise of 12.2% in FY16. In the same period, JAI registered growth of 3.4% with a net consolidated revenue of Rs. 1,299 crore compared to Rs. 1,256 crore in FY16. Our consolidated PBT for FY17 reached Rs. 144 Crore from Rs. 105 crore in FY16.

At JAI, your Company's strategic and operational objectives over the past few years have focused resolutely on its 'Lakshya' goals. Each 'Lakshya', whether it be with regard to product and market mix, operational efficiencies, optimal metrics or dividend payout is a well-thought-out stepping stone in your Company's endeavour to remain ahead of the curve.

In terms of capacity, on the back of the Hosur expansion, your Company entrenched its position as one of the top three manufacturers of multi-leaf springs in the world. In the coming years, your Company wishes to expand its presence in new markets such as exports and aftermarket (AM) and keep diversifying the product portfolio, adding more value-added high-margin products.

Demand for CVs is directly linked to the macro-economic

scenario, especially manufacturing, mining and infrastructure industries. Overall sales (domestic sales & exports) of the M&HCV (truck) segment registered a moderate growth of 2.56% YoY in FY17 compared to 28.2% registered in FY16, while the LCV segment registered a growth of 5.6% YoY, over the 2.6% YoY growth registered in FY16.

During the year, uncertainty over regulatory policy changes and the move to BS-IV norms had a transitory effect on the growth of CV sales, along with slower-than-expected demand from infrastructure sectors.

In the medium term, thanks to the government's increased investment in infrastructure projects, along with the roll out of new policies and economic reforms, most indicators predict a positive outlook for the CV industry.

As per 'Lakshya', in FY17, your Company has maintained the dividend payout ratio of 33% and achieved a Return on Capital Employed (RoCE) of 55%. Improvements in operational and production efficiencies, installation of more efficient machines, reduction in finance cost and a favourable product mix have helped your Company reduce the breakeven point, gradually moving towards its 'Lakshya' of breakeven at 33% capacity utilization.

After establishing market leadership in OEM's, the Company is strengthening its infrastructure for the growing AM

segment. Implementation of GST from July 01, 2017 presents level playing field for JAI in AM. As part of derisking strategy the company has set up target of 33% revenue from domestic and overseas AM segment and OE Export. The Company has formed a strong and dedicated team to expand marketing network throughout the Country.

Your Company is proud to announce that expansion at Hosur is complete and production has been started. The Hosur plant, equipped with advanced technology, will serve as the hub for majority of the international players. During the year,

Lakshya

Improvements in operational and production efficiencies, reduction in finance cost and a favourable product and market mix have helped your Company move closer to its targets as per **'Project Lakshya'**.

a manufacturing unit for leaf and parabolic springs was setup in Lucknow by subsidiary entity JAI Suspension Systems LLP.

Research and Development is a constant endeavour at JAI and your Company is proud to announce that its Research and Development Center at Pune has been approved by the Department of Scientific and Industrial Research, Government of India. With increasing focus on technology, your Company has made investments in IT and is being implemented across the organisation. JAI incurred capital expenditure of Rs. 68 crore in FY16 and Rs. 90 crore in FY17 to increase capacity and modernization/upgradation of technology in existing and new plants. These expansions were largely funded through internal accruals.

The past year was a pivotal year in which JAI made considerable progress towards its goal of becoming the global leader for automobile suspension solutions. Your Company's current ICRA ratings stand maintained at: Short-Term Rating (A1+), Commercial Paper Rating (A1+) and Long-Term Rating (AA-).

New Markets and New Products

Increased focus on new markets such as exports and aftermarkets and with a gradual shift in the market towards parabolic springs and lift axles, we are expanding our market base.

Before I conclude, I would also like to take this opportunity to thank all our employees and shareholders for putting their trust and faith in JAI and for their contribution to your Company's success. I would also like to express my gratitude towards JAI's customers, collaborators, bankers, suppliers, business partners for their continued support and confidence shown to your Company.

Yours sincerely,



Bhupinder Singh Jauhar
Chairman

JAI TODAY

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

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

A pioneer in implementing new technologies on the back of our extensive in-house R&D approved by the Department of Scientific and Industrial Research

We have association with global leader Ridewell Corporation, USA, for design and manufacturing of Air Suspension and Lift Axles

What We Make

PRODUCT LEADERSHIP IN SUSPENSION SOLUTIONS

Parabolic Springs



A leaf or a set of leaves tapered in a parabolic curve. It allows improved ride quality and weight reduction, making it capable of handling increased stress levels and reduced inter-leaf friction for longer fatigue life. JAI was first to introduce Parabolic Springs in India and today leads the market. Being a leader in Parabolic springs technology in the country, JAI is guiding Indian Automotive industry to convert traditional conventional springs to parabolic springs. These spring not only weigh less but also provide much better ride and life.

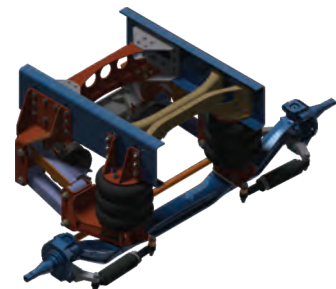


Air Suspension

Used in place of conventional steel springs, mostly in heavy vehicle applications such as buses and trucks. It provides smooth and constant ride quality. JAI launched its air suspension in FY13 and has received enthusiastic response from OEM. In order to provide bump free ride JAI Introduced Air Suspension for buses in FY 13. Four air bags ensure smooth and consistent ride.

Lift Axle

Uses air bags to carry weight. It can be mounted on trucks, trailers or both and is commonly found in tanker-style trucks as well as vehicles used to haul oversized loads. JAI introduced Lift Axles in 2013 and is already supplying this product to many leading Indian and global OEMs. JAI introduced 6 ton lift axle in FY 2013. It allows truck to carry additional 6 ton load and axle can be lifted to save on tyre life when running empty. JAI also introduced 10 Ton Axle in FY 16.



Multi-Leaf Springs

A stack of spring steel leaves held together with a centre bolt. The number of leaves in a stack will directly affect the spring's capacity or load rate. JAI is the market leader in Multi-leaf Springs with a domestic OEM volume share of 70%. JAI manufacture a comprehensive range of Multi-leaf Springs ranging from 3 Kg to 200 Kg.

Our Manufacturing Edge

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

Nine plants across India supplying to all major OEMs



BEST-IN-CLASS CUSTOMERS

All major truck manufacturers use JAI's suspension systems