



Jamna Auto Industries Limited

Annual Report 2010-11

Building Strengths.
Sustaining Profitability. 



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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

Legal Advisors

AZB & Partners
Lakshmi Kumaran & Sridharan

Technical Assistance

Ridewell Corporation, USA

Joint Venture Partner

NHK Spring Co., Ltd., Japan
(NHK Spring India Ltd.)

Bankers

State Bank of India

ICICI Bank Ltd.

Kotak Mahindra Bank

Standard Chartered Bank

IndusInd Bank Ltd.

Lakshmi Vilas Bank

Share Transfer Agent

Skyline Financial Services Pvt. Ltd.
D-153A, First Floor, Okhla Industrial Area, Phase-I, New Delhi - 110020
Tel: 011-26812682 / 26812683
Fax: 011-26292681
E-mail: grievances@skylinerta.com

Investor Cell

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

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
E-mail: plant.ynr@jaispring.com
 - ii) U: 27-29, Industrial Area, Malanpur,
Distt. Bhind - 477116, (M.P.)
Tel: 07539-283396, 409117
E-mail: plant.mln@jaispring.com
 - 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
E-mail: plant.chn@jaispring.com
 - iv) Plot No. 263, Karnidh, Chandil,
Distt. Saraikella - Kharswan - 832401 (Jharkhand)
Tel: 0657-2940671
E-mail: plant.jsr@jaispring.com
 - v) Gata No. 1490, Khajoor Gaon, Chinhat-Deva Road,
Distt. Barabanki - 225003 (U.P.)
- Under Subsidiary**
- vi) Plot No. 50A, Sector-11, I.I.E.,
Pant Nagar, Distt. Udham Singh Nagar - 263153
(Uttarakhand)
E-mail: plant.pantnagar@jaispring.com
- Under Construction**
- vii) Thally Road, Kalugondapalli Post, Hosur - 635114,
Distt. Krishnagiri, Tamil Nadu
 - viii) Plot No. A-17 to 19, SIPCOT Industrial Park,
Sriperumbadur Taluk, Distt. Kanchipuram, Tamil Nadu

Website: www.jaispring.org

Chairman's Message



// The company recorded consolidated turnover of ₹998 crore. Consolidated Profit After Tax was ₹37 crore compared to ₹19 crore in the corresponding previous year //

Dear Shareholders,

I am very happy to share the highlights of the company's performance for the year 2010-11. The company recorded the highest consolidated turnover of ₹998 crore as against ₹661 crore in 2009-10. The company made Profit before Tax of ₹55 crore as against ₹25 crore in the corresponding period of 2009-10. Consolidated Profit After Tax was ₹37 crore as compared to ₹19 crore in the corresponding previous year period.

During the year under review, the company had raised ₹25 crore through preferential allotment which was used to prepay high cost debt. The debt level came down to ₹66 crore as on 31 March 2011 as against ₹119 crore on 31 March, 2010. Improved performance has also resulted in ROCE jumping to 44% as against 29% in the corresponding previous year's position. Its debt/equity ratio has also improved to 0.50 from 1.45 in 2009-10. It will be the company's endeavour to ensure that the company's net block is equal to its net worth.

I am pleased to announce that our good financial performance enabled us to declare interim dividend of 10% to our shareholders in February 2011. The directors have recommended final dividend of 10% in addition to the interim dividend. Thus, the total dividend will be 20%. The company is committed to improve the stakeholders' value which is evident from improved ROCE and debt/equity ratio.

In my last year's message, I had indicated that the company would actively pursue de-risking strategy and focus on addition of product range, locations, markets and investment in technology.

The company currently has leadership position in Leaf and Parabolic Springs. It is adding Air Suspension and Lift Axles in its product range to move up the value chain. The company has acquired land at Chennai for Air

Suspension and Lift Axle Plant. It has come up with a plant at Lucknow to meet Tata Motors Limited's spring demand. It also acquired land at Hosur to set up a plant to augment parabolic springs capacity.

The company has gone for expansion at Malanpur for which additional land has been acquired adjacent to the present location. Similarly, capacity of Yamuna Nagar plant is also being expanded. Jamshedpur plant began full fledged manufacturing activity during the year under review. As part of our initiative to invest in technology, the company has gone for the latest state-of-the-art parabolic machines and energy efficient equipments.

These initiatives are aimed at addressing the growing demand for Leaf Springs and Parabolic Springs from OEMs and the After Market segment. Spring demand from domestic OEMs continued to be strong. As a result, we faced capacity constraint and could not fully capitalize on the opportunities in After Market segment. Addition of capacity along with technology upgradation and new locations would enable the company to increase domestic and export After Market penetration and logistic advantage. Our growing network of distributors and dealers, who are strategically located across key markets within India, with our diversified range of products and large capacities, are the key factors that shall help us boost our After Market share in the coming year.

The company started export to UD Trucks Corporation, Japan (subsidiary of Volvo) during the year. Long term objective is to add overseas OEM as part of its market expansion plan.

We will continue to focus on higher ROCE and improve PBT margins through better product mix, enhanced capacity, reduced debt as well as by further expanding our distribution network and market reach. We shall also strive to de-risk our business by bringing down the revenue contribution of Indian OEMs from the present level of 90% to 70% by increasing share of domestic and export After Market segment and OEM exports. The company is working towards the goal of bringing down the share of revenue of Leaf Springs from the present level of 90% to 65% and increase share of other product such as Parabolic Spring, Air Suspension and Lift Axle.

As we embark on our strategic plan for product and market diversification, I would like to thank each of our customers, bankers, shareholders and employees for supporting us and being with us at every step of our journey.

Yours sincerely

Bhupinder Singh Jauhar
Chairman

Financial Highlights

(₹ in Lacs)

Year ending 31 March	2011	2010	2009	2008	2007	2006	2005	2004	2003
OPERATIONAL RESULTS									
Sales	99799	66148	52062	54119	32372	21043	20954	12258	6595
Excise Duty	9473	4842	6133	7416	4574	2912	2796	1660	905
Net Sales	90325	61306	45929	46703	27798	18131	18158	10598	5690
Other Income	174	268	797	341	227	54	108	30	49
Total Income	90500	61575	46726	47044	28025	18185	18266	10627	5739
Operating Profit (PBDITA)	10822	7980	3744	6077	2503	1843	1734	1177	248
Interest	2148	2617	3554	2694	1243	1160	1070	795	957
Profit/(Loss) before Depreciation (PBDT)	8674	5363	190	3383	1260	683	664	382	(709)
Depreciation/Amortization	3223	2938	1798	1285	549	399	376	372	369
Profit Before Tax	5451	2460	(1608)	2008	711	283	287	10	(1078)
Provisions for Income Tax and Deferred Tax	1701	549	(351)	402	79	206	101	161	(326)
Profit After Tax (PAT)/(Loss)	3750	1911	(1257)	1606	632	77	186	(151)	(752)
FINANCIAL INDICATORS									
Share Capital	3929	3654	3653	3387	1771	876	876	876	876
Preference Share Capital	350	350	350	350	0	0	0	0	0
Reserves & Surplus	9156	4153	3098	3315	(261)	844	741	699	974
Long Term Loans	6563	10585	13808	13109	8431	6391	6723	6174	5894
Short Term Loans	0	1297	2310	4468	1554	2213	2668	1855	1660
Net Fixed Assets	20593	16754	15694	13261	6364	5416	5285	5268	5559
Investments	525	525	525	527	1208	1208	1208	1208	1208
Net Current Assets	(2604)	(967)	2657	7748	3153	2485	3096	1608	957
RATIO									
EBDIT to Sales %	11.98	13.02	8.15	13.01	9.01	10.16	9.55	11.10	4.36
PBT to Sales %	6.03	4.01	(3.50)	4.30	2.56	1.56	1.58	0.09	(18.94)
PAT to Sales %	4.15	3.12	(2.74)	3.44	2.28	0.43	1.02	(1.42)	(13.22)
EBIT / Avg Capital Employed (ROACE) %	43.64	28.86	9.63	29.15	19.71	15.44	15.36	10.18	(0.01)
PAT/Net Worth (ROANW) %	32.07	35.10	(29.16)	31.40	67.29	10.33	29.28	(25.40)	(86.63)
EPS (₹)	9.74	3.02	(3.59)	5.59	4.89	0.89	2.13	(1.72)	(8.59)
Dividend Per Share (₹)	2.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: Financials from 2009 onwards includes financials of subsidiary company/entity

Highlights 2010-11



Financial



Recorded the highest consolidated turnover of ₹998 crore from ₹661 crore in the previous year



Consolidated Profit before Tax jumped to ₹55 crore from ₹25 crore in the corresponding previous year



Paid 10% interim dividend. Final dividend of 10% has been recommended in addition to the interim dividend



Return on Capital Employed (ROCE) improved to 44% from 29% in the corresponding previous year



Debt to equity ratio came down from 1.45 to 0.50

Operational



Jamshedpur plant started manufacturing operations



Supplies to UD Trucks Corporation, Japan (Volvo subsidiary) started



JAI and JSSLLP received Delivery Performance and After Market support awards from Tata Motors Ltd.



Received 'Best Vendors' award from Ashok Leyland Ltd.



Filed final patent application in India for Air Suspension



New plant at Lucknow starts

Locations

- JAI has five manufacturing plants at Yamuna Nagar, Malanpur, Chennai, Jamshedpur and Pant Nagar (under subsidiary) with annual capacity of 1,80,000 MTs. Jamshedpur plant began manufacturing operations in October 2010.
- JAI's sixth plant has come up at Lucknow and the seventh plant will come up at Hosur during 2011-12. The company has already acquired land there to set up a manufacturing facility for Leaf and Parabolic Springs.
- Capacity expansion at Yamuna Nagar and Malanpur is going on in full swing.
- Additional land has been taken at Malanpur for the expansion to set manufacturing facility for light and heavy parabolic springs. The main thrust of expansion has been on automation and technology upgradation which will give competitive edge in productivity and efficiency.
- JAI's capacity will go up to 2,40,000 MTs per annum after the expansion.
- The company's eighth plant at Chennai is coming for manufacture of Air Suspension and Lift Axle for which land has already been acquired.

Jamshedpur Plant



Malanpur Plant

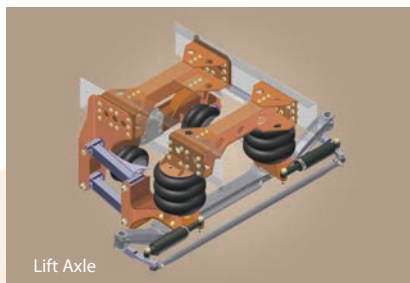
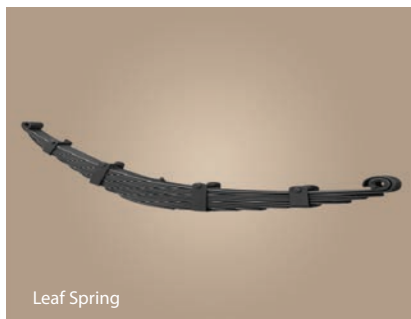


Products

The company currently makes Leaf Springs, Light and Heavy Parabolic Springs. Leaf Springs constitute 90% of the total production.

Once the new plants are operational and expansion is over, the long term objective will be to bring down share of Leaf Springs to 65% of the total revenue. JAI will have the following product range:

- Leaf Spring
- Light Parabolic Spring
- Heavy Parabolic Spring
- Air Suspension and
- Lift Axle



Markets

JAI is the largest manufacturer of tapered Leaf and Parabolic Springs for Commercial Vehicles (CVs) in India and features among the top three spring makers in the world.

JAI is a market leader with 66% market share in the Indian OEM

segment constituting 90% of its total revenue. Every second new CV or bus on the Indian roads is fitted with JAI springs.

JAI makes over 200 models of springs for OEMs and over 1300 varieties of individual springs for replacement market.

Domestic Customers:



International Customers:

