



Jamna Auto Industries Ltd

ANNUAL REPORT 2009-10

Expanding *frontiers*



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# 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. Robert Dean Petty  
*Nominee-Clearwater Capital Partners India Pvt. Ltd.*

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

Mr. Jainender Kumar Jain  
*Nominee-ICICI Bank Limited*

Mr. Dileep Kumar Jain  
*Nominee-IFCI Limited*

Seth Ashok Kumar  
*Director*

Mr. Uma Kant Singhal  
*Director*

Mr. Chander Kailash Vohra  
*Director*

Mr. Shashi Bansal  
*Director*

Mr. S. P. S. Kohli  
*President & Executive Director*

## Auditors

Goel Garg & Co.  
*Chartered Accountants, New Delhi*

ASG & Associates  
*Chartered Accountants, New Delhi*

A. K. Kalia & Associates  
*Chartered Accountants, Chandigarh*

## Bankers

State Bank of India  
ICICI Bank Ltd.  
Canara Bank  
Kotak Mahindra Bank  
Standard Chartered Bank

## Share Transfer Agent

Skyline Financial Services Pvt. Ltd.  
246, 1st Floor, Sant Nagar,  
East of Kailash,  
New Delhi-110 065  
Ph: 011-26292682/83  
Fax: 011-26292681

## Investor Cell

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

## Technical Assistance

Ridewell Corporation, USA

## Registered Office

Jai Springs Road, Industrial Area,  
Yamuna Nagar - 135001 (Haryana)  
Tel: 01732 - 251810/11/14

## Corporate Office

2, Park Lane, Kishangarh, Vasant Kunj,  
New Delhi-110 070, India  
Tel: 011-26893331, 26896960  
Fax: 011-26893180, 26893192

## Plants

- i) Jai Springs Road, Industrial Area,  
Yamuna Nagar - 135001 (Haryana)  
Tel: 01732 - 251810/11/14
- ii) U: 27-29, Industrial Area, Malanpur,  
Distt. Bhind - 477116, (M.P.)  
Tel: 07539 - 283396, 409117
- iii) Plot no. 22-25, Sengundram Village,  
Maraimalai Nagar Industrial  
Complex, Singaperumal Koil Post,  
Distt. Kanchipuram- 603 204  
(Tamil Nadu)  
Tel: 044- 27463800, 27464346/348,  
Fax: 044-27464352
- iv) Plot No. 263, Karnidh, Chandil,  
Distt. Saraikella - Kharswan  
(Jharkhand)  
Tel: 0657-2940671
- Under Subsidiary**
- v) Plot No. 50A, Secotr-11, I.I.E.,  
Pant Nagar, Distt. Udham Singh  
Nagar (Uttarakhand)

# Chairman's Letter



The company is moving up the value chain to become a complete suspension system solution provider to our customers.

*Dear Shareholders,*

The year 2008-09 was a tough ride that offered numerous challenges in terms of lower demand, higher material prices and liquidity issues. However, amidst all the uncertainties, we held on well to the steering wheel and worked our way through the rough patches to stay on course - for we knew that our learning from this tough journey would enable us to accelerate well, the moment we get to a smoother road.

That smoother road became visible during 2009-10. The impact of the fiscal measures and stimulus packages by the Government of India to combat slowdown had a beneficial impact in recovery of the Indian economy leading to increased manufacturing activity. While the optimism in economy resulted in sudden spurt in demand from our customers, the biggest challenge was to ramp up the production. We initiated a dedicated multi pronged strategy of increasing locations, adding part numbers and induction and training of manpower.

For the financial year 2009-10, we are pleased to post consolidated gross sales of Rs 661 crore, up 27% against Rs 521 crore in 2008-09. Our EBITDA improved by 116% to Rs 80 crore against Rs 37 crore. Net profit was Rs 19 crore against loss of Rs 13 crore. EBITDA margin was 12% as against 7%. Improved performance resulted in interest cost coming down to Rs 26 crore as against Rs 36 crore. As part of derisking strategy, the company improved its presence in the domestic and overseas after markets. Replacement market sales touched Rs 76 crore which was 38% higher than the corresponding sales of Rs 55 crore. Exports rose to Rs 5.38 crore against Rs 3.11 crore. The detailed working of the company's



performance for the period under review is enclosed for your perusal.

The company's focus in value engineering by conversion to parabolic springs paid off with Tata Motors deciding to convert front springs of two of their high selling models to parabolic springs. We expect an improved share from parabolic springs and will further augment capacity in view of the emerging demand.

During 2009-10, UD Trucks Corporation, Japan (a subsidiary of Volvo) issued LOI for supply of leaf springs to its Japanese plant. The production for this order is expected to commence from August 2010.

The company is moving up the value chain to become a complete suspension system solution provider to our customers. Our technical team has been engaged in developing prototypes of Air Suspension, Lift Axle and Bogie Suspension in technical collaboration with Ridewell Corporation, USA. The results are encouraging and once trials are successful, these will be launched in the market.

We will continue to expand in the growing domestic and overseas replacement markets as part of the company's de-risking strategy. The company is also entering the OE segment in Europe and Japan. To meet the increased demand the company started assembly production at Jamshedpur plant during 2009-10 and full fledged production is expected to commence from October 2010 onwards. We plan to set up a new export plant at Gwalior, plants at Lucknow

and Pune and modernize Chennai and Yamuna Nagar Plants. These new plants will have manufacturing capabilities to produce high quality leaf and parabolic springs for new generation European and Indian commercial vehicles.

IMF and various Government agencies have been releasing economic data which indicate that the country's GDP growth will be around 7.5% in 2010-11 and the trend is likely to continue in near future. We expect the GDP growth to be higher than the forecast and demand for CVs is expected to remain strong in near future.

We take pride in our motivated and dedicated employees who are the backbone of the company. We are constantly engaged in improving their skill sets and have tied up with JIPM (Japan Institute of Plant Management) to help achieve the objective of world class manufacturing. The company rewarded 125 employees with Employees' Stock Option Schemes (ESOPs). We strongly believe that wealth created must be shared with employees.

The company will continue to focus on higher market share, invest in technology and capacity, reduction in manufacturing cost, finance cost and debt and maximization of shareholders wealth.

I would like to thank our customers, bankers and shareholders of the company for supporting us in difficult time and believing in our credentials.

**Bhupinder Singh Jauhar**  
*Chairman*

## Expanding *frontiers*



RECOVERY ACROSS GLOBAL ECONOMIES IS POSITIVELY IMPACTING BUSINESSES ACROSS THE WORLD. THIS HAS LED TO REVIVAL OF INDUSTRIES AND IS EVIDENT ACROSS KEY SECTORS OF THE INDIAN ECONOMY.





The Indian automobile industry is back on track, led by favourable developments like Government initiated stimulus measures and improved availability of vehicle financing.

This has led to significant demand growth in the Commercial Vehicle market, which is expected to show strong demand over the next few years on the back of rising GDP, improving industrial scenario and increasing investments in road infrastructure. These factors are expected to drive the volume of CV sales in FY2011 and beyond.

**Sensing strong growth and emerging business opportunity, JAI is**

- <> Expanding its product portfolio
- <> Enhancing capacity and technology of its existing production facilities
- <> Adding more locations
- <> Adding new markets
- <> Joining hands with reputed corporations for technical collaborations for new products
- <> Investing in R&D facilities at a new location in Chennai

# About *US*

## Business overview

JAMNA AUTO INDUSTRIES IS ENGAGED IN DESIGN AND MANUFACTURE OF LEAF AND PARABOLIC SPRINGS FOR COMMERCIAL VEHICLES IN INDIA.

JAI began on a modest scale six decades ago with one small spring shop in Yamuna Nagar (Haryana) and today features as India's largest and the world's fifth largest spring manufacturer for CVs with capacity of 144,000 MTs per annum.

### Milestones

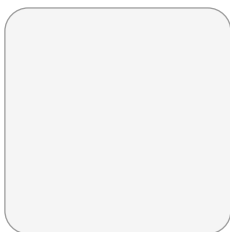
- ◁ First to introduce parabolic springs on Indian roads
- ◁ First to start Leaf Spring Design Centre in India
- ◁ Set up a state-of-the-art in-house R&D Center recognized by the Department of Scientific and Industrial Research, India
- ◁ Designed & developed springs for **Tata Motors** - Ace - World Truck - Sumo, **Mahindra** - Scorpio, **General Motors** - Hummer (H3) - USA, **Ford** - Transit - Europe, **Volvo** - India and **Force Mann** - India etc.

### Vision

- ◁ To be multi product, multi location, multinational, Indian owned company.

### Single Product to Multi Product

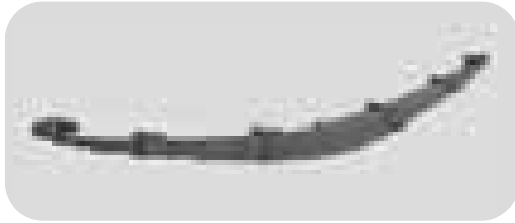
The company has established a leadership position in manufacturing leaf and parabolic springs. As our vision is to become a complete suspension system solution provider, we have added new products to include lift axles, bogie suspension and air suspension systems. While lift axles and bogie suspensions are used for cargo, air suspensions are being increasingly used in low floor buses in metro cities. These low floor buses, fitted with air-suspension system, have better ride comfort. JAI has tied up with Ridewell Corp. USA for these products.



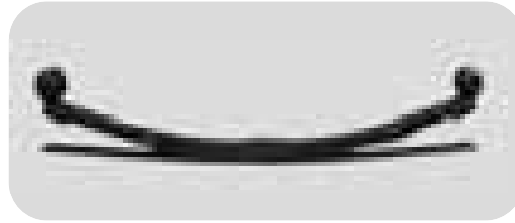


Our products:

## Current

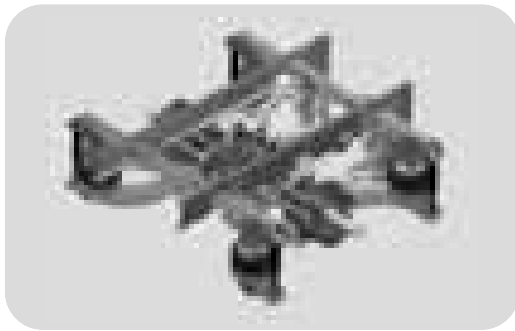


Conventional leaf springs

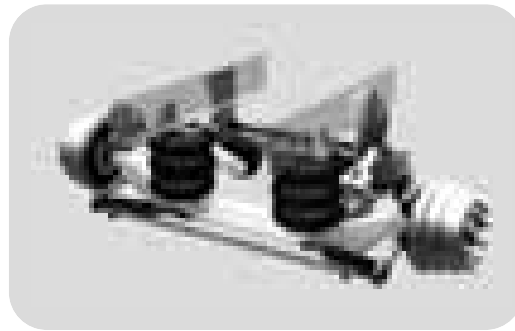


Parabolic leaf springs

## Under Development



Air Suspension



Lift Axle

Our esteemed customers:



# Highlights, 2009-10

## Financial

- ◁ 27% increase in sales - Rs 661 crore in 2009-2010 compared to Rs 521 crore in 2008-2009
- ◁ 116 % increase in operating profit – Rs 80 crore in 2009-2010 compared to Rs 37 crore in 2008-2009
- ◁ Sharp improvement in EBIDTA margin – 12% in 2009-2010 compared to 7% in 2008-2009
- ◁ 26% reduction in interest costs – Rs 26.17 crore in 2009-2010 compared to Rs 35.54 crore in 2008-2009
- ◁ Positive turnaround in profitability – profit after tax of Rs 19 crore in 2009-2010 from loss of Rs 13 crore in 2008-2009

## Operational

26% increase in OEM sales - Rs 580 crore in 2009-2010 as compared to Rs 463 crore in 2008-2009. Maintaining overall 66% market share in OEMs

73% increase in export sales - Rs 5.38 crore in 2009-2010 as compared to Rs 3.11 crore in 2008-2009

38% increase in replacement market sales - Rs 76 crore in 2009-10 compared to Rs 55 crore in 2008-09

Commenced assembly operations at the Jamshedpur plant

Tata Motors converted its two high selling models into parabolic springs